SENATE—*Thursday, March 9, 2000*

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

The PRESIDENT pro tempore. Today's prayer will be offered by our guest Chaplain, Dr. Terry Harter, First United Methodist Church, Champaign, IL.

PRAYER

The guest Chaplain, Dr. Terry Harter, offered the following prayer:

Almighty God, What is a nation without You? Indeed, who are we without You at the center of our lives? What value is all that we know, vast accumulation though it be, but a chipped fragment if we do not know You, Author of wisdom? What is the sum of all our stirring and working, even in this mighty Chamber, but a half-finished work if we do not know You, Creator of galaxies, and Starspark of life within us?

We know, Lord of all nations, that You have always taken more than a passing interest in the ways and works of all those women and men to whom You have granted stewardship of government and leadership in the nations of the world.

So it is, that at the beginning of this day, we pray for all who serve here; from the President pro tempore and Senators, to the pages and staff, from the reporters and Capitol police to the people who raise the flags over us.

We call upon You, Gracious God, that these persons whom You love may on this day be encountered by the glad surprise of Your Grace, and come to know You in the midst of their work on bahalf of the Nation.

Today, in the press of the calendar and stress of the schedule; grant them moments of Your peace.

Today, under the burden of issues which rearrange human destiny: grant them a clear vision of Your zeal for truth and justice.

Today, amidst the seductiveness of their power; grant them courage to live and work on the side of Your power.

Today, as they labor here, guard their families, heal their wounds, restore their relationships to health.

And as the day wanes, revive their sagging spirits and forgive their shortcomings. Turn them away from the temptation of bitterness and blame, so that in the darkest hour of the night they might trust Your ever-present redeeming grace and come to know that You love them. O Lord of all nations, hear our prayer. Amen.

PLEDGE OF ALLEGIANCE

The Honorable MIKE CRAPO, a Senator from the State of Idaho, led the Pledge of Allegiance, as follows:

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

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The Senator from Idaho is recognized.

SCHEDULE

Mr. CRAPO. Mr. President, the Senate this morning will begin postcloture debate on the nominations of Marsha Berzon and Richard Paez. By previous order, back-to-back votes on the confirmation of the nominations will occur at 2 p.m.

Following the votes, the Senate will resume morning business for the introduction of bills and statements. The Senate may also turn to any legislative or executive items cleared for action.

I thank my colleagues for their attention.

The PRESIDENT pro tempore. The Senator from Nevada is recognized.

Mr. REID. I thank the Chair.

LEGISLATIVE COOPERATION

Mr. REID. Mr. President, we look forward to today's activities. We hope we can move forward with an up-or-down vote on these two nominations. We also are looking forward to the legislative skills of the chairman of the Banking Committee, Senator GRAMM, to get us to the point where we can again work on the Export Administration Act, which was considered yesterday for a brief period of time. This legislation is extremely important to the country. It is important not only to the high-tech industry but our economy generally. There is not a piece of legislation that is more important to move along than this one as it will allow us to compete with foreign nations in the exportation of computers and other high-tech equipment. This is something that needs to be done, and we hope that in the week we get back from our break, we can move into a very productive session, taking care of the Export Administration Act, doing something about prescription drugs, and other waiting legislative matters, also recognizing that the minority is willing to work in conjunction with the majority in any way to move all legislation. I think we showed our good faith last week when we were able to move such a large amount of legislation including amendments on the education tax initiative that was put forth by the majority.

So we look forward to completing today's work and, after next week, doing the many things that burden us legislatively.

RESERVATION OF LEADER TIME

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

EXECUTIVE SESSION

NOMINATION OF MARSHA L. BERZON, OF CALIFORNIA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE NINTH CIRCUIT

NOMINATION OF RICHARD A. PAEZ, OF CALIFORNIA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE NINTH CIRCUIT

The PRESIDING OFFICER. The Senate will now return to executive session and resume postcloture debate on the two Ninth Circuit judicial nominations which the clerk will report.

The legislative clerk read the nominations of Marsha L. Berzon, of California, and Richard A. Paez, of California, to be United States Circuit Judges for the Ninth Circuit.

The PRESIDING OFFICER. Under the previous order, the Senator from New Hampshire, Mr. SMITH, shall be in control of up to 3 hours of total debate on both nominations and the Democratic leader or his designee shall be in control of up to 1.5 hours of total debate on both nominations.

Mr. SMITH of New Hampshire. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMITH of New Hampshire. 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. SMITH of New Hampshire. Mr. President, as we have gone through this debate, although my name was not attached to anything in terms of a filibuster, it is no secret that I have been the person who has filibustered these

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

two nominees, Judge Berzon and Judge Paez. The issue is, why are we here? What is the role of the Senate in judicial nominations?

The Constitution gave the Senate the advise-and-consent role. We are supposed to advise the President and consent if we think the judge should be put on the court. We do not get very much opportunity to advise because the President just sends these nominations up here—he does not seek our advice—and then we are asked to consent.

Based on some of the comments that have been made to me privately and some of the things I have read publicly, it seems as if the Senate should be a rubber stamp, that we should just approve every judge who comes down the line and not do anything with the advise-and-consent role. That is not the way I read the Constitution.

I believe that is wrong. We have an obligation under the Constitution to review these judges very carefully. I have certainly voted for more than my share of judicial nominations this President has put forth. But I point out that the two nominees before us, in terms of their legal opinions—and that is all we are talking about; we are not talking about any personal matters other than their legal opinions—I believe are activist judges; they are out of the mainstream of American thought, and I do not think either one should be put on the court. The bottom line is they are controversial judges.

I was criticized by some for filibustering, that ''we are on a dangerous precedent'' of filibustering judges. The filibuster is over. We are now on the judges. The filibuster is a nonissue.

Filibuster in the Senate has a purpose. It is not simply to delay for the sake of delay. It is to get information. It is to take the time to debate and to find out about what a judge's thoughts are and how he or she might act once they are placed on the court.

I was told by some of my colleagues yesterday that we are going down ''a dangerous path'' to debate these judges and slow them down, whether it be through a filibuster or debate in this Chamber. My colleagues will find there will be very few people who will speak in the roughly 3 hours on our side under my control. That is sad. I believe we should air the concerns we have.

As far as the issue of going down a dangerous path and a dangerous precedent, that we somehow have never gone before, as I pointed out yesterday and I reiterate this morning, since 1968, 13 judges have been filibustered by both political parties appointed by Presidents of both political parties, starting in 1968 with Abe Fortas and coming all the way forth to these two judges today.

It is not a new path to argue and to discuss information about these judges. In fact, Mr. President, Chief Justice William Rehnquist sat in your chair about a year ago finishing up the impeachment trial of President William Jefferson Clinton. When William Rehnquist was nominated to the Court, he was filibustered twice. Then after he was on the Court, he was filibustered again when asked to become the Chief Justice. In that filibuster, it is interesting to note, things that happened prior to him sitting on the Court were regurgitated and discussed. So I do not want to hear that I am going down some trail the Senate has never gone down before by talking about these judges and delaying. It is simply not true. I resent any argument to the contrary because it is simply not true.

I will talk a bit about the Ninth Circuit on which these two judges are about to go. Make no mistake about it, this is going to be a tough vote to win. I know that. But it does not mean the fight should not be made. We are all judged as Senators based on what we do, what we say, and how we act. History will judge us, as it has judged the great Senators such as Clay, Calhoun, and Webster who debated the great issues before and during the Civil War. We are judged on what positions we take. Maybe history will prove a Senator is right; maybe history will prove a Senator is wrong. When it comes time to make that vote, one does not have anyplace to hide. One has to make it and take the consequences one way or the other. I do what I do with the best information I have.

I can assure my colleagues that I have researched both of these judges very carefully. I have looked at the Ninth Circuit very carefully, and I have grave concerns about two very controversial judges being placed on a very controversial circuit court, the ninth. This is a renegade circuit court that is out of the mainstream of American jurisprudence. It has been reversed by the Supreme Court 90 percent of the time. It is important to let that sink in. Ninety percent of the decisions this Ninth Circuit has made have been overturned by the U.S. Supreme Court.

I want to repeat some of those statistics. From 1999 to now, 7 of 7, 100 percent of their cases, have been reversed. In 1998 to 1999, 13 of 18 were reversed, 72 percent.

From 1997 to 1998, 14 of 17, or 82 percent, were overturned. We can go on and on. From 1996 to 1997, 27 of 28 cases this court gave a decision on were overturned, 96 percent. From 1995 to 1996, 10 of 12 were overturned, 83 percent—and on and on and on. The average is: 90 percent of the cases were overturned in the past 6 years. There have been 84 reversals in the last 98 cases. That is an abysmal record, to put it mildly.

The Ninth Circuit is routinely issuing activist opinions. While the Supreme Court has been able to correct some of these abuses, the record is replete with antidemocratic, antibusiness, and procriminal decisions which distort the legitimate concerns and democratic participation of the residents of the Ninth Circuit. Some of the more outrageous opinions include striking down NEA decency standards, creating a ''right-to-die,'' blocking an abortion parental consent law, and a slew of obstructionist death penalty decisions.

I hope the American people and my colleagues understand that when you hear these terrible stories about prisoners getting out after 5 years, or people committing terrible crimes and never going to jail or getting pardoned or getting lenient sentences, this is not an accident. This happens because of the people we put on the court.

We are here as Senators to advise and consent, or not to consent, on the basis of these nominees. How many times do you read in the paper some judge let some criminal out, and the guy committed a crime again and again, and he got out again and did it again? It goes on and on—stalking, rape, murder, robbery, armed robbery, assault, over and over and over again. Time after time after time we hear about that happening. We sit around our living rooms at night, we watch television, we talk to each other, our families, and ask: Why did this happen? What in the world is the matter with the judges?

I say, with all due respect, when you have judges who are this far left out of the mainstream, surely out of the hundreds and hundreds of judges all over America, on the various district courts in this country, we can find somebody to serve on the circuit court who is not this controversial.

That is the bottom line. That is what this debate is about. That is why I am here on the floor. That is why, even though I know I am going to lose, I want this case made. That is why I have asked for the time to do it.

Again, the Senate, and particularly Republican Senators from Ninth Circuit States, are on record in favor of splitting this court; it is so controversial, making it into two circuits.

There was a commission called the White commission that recommended a substantial overhaul of the circuit's procedures, and that has not been implemented. It found that the circuit has so many judges that they are unable to monitor each other's decisions and they rarely have a chance to work together. That is what is going on. There are so many judges they cannot even monitor the decisions.

The Ninth Circuit covers 38 percent of the country, more than twice as much as any other circuit. It covers 50 million people, more than 20 million more than any other circuit. Not surprisingly, it has the most filings in the country.

President Clinton has already appointed 10 judges to the circuit. Democratic appointees compromise 15 of the

22 slots currently occupied. There is no need to put more controversial nominees on the court from a lame duck President.

Paez and Berzon have attracted significant opposition both within and outside the Senate. Both were reported out of the Judiciary Committee by a 10–8 vote. That is a pretty narrow vote. Neither would move the circuit to the mainstream. In fact, they are activist judges.

In Paez' case, the U.S. Chamber of Commerce is officially opposed to the Paez nomination, principally due to his decision in the Unocal case in 1997 allowing U.S. companies to be sued for the human rights abuses of foreign governments. Think about that. How would you like to be a U.S. company and be sued for the human rights violations and abuses of a foreign government? That is the way Paez ruled.

The letter notes the chamber's serious concern about a judge pursuing a foreign policy agenda in this fashion and argues that it ''has the potential to cause significant disruption in the U.S. and world markets.''

The Judicial Selection Monitoring Project at Free Congress Foundation circulated a letter signed by 300 grassroots organizations opposing this nomination. The letter highlights Paez's 1995 Boalt Hall inappropriate remarks regarding pending ballot initiatives, on the belief that he ''is an activist judge,'' and his lack of ''judicial temperament.''

The ACLU of Southern California applauded his nomination as ''a welcome change after all the pro-law enforcement people we've seen appointed to the state and federal courts.'' Think about that statement by the ACLU. No matter what you think about the ACLU, let me repeat that statement. They stated, this nomination is ''a welcome change after all the pro-law enforcement people we've seen appointed to the state and federal courts.'' What does that tell you about this guy? I am telling you, my colleagues, I really wish we would stop and think about what we are doing.

Even the Washington Post, not exactly a bastion of conservatism, stated, in an October 29, 1999, editorial: ''Republican opposition to [Paez] is not entirely frivolous.'' It argued that his Boalt Hall speech was ''inappropriate'' and that a ''principled conservative could suspect, based on Judge Paez' comments, that he might be sympathetic to such [liberal activist] thinking and would be more generally a liberal activist on the bench.''

That is the Washington Post's nice way of saying: This guy may not be that good after all.

There is a lot of evidence out here. You have to understand the framework: A liberal activist court that has been overturned 90 percent of the time—the Ninth Circuit—and now we put a judge on there who is being lauded as ''a welcome change'' after all the prolaw enforcement people we have seen on the court.

I say to the American people and my colleagues, when you hear stories about people getting out of jail or not going to jail or committing crimes over and over and over again—and you ask yourself: Oh, those liberal judges, what are we going to do about them?—ask your Senators what they did about liberal judges when they came before the Senate, before we put them on the court. That is a legitimate question: Do you support people who are lauded because they are antilaw enforcement? Maybe you ought to ask them that question because that is exactly what is happening.

In Berzon's case, the Berzon nomination was described by the National Right to Work Committee as the ''worst judicial nomination President Clinton has ever made.'' She has been associate general counsel of the AFL–CIO since 1987 and has represented unions in the automobile, steel, electrical, garment, airline, Government, teachers, and other sectors both in a day-to-day capacity and in appellate practice.

Among the positions she has espoused which courts have rejected: One, State bars should be able to use compulsory dues of objecting members for lobbying. That is the way she ruled. You are forced, as a member of a union, to give dues. You are forced to allow those dues to be used for lobbying for something with which you disagree. The bottom line is: I want my job. I pay my union dues. And on top of that, they rub my nose in it further by saying: Now, in addition to that, we are going to spend money lobbying for something you disapprove of. She ruled yes; she would do that.

Secondly, unions should be able to prohibit members from resigning during a strike. So somebody goes on strike, they decide they want to perhaps do something else, resign, for whatever reason—how about if it is for their health?—she is prohibiting them from resigning during a strike. What does that mean? If somebody has a heart attack, they cannot quit?

What have we come to in this country? You should not be surprised when you hear about these outrageous decisions coming down through the courts because we are putting the people on the courts who give us these outrageous decisions. We do not deal with it in a forthright manner.

There are better judges than this. Bill Clinton can bring better judges than this before the Senate. Frankly, he has, and they have been approved. They may not believe everything to my way of thinking, but he is the President. But we do not want judges who are so far over to the left that they swing the pendulum way over there against what American people want.

Another opinion she has espoused which courts have rejected is: Unions should be able to use nonmembers to subsidize union litigation in organizing. That is the way she ruled.

She describes herself as a believer in the labor movement, which is fine, but when you come on the court with an agenda, the Constitution should be your agenda, not labor, not a conservative or liberal or moderate cause. No, the Constitution should be your cause. If it is not constitutional, then you should not be for it.

The bottom line: The Senate should not confirm more judges to the Ninth Circuit unless and until its structure is reformed, and unless the nominee will help bring the circuit's jurisprudence back into the mainstream. This is clearly not the case with Judge Paez or Marsha Berzon. Neither nominee should be confirmed. It is that simple.

Now, let's look at some of the politics of the Ninth Circuit. In the Washington Times yesterday, Wednesday, March 8, was an article by Thomas Jipping:

Politics of the Ninth Circuit. Senators should reject judicial nominees.

I want to read one paragraph out of that op-ed piece:

The Senate this week will vote on two of the most controversial judicial nominations in recent memory. The result may well demonstrate whether Republicans deserve their majority status.

President Clinton has nominated U.S. District Judge Richard Paez and labor lawyer Marsha Berzon to the U.S. Court of Appeals for the Ninth Circuit. Nearly twice as large as other circuits, it may also be the most influential, which is unfortunate because even the liberal New York Times calls it ''the country's most liberal appeals court.'' Two-thirds of its judges are Democratic appointees. The Supreme Court has reversed its decision 90 percent of the time over the past 6 years—far more than any other circuit. And in 1996, Chief Justice Rehnquist wrote, ''Some panels of the Ninth Circuit have a hard time saying no to any litigant with a hard luck story.'' In its 1997–98 term, the Supreme Court reversed 27 of the 28 Ninth Circuit decisions it reviewed, 17 unanimously and 7 without either briefing or oral argument. Because this aggressive activism so grossly distorts the law, many Senators have long urged special scrutiny of Ninth Circuit nominees.

I ask unanimous consent that this entire article be printed in the RECORD.

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

[From the Washington Times, March 8, 2000]

POLITICS OF THE NINTH CIRCUIT

SENATORS SHOULD REJECT JUDICIAL NOMINEES

(By Thomas L. Jipping)

The Senate this week will vote on two of the most controversial judicial nominations in recent memory. The result may well demonstrate whether Republicans deserve their majority status.

President Clinton has nominated U.S. District Judge Richard Paez and labor lawyer Marsha Berzon to the U.S. Court of Appeals for the Ninth Circuit. Nearly twice as large

as other circuits, it may also be the most influential, which is unfortunate because even the liberal New York Times calls it ''the country's most liberal appeals court.'' Two-thirds of its judges are Democratic appointees. The Supreme Court has reversed its decisions nearly 90 percent of the time over the past six years, far more than any other circuit. In 1996, Chief Justice Rehnquist wrote that ''some panels of the Ninth Circuit have a hard time saying no to any litigant with a hard-luck story.'' In its 1997–98 term, the Supreme Court reversed 27 of the 28 Ninth Circuit decisions it reviewed, 17 unanimously and seven without either briefing or oral argument. Because this aggressive activism so grossly distorts the law, many senators have long urged special scrutiny of Ninth Circuit nominees.

Even ordinary scrutiny shows that these nominees will push that court further in the wrong direction. The L.A. Daily Journal quotes Judge Paez, who calls himself a liberal, describing his own aggressively activist judicial philosophy. Courts, he says, must tackle political questions that ''perhaps ideally and preferably should be resolved through the legislative process.'' America's Founders, however, did not suggest that legislatures exercise legislative power merely as an ideal or a preference; the first article of the Constitution they established, and that Judge Paez is sworn to uphold, states that ''all legislative powers'' are granted only to the legislature.

The L.A. Times says Judge Paez was a liberal state court judge. When nominated to the federal district bench, no less an arbiter of liberalism than the American Civil Liberties Union considered him ''a welcome change after all the pro law-enforcement people we've seen appointed.''

Judge Paez struck down a Los Angeles anti-panhandling ordinance enacted after a panhandler killed a young man over a quarter. He ruled that companies doing business overseas can be held liable for human rights abuses committed by foreign governments. The Institute for International Economics says this novel ruling would ''vastly expand the jurisdiction of the U.S. court system.'' The U.S. Chamber of Commerce, which normally steers clear of nomination fights, cites this decision in opposing Judge Paez. His decision against any jail time for U.S. Rep. Jay Kim, guilty of the largest admitted receipt of illegal campaign contributions in congressional history, prompted the newspaper Roll Call to suggest that Judge Paez may be ''too soft on criminals to be an appellate judge.''

The nominee also appears to place politics ahead of both judicial impartiality and independence. In a 1995 speech, for example, he attacked two California ballot initiatives while they were still in litigation even though the judicial code of conduct prohibited him from comments that ''cast reasonable doubt on [his] capacity to decide impartially any issue that may come before [him].''

Marsha Berzon's record may be as a lawyer and not a judge, but the clues lead to the same conclusion. Her training in the political use of the law had early impetus as a law clerk to activist Supreme Court Justice William Brennan and continued with membership or leadership of activist legal organizations such as the Brennan Center for Justice and Women's Legal Defense Fund. Hers is not benign disinterest; the political agenda these groups pursue in the courts, she says, hold ''a lot of importance and meaning for me.''

Miss Berzon repeatedly pressed extreme arguments that ignored the plain meaning of statutes and Supreme Court precedent, the very hallmarks of judicial activism. These include arguing that state bar associations can use compulsory dues of objecting members for political lobbying and that the right to refuse to join a labor union is somehow less protected by the First Amendment than other speech. These and other aspects of her controversial record made her one of only two Clinton nominees ever to receive eight negative votes in the Judiciary Committee.

Senators concerned about a politicized judiciary should find these nominations easy to oppose. Three things stand in the way. First, since a politicized judiciary is impossible to defend, its advocates stoop to playing the race and sex cards. Mr. Clinton first chooses women and minorities as some of his most radical nominees. Senators who would oppose white males with the same record face those dreaded labels ''racist'' and ''sexist'' if they don't create a double-standard and vote for these. Hopefully, senators will reject this perverse tactic and focus on the record which has led more than 300 grassroots organizations to oppose Judge Paez.

Second, those who cannot defend a politicized judiciary continue playing the numbers game. Batting 338–1 so far, however, Mr. Clinton has appointed more than 44 percent of all federal judges in active service. Democratic appointees now outnumber Republicans throughout the judiciary.

Third, the lure of patronage tempts individual senators to put their personal interests ahead of the country's interests. Rejecting these radical nominees means showing Americans that the Republican Party stands for at least basic principles of the rule of law and a judiciary independent from politics.

In 1993, then-Senate Minority Leader Bob Dole appeared on a live public affairs television show and a caller criticizes him for failing to block Mr. Clinton's judicial nominees. He responded: ''Give us a majority and if we don't produce, you ought to throw us out.'' Americans gave Republicans the majority and rejecting the Berzon and Paez nominations is their chance to produce.

Think about that. When you think about the makeup of the U.S. Supreme Court, there are some liberal justices there and some conservative justices there, but some of these decisions have been overturned unanimously; that is, with Scalia, Thomas, and Ruth Bader Ginsburg on the same vote. So they have to be outrageous to get that kind of support to overturn it. That is the whole point. So why are we adding more fuel to the fire?

I want to break into some categories here and a few of the Court's decisions on the Ninth Circuit. Let's look at criminal justice for a moment. It is very notorious for its anti-law enforcement record, as I said. And, again, Judge Paez is being praised for his anti-law enforcement status. So we are going to put another judge on the court that is anti-law enforcement, and he is being praised because he is being put on there.

In Morales v. California, 1996, the circuit struck down the California State law governing when defendants could present claims during habeas corpus appeals which had not been made during appeals in State courts. According to the California-based Criminal Justice Legal Foundation, this holding opened ''the doors to a flood of claims that would be barred anywhere else in the country.''

In U.S. v. Watts, in 1996, the Supreme Court issued summary reversals in two cases without even hearing arguments after the Ninth Circuit allowed past acquittals to be considered during sentencing. They are so outrageous they just rule.

In Calderon v. Thompson, in 1998, the Supreme Court reversed the Ninth Circuit's decision to block the scheduled execution of a convicted rapist and murderer with a bizarre and rarely used procedural maneuver, calling it a ''grave abuse of discretion.''

In Stewart v. LeGrand, 1999, the circuit blocked an execution on the grounds that the gas chamber was cruel and unusual punishment. The Supreme Court reversed that without even hearing the arguments.

So over and over and over again, we are hearing these arguments about how bad this court is.

I know there are other speakers on the floor on both sides here. So I am going to suspend in a moment.

Mr. President, I ask unanimous consent that the majority leader be recognized at 12:30 for up to 20 minutes relative to the pending nominations, and the 20 minutes be considered as time used under the control of Senator SMITH.

I further ask consent that the votes scheduled to occur at 2 p.m. today be postponed to now occur at 2:15 p.m. under the same terms as outlined in the previous consent.

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

The Senator from Nevada is recognized.

Mr. REID. Mr. President, I know the sincerity of the Senator from New Hampshire. But I also recognize that sincerity sometimes does not create the facts that are necessary to substantiate the sincerity.

With the Ninth Circuit Court of Appeals, what we have to understand is that, yes, they have been reversed a lot of times. For example, during the 1995–1996 term, five other circuits had higher reversal rates than the Ninth Circuit.

I also say to my friend that if you take, for example, this past year, we have had seven reversals so far. Four of them have come from judges who wrote the opinions and were appointed by Presidents Reagan and Bush.

The Supreme Court reverses most cases they take from the circuits. That is what they do. With the Ninth Circuit, they have thousands of cases. There are 51 million people who live within it. Mr. President, I think there is some substance to the fact that we need to take a look at the Ninth Circuit. Maybe it is too big. Maybe we

need to revamp how it operates. But don't pick on Berzon and Paez because of that.

Also, Judge Paez is a very nice man. He graduated from one of the most conservative universities in the entire country, Brigham Young University. He went to one of the finest law schools in America, Boalt Hall, University of California Berkeley. It is always rated in the top 10. It is a fine, fine law school. His record is one of significant distinction. Here is a man who is unquestionably qualified for the Ninth Circuit or any other court. He has been a judge for 18 years. They have pored over all of the decisions he has made and they found relatively nothing.

I can't help what the ACLU says, but I can relate to you that there are many organizations that support his nomination and that are law enforcement-oriented organizations. We can talk about the National Association of Police Organizations; the Los Angeles Police Protective Association; the Los Angeles County Sheriff, Sherman Block, who recognizes his skills; Los Angeles District Attorney Garcetti; JAMES ROGAN, a Republican House Member and member of the impeachment team here just a year ago, supports Judge Paez. The Los Angeles County Police Chiefs Association, the Association for Los Angeles Deputy Sheriffs, Incorporated, and its president, Pete Brodie, support him.

Also, there has been some talk about how antibusiness Judge Paez is. I don't really want to get into this, but the simple fact is that in a very important decision in California—an issue in a very important discovery matter—he ruled for Philip Morris, the largest tobacco company in America. Does that mean he is protobacco? He also ruled in favor of the Isuzu Motor Company in a suit against the Consumers Union. Does that mean he is pro-foreign car manufacturers? Does that mean he is pro-big business? The answer is no. The Unocal case shows that he is a judge who follows the law and plays no favorites, as indicated in the Philip Morris case and the Isuzu Motor Company case.

His preliminary ruling in the Unocal case to dismiss may have displeased the company. His decision on that issue no more proves he is antibusiness than he is protobacco or pro-big automobile manufacturer.

There has been some talk that this man is antireligion. He is not antireligion. In fact, the case they continually refer to is a case where they are saying he said you can't use a Bible in the courtroom. Here is an exact transcript as to what he told the defendant. This is in court. Everybody was there. He says:

> I don't have a problem with the Bible. I don't care if you have it there on the table. My concern is I don't want any attempt to sway the jury. I don't want any demonstrative gesture that is not proper.

That is the end of the quote.

The report also says he told the defendants he would consider permitting the defendants to quote the Bible during closing arguments or to carry the book to the witness stand when they testified. I am not sure I would allow that if I were a judge. But he decided he would do it.

I have tried a lot of cases. When somebody comes up to that jury stand, it would be my personal opinion that it is improper to carry the Bible up there. I just do not think it is appropriate. Judge Paez believed it would be.

There has been some talk that he has bad judicial temperament. The Almanac of the Federal Judiciary isn't written about Democrats, Republicans, conservatives, or liberals. It includes reviews from attorneys who have appeared before all the Federal judges. They not only have the ability to look at his Federal judicial record but also his 13 years as a State judge in California where he served in the courts of unlimited jurisdiction. The Almanac for 1999 that reviews both his State court experience and his Federal court experience says:

> Lawyers reported that Paez had an excellent judicial temperament.

Some of the quotes from these lawyers include:

> I think he has great temperament.
> He has a very good demeanor.
> He is professional.
> He doesn't have any quirks.
> He is very good in the courtroom.
> He is courteous to everyone.

I think we should have an up-or-down vote on Judge Paez and Ms. Berzon.

I heard the distinguished chairman of the Judiciary Committee, the senior Senator from the State of Utah, talk about Ms. Berzon. He talked about what a great legal mind she has. You may not like her clients. She has done a lot of work for organized labor. But no one questions her qualities. She has a very fine, incisive political mind and will be a great addition to the Ninth Circuit.

As I have said, the Ninth Circuit is something of which I am very proud. I am proud of the Ninth Circuit. I fought when there was an attempt to split Nevada off from California. I practiced law in Nevada and in the courts in Nevada. Whether we like it or not, I fought the landmark decision made in the State of California. I fought to make sure Nevada would remain part of the California circuit.

I also am very proud of the Ninth Circuit because the senior judge, the man who is the administrative head of the Ninth Circuit Court and the chief judge of the Ninth Circuit, is a Nevadan, Judge Proctor Hug, Jr. He is a man who has a great legal mind. He excelled academically at Stanford Law School, and he has excelled on the Ninth Circuit.

I don't know, but I would bet that Judge Hug has written some opinions that have been reversed. That doesn't make him a bad man or a bad lawyer.

I hope we will look closely at what we are doing here. Judge Paez has a great record in the courtroom, in the classroom, and in the world and society in which he lives. He is a fine man, as is Marsha Berzon.

I hope we can move forward with these nominations. I hope there is an overwhelming vote. I think it would send a great message out of this Senate that we need to start doing things on a bipartisan basis. We hear the call for that all the time. There is no clearer example to show that than by voting overwhelmingly for these fine people—Judge Paez and Marsha Berzon. Both have established in their lives records of superior quality.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, thank you very much. I just arrived on the floor. I listened to some of the extensive remarks made by my friend from New Hampshire, Senator SMITH. I really came over to refute some of those remarks and some of those comments.

I have been through this fight over the judicial nominations once before. When Margaret Morrow was nominated and kept on the hook, people came to the floor of the Senate and said she was an activist, a liberal—the same buzzwords we are hearing. These buzzwords are: ''Out of control,'' ''liberal''—all of these words.

That was a great speech. But, unfortunately, it doesn't have anything to do with Margaret Morrow, who is as mainstream and as apple pie as you can get.

I say to my friend from New Hampshire, because I know people have varied opinions of this President, President Clinton, that I happen to think he has brought us out of the deepest, darkest economic nightmare we ever faced and I think will go down in history for that. But that is up to the historians. There is one thing about this President that I don't think anyone would refute. He is a pragmatist. He knows what he can get through this Senate. He certainly knows that if he puts someone before the Senate who is not in the mainstream, they are not going to get confirmed. He is not going to go through the exercise. It is very painful for people to be nominated if they have no chance of being approved by the Senate. This President doesn't do that. In all my recommendations to him, and in all of Senator FEINSTEIN's recommendations to him, we have been very careful to make sure we refute things.

I hope the Senator from New Hampshire will appreciate this.

If I believe a judicial nominee is not going to pass the mainstream test, I don't even bother with it. If I don't believe a judicial nominee has Republican support, I will not even bother with it.

I have had several conversations with Chairman HATCH. He has been very clear. He says: BARBARA, you are not going to get people through who are not in the mainstream. You are not going to get people through who do not have bipartisan support. You will not get people through who do not have law enforcement support.

Yesterday, as Senator SESSIONS was speaking—believe me, I respect both of my colleagues' right to vote against these two nominations, if they so choose—I pointed out this wonderful record of support these two candidates have from Republicans and Democrats alike in law enforcement. My goodness, Sheldon Sloan, the head of Governor Pete Wilson's Judicial Advisory Committee, is the one who is backing Judge Paez.

Listen to this. I will repeat it. The head of Governor Pete Wilson's Judicial Advisory Committee is backing Richard Paez.

I ask unanimous consent to have printed in the RECORD several editorials supporting Richard Paez and Marsha Berzon.

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

[From the Los Angeles Times, Feb. 6, 2000]

JUDGE DESERVES ROUSING APPROVAL

Perhaps this week the full Senate will finally take up the nomination of Judge Richard Paez to a seat on the U.S. Court of Appeals for the 9th Circuit. With a decisive vote to confirm Paez, the Senate can redeem itself after its disgraceful treatment of this worthy jurist.

Paez, since 1964 a federal district judge in Los Angeles, was first nominated for the appellate bench by President Clinton more than four years ago. No nominee in memory has waited longer for a confirmation vote, a reflection on the Senate.

The first time the Senate Judiciary Committee considered his nomination, it refused to act, and the second time it voted approval, only to have the nomination die when Senate leaders refused to call an up-or-down vote. Last July, the panel once again forwarded Paez's name to the Senate, with committee Chairman Orrin G. Hatch (R–Utah) and one other Republican supporting the judge. But not until November did Majority Leader Trent Lott (R–Miss.) agree to set a Senate vote for March. Now March is upon us and Lott says he will deliver on his promise of a floor vote.

On the bench and before that as an attorney, Paez, a 52-year-old Latino, has earned a reputation for being thoughtful, fair and committed to civil rights. He would be an asset to the circuit court.

Republican leaders, whose treatment of Paez and other nominees stems from their deep animus toward President Clinton, are now anxious to cast themselves as an inclusive lot after divisive debates over religion and race in the presidential primary campaigns. A resounding vote to confirm Judge Paez is a good place to start.

[From the Los Angeles Times, Jan. 20, 2000]

INFAMOUS ANNIVERSARY FOR COURTS

Next Tuesday, four long years will have passed since President Clinton first nominated U.S. District Judge Richard A. Paez to a seat on the 9th Circuit Court of Appeals. It's a sorry moment.

The Senate has long toyed with Clinton's judicial nominees, grilling them mercilessly at Judiciary Committee hearings, then deep-freezing the nominations by refusing to call an up-or-down floor vote. No one has waited as long as Paez. First nominated to the 9th Circuit on Jan. 25, 1996, Paez, now 52, has been before the Judiciary Committee three times. Once, the committee refused to act; once, it approved him only to have the Senate let his nomination die by failing to vote. Last July, the committee approved Paez again, but the Senate still has not voted.

Why the delays? What so troubles Senate leaders about Paez? An extensive review of Paez's record, on the federal trial bench and, before that, on the Los Angeles Municipal Court and as a public-interest attorney, was published earlier this week in the Los Angeles Daily Journal, which covers legal affairs. The record reveals a jurist who is thoughtful, smart and unbiased. Regardless, some conservatives remain convinced, largely without evidence, that Paez has ''activist'' tendencies.

Late last year, Senate Majority Leader Trent Lott (R–Miss.) said he would call a floor vote by March 15 on Paez and a San Francisco lawyer, Marsha Berzon, whose nomination to the 9th Circuit also has languished.

There are now six vacant seats on the 9th Circuit Court and 76 on federal courts nationwide. The Senate's humiliating treatment of nominees like Paez and Berzon only serves to dissuade worthy men and women from serving on the federal bench.

[From the Washington Post, March 3, 2000]

THE PAEZ AND BERZON VOTES

Senate Majority Leader Trent Lott has indicated that the Senate will finally hold up-or-down votes on judicial nominees Richard Paez and Marsha Berzon by March 15. Judge Paez has waited four years for the Senate to consider his nomination, and Ms. Berzon has waited two. Both nominees to the 9th Circuit Court of Appeals are well qualified. It is time both were confirmed.

The ostensible reason for the opposition to these appointments is that the nominees allegedly harbor tendencies toward ''judicial activism.'' In neither case, however, is the allegation justified. Judge Paez made a single ill-advised remark about a proposed anti-affirmative action ballot initiative in California; his opponents also criticize him because, as a district court judge, he refused to dismiss a human rights lawsuit against a company doing business in Burma. Ms. Berzon stands accused of favoring abortion rights and supporting the labor movement. Such positions may trouble principled conservatives, but they are not the sort of ideological differences that should keep well-qualified nominees off the bench.

Some conservatives dislike the comparative liberalism of the 9th Circuit itself and so are reluctant to confirm judges who do not obviously break with that court's current tendency. But diversity among circuits is healthy, and the 9th Circuit is by no means a rogue operation out of the bounds of respectable legal thinking. Judge Paez and Ms. Berzon would be good additions to the court—and they have waited too long for the Senate to say so.

[From the Seattle Post-Intelligencer, February 26, 2000]

SENATE GOP DRAGS FEET ON JUSTICES

More than a few defendants have been in and out of U.S. District Judge Richard Paez's California courtroom—and prison as well—in the time the distinguished jurist has been waiting for a vote on his confirmation to the 9th Circuit U.S. Court of Appeals.

If only the ''speedy trial'' rules that Paez must follow applied to the U.S. Senate.

It's just our luck here in the 9th Circuit, which encompasses eight Western states including Washington and California, that Paez has become the poster child for the Republican-led Senate's refusal to schedule timely votes on nominations submitted by President Clinton.

This circuit, the biggest and arguably the busiest in the country, has six vacancies, yet Senate Majority Leader Trent Lott, R-Miss., had the gall to tell reporters Thursday that he does not believe additional judges are needed at this time. (Lott and fellow Republicans are really rankled by what they perceive as the court's left-leaning nature, but that's another tale.)

Lott disclosed that as he announced he would vote against Paez, who still stands a chance of becoming the first Hispanic on this appellate court. Well, that's some progress. At least Paez will have his day in ''court,'' although it will come more than four years after Clinton first sent his name to the Senate.

Paez's fitness is not the issue; the American Bar Association has given him its highest ranking. Timeliness is. Seven years ago it took an average of 83 days for the Senate to vote a federal judicial nominee up or down; now it takes more than three times that long.

Justice delayed is justice denied, whether it's for judges or defendants.

[From the New York Times, March 9, 2000]

ENDING A JUDICIAL BLOCKADE

The Senate is scheduled to hold confirmation votes today that would finally end the egregious stalling by Republicans that has blocked consideration of two worthy nominees for the United States Court of Appeals for the Ninth Circuit, on the West Coast. Richard Paez, a respected federal district judge in Los Angeles, has been waiting four years for the full Senate to act on his nomination. Marsha Berzon, a prominent appellate litigator in San Francisco, has been waiting two years.

Both these candidates were approved by the Senate Judiciary Committee with the support of its chairman, Orrin Hatch. But a floor vote was stalled by a few Republicans who reflexively branded the nominees as too liberal and too ''activist.'' Only after Democratic complaints about the Republicans' slowness in approving minority and female nominees did the majority leader, Trent Lott, agree to allow the full Senate to vote on their nominations.

The Senate should approve the Paez and Berzon nominations, then promptly vote on the 35 other pending judicial nominations. At the current sluggish pace, the Senate stands to approve even fewer judges this year than the 34 it confirmed last year, an indefensible record at a time when federal courts are facing rising caseloads and huge backlogs.

The fact that this is a presidential election year is no excuse for inaction. In 1992, President Bush's last year in office, the Senate, then Democratic, confirmed 66 judges. In the last year of the Reagan administration, 42 judges were approved. The quality of justice suffers when the Senate misconstrues its constitutional role to advise and consent as a license to wage ideological warfare and procrastinate in hopes that a new president might submit other nominees.

Mrs. BOXER. I guess we have a conflict between the Washington Times and the New York Times. The New York Times writes today: ''Ending a Judicial Blockade.''

The Senate is scheduled to hold confirmation votes today that would finally end the egregious stalling by Republicans that has blocked consideration of two worthy nominees for the United States Court of Appeals for the Ninth Circuit, on the West Coast. Richard Paez, a respected federal district judge in Los Angeles, has been waiting four years for the full Senate to act on his nomination. Marsha Berzon, a prominent appellate litigator in San Francisco, has been waiting two years.

They recite the history, then state the Senate should approve the Paez and Berzon nominations.

The Los Angeles Times, editorial board, which is now dominated by Republicans, says: ''Judge Deserves Rousing Approval.'' It says:

On the bench and before that as an attorney, Paez, a 52-year-old Latino, has earned a reputation for being thoughtful, fair and committed to civil rights. He would be an asset to the circuit court.

The Washington Post says:

Judge Paez has waited four years for the Senate to consider his nomination, and Ms. Berzon has waited two. Both nominees to the 9th Circuit Court of Appeals are well qualified. It is time both were confirmed.

We hear the word ''activist'' mentioned. If I were to name an activist on the Republican side of the aisle, it would be my friend BOB SMITH. He is the best activist that the antichoice people have. He is an activist. He is the best activist the Humane Society has. When it comes to Judge Paez, when it comes to Marsha Berzon, I dispute the ''activist'' tag. Some have made the term ''activist'' a bad name. I don't think it is.

These two nominees have temperaments that fit the court. They are well reasoned. When Judge Paez was reviewed by 15 experts in the law profession, they said his opinions will stand the test of time; that he is well reasoned. The lawyers have refuted everything that has been said on this floor by people who don't know Judge Paez.

I will read statements from lawyers, the people who appear before him day after day, and anonymous quotes they gave to the Judicial Almanac when talking about Judge Paez and his temperament.

We are turning the word ''activist'' into something different. Margaret Morrow had to struggle to be confirmed. I think some of my friends on the other side of the aisle think you are an activist if you have a heartbeat or a pulse, if you are alive. Nominees have to have some opinions; that is what a judge does.

Accusing Judge Paez of being soft on crime is an incredible statement, because, as I understand it, a criminal sentence by Judge Paez has never, ever been overturned.

To hear people talk about letting rapists and other criminals free, some might have done it but not Judge Paez. He has never been overturned on a criminal sentence in his entire career, and he has been on the bench for 18 years.

Sometimes people come to the floor making an argument about the Ninth Circuit. How about putting two people on the Ninth Circuit who will make it better? That is the opportunity we have today.

I will read some comments made by the lawyers who appear before Judge Paez all the time. These are people who take all sides of the issue: He is a wonderful judge. He is outstanding. He is highly competent. He is smart. He is thoughtful. He is reflective.

''I don't know anyone,'' one lawyer said, ''who hasn't been exceedingly impressed by him. He does a great job.''

''He is very well prepared,'' says another.

''He knows more about a case than the lawyers.''

Here is another: ''I think he has a great temperament. He never says or does anything that is off. He has a good demeanor. He is professional. He doesn't have any quirks.''

I listened to my friend, Senator SMITH, who is eloquent, but he is not talking about the man these lawyers know. He certainly is not talking about the man whom all the law enforcement people who have endorsed him know.

We hear Judge Paez is soft on crime. Why, then, does the National Association of Police Organizations endorse him? Also endorsing him is the Los Angeles Police Protective League, the Los Angeles County Police Chief Association, the Association of Los Angeles Deputy Sheriffs, the Department of California Highway Control Commissioner. Why would he have bipartisan support from California State judges and justices, such as California Court of Appeals Justice Walter Croskey, bar leaders, business leaders, community leaders, the whole Hispanic community?

There is a lot of discussion about what party deserves to get the votes of the Hispanics. I hope we can rise above this, but I do hope we can listen to the Hispanic Chamber of Commerce which strongly support Judge Paez.

I will read from their letter:

To the Senate majority leader from the United States Hispanic Chamber of Commerce:

I urge you to consider the views of the U.S. Hispanic Chamber and of the Hispanic small business community as we await a decision from the Senate on the nomination of Judge Paez. Judge Paez would be a great asset to the Ninth Circuit Court of Appeals.

They conclude:

I therefore urge you to listen to the voice of the Hispanic community and confirm Judge Paez to the Ninth Circuit Court of Appeals.

Here is a joint statement from the Hispanic Chamber of Commerce—the businesspeople—and the Hispanic National Bar:

The Hispanic community is justifiably proud of Judge Paez's achievement. He is a jurist of integrity and decency, a role model for Hispanics everywhere. Yet he has been kept waiting for more than 49 months for a Senate vote. We applaud Senator LOTT's decision to give Judge Paez a vote and urge the Senate to give him full and fair consideration.

They conclude:

If Judge Paez's record is reviewed fairly, he will be confirmed on a bipartisan basis.

I know there is some thought as we get ready for an up-or-down vote on these two nominees that there might be a motion made to indefinitely postpone this vote. I have had discussions with the Parliamentarian who believes that motion would be in order. I say it would be precedent setting. We have these candidates. They have gone through a very difficult confirmation process, being nominated a few times, getting through the committee a few times, being asked extensive questions, surviving an important cloture vote, which, frankly, they won overwhelmingly. Eighty-some Senators said they have a right to have a vote. I admire those Senators who voted for that, even though they won't vote finally for either Marsha or Richard.

I make an appeal: If we vote to indefinitely postpone a vote on these two nominees or one of these two nominees, that is denying them an up-or-down vote.

That would be such a twisting of what cloture really means in these cases. It has never been done before for a judge, as far as we know—ever. Again, it would undermine what Senator LOTT said when he said these people deserve an up-or-down vote.

So I make a plea to my friend, Senator SMITH. He and I go at it on many issues, but we are good friends and we like each other. Consider what you would do if you were to make such a motion, or another Senator would do so. You would be saying these two people do not deserve an up-or-down vote. I think that would be an undermining of the spirit of what we did yesterday.

I hope we will not go that route. What goes around comes around. Then, when you have a President who sends down a nominee, you are setting your party's President up for this kind of twisting in the wind that I do not think any nominee ought to go through.

I thank my friends for their indulgence. I believe very deeply we have two mainstream, strong candidates, supported by Democrats and Republicans alike, both inside the Senate and outside the Senate. We have two people who have proven their mettle. I thank them for hanging in there. I know there were times when they wondered

whether it was worth it; that they had to look at their families one more time and say, ''We don't know yet. We don't know yet. We don't know when we are getting a vote.'' That is why I brought their pictures to the floor the last couple of days, to put a face on these nominees. They have children. They have spouses. They have community friends. They work hard. Their lives have essentially been in limbo—for Marsha for a couple of years.

It is tough when you are in a law firm and you have been nominated. The partners don't know what to do. Do they give you more cases? Do they not? If you start a case, will you be pulled? It is a very difficult thing for an attorney in that situation.

For Judge Paez, it has been tough for him to hear some of the things that have been said when he is a man who has such broad-based support in the community.

Colleagues on both sides of the aisle, this is a big and important day. If there should be a motion made to indefinitely postpone this nomination, please do not support it. That would undermine what we promised these nominees way back several months ago when we told them they would have a vote. If we have that vote, please turn against it. And then, please vote for these nominees. They deserve your vote.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, I might say to my colleague, she knows we respect each other and like each other personally.

The points she makes about the families, when a nominee comes before the Senate and there is a long delay, we understand that. That is not easy for anybody. But I might also say, as far as I know—and I speak for myself, and I am pretty sure I speak for everyone else—I remember Clarence Thomas and people going in to find out what videos he purchased. He had a family. And Robert Bork had a family. And Doug Ginsburg had a family. I remember some very nasty things being said about those nominees.

We are looking at court cases of these nominees, and that is all we are looking at. I have not said, nor has anyone said on the Senate floor, one word about their personal lives. I have no desire to go there. This is about their court cases. In terms of Judge Paez in particular, his judicial philosophy, his activist philosophy, I will use his own words:

> I appreciate the need for courts to act when they must. When the issue has been generated as a result of a failure of the political process to resolve a certain political question, there is no choice but for the courts to resolve the question that perhaps ideally and preferably should be resolved through the legislative process.

The legislative process is to write the laws. That is what we do here. It is not up to the courts to write the laws. It is up to the legislature to write the laws. You should not put your activist views, conservative or liberal, on the court. I want judges who will interpret the Constitution.

These are his own words. I also want to point out—and I am just now analyzing the case—I know it is not a criticism because I did not know it either until this morning, but apparently there was a criminal case of Judge Paez that was overturned yesterday. I am trying to analyze that now, or maybe Senator SESSIONS may get into it later. So there was at least one, in terms of a criminal overturn.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I will note, just before I start, a couple of points.

The distinguished Senator from New Hampshire spoke about video rental records of Judge Bork or Judge Thomas. He may recall when that happened, a law was passed, the Leahy-Simpson law, which I proposed, initiated, and drove through in short order, to make it illegal for anybody to go and check somebody's video records. Ideally, I would like to see us have as strong a law for our medical records, something that has been held up while we spend a lot of time on a lot of other things. That is something being held up by this Congress on medical privacy. I wish we could do the same with that situation. But on Judge Bork or Judge Thomas or any other judges, the Leahy-Simpson law says we cannot look at their records.

I also note it was the Democrats who said very strongly about both Judge Bork and Judge Thomas, there should be no filibuster. As I recall, we expedited them relatively quickly for votes. It was also this Senator, joined by some others on this side, who, on the Ginsburg matter, when items were being leaked to the press—as it turned out, some from the same White House from which his nomination came—it was this Senator who took to the floor, and spoke elsewhere, and said let us give Judge Ginsburg a hearing; he should not be subjected to anonymous leaks, wherever they are coming from. As I said, some, it turned out, came from the White House. It was the White House that then announced, news to him, he was going to be withdrawing his name, which of course he did.

It was approximately 12 weeks from the time Judge Bork was nominated until we had a vote. It was something like 15 weeks from the time Judge Thomas was nominated before we had a vote. Of course, on Judge Paez it has been 4 years; on Marsha Berzon, 2 years.

I think we should talk about facts. Up to this date, there have been a lot of red herrings set out on these two nominees. They have been held without votes. Now at the 11th hour, some have sought to raise the random assignment of the case against John Huang in the District Court of the Central District of California as another reason to extend what has already been a 4-year delay in our consideration of the nomination of Judge Richard Paez.

I have yet to hear anybody suggest that there was anything untoward in the assignment of Judge Paez on this case. The suggestion is out here, somehow this was some nefarious thing, to put Judge Paez on this case. So I checked around about what the court rules are in assigning cases, because most courts have rules on how cases are assigned. They are not secret. They are public, and they are publicly available. I know they are in my own State of Vermont. They are elsewhere. But I thought maybe there was something that those who were objecting to his assignment to this case knew that we didn't. So I checked with the Central District of California, and of course they do have court rules governing the assignment of cases.

In fact, I understand the assignment of cases in the central district is pursuant to general order No. 224 of that court. I mention this because I wonder if any of those who have impugned Judge Paez sitting on this case even bothered to check that rule as I did, as anybody can, simply by picking up the phone and calling.

Section 7 of that order deals with the assignment of criminal cases. Paragraph 7.1 says:

> The assignment of criminal cases shall be completely at random through the Automated Case Assignment System. . . .

That is how the cases are assigned. The order allows exceptions under supervision of the chief judge. In the Huang case, there is no indication any exception was involved. Quite the contrary. I am told the assignment was done pursuant to a random assignment. That is what I was told when I called. That is what anybody would have been told if they had bothered to call instead of slandering this judge.

Then to make sure, because I am amazed anybody even questioned that because it is such a longstanding rule, I went to the extraordinary length of getting a statement under oath subject to the penalty of perjury by the district court executive and clerk of court explaining how these cases are assigned; Sherri Carter, district court executive and clerk of court.

I must apologize on the record to Ms. Carter for any indication that the Senate does not take her word for this or that people insist she submit this statement under penalty of perjury. I say to her, this is a strange time. Any lawyer who practices anywhere in this country knows that practically any court has these same kind of random assignments. State courts do it. Federal courts do it. Certainly any lawyer

in California knows it is a random assignment. I suspect the bailiffs can tell you that. The janitors can tell you in that court, but the Senate is so far removed from it that we need an affidavit telling us something that everybody else outside of the sacred 100 in this Chamber know.

I ask unanimous consent that the sworn affidavit of Sherri Carter, district court executive and clerk of court, saying that district judge Richard Paez was randomly assigned to the Huang case under the district court-approved random assignment methodology using an automated information processing system be printed in the RECORD.

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

U.S. DISTRICT COURT,
CENTRAL DISTRICT OF CALIFORNIA,
Los Angeles, CA.

I, Sherri R. Carter, District Court Executive and Clerk of Court, for the United States District Court, Central District of California, declare that case number CR–99–524–RAP, U.S.A. v. John Huang, was randomly assigned to District Judge Richard A. Paez, on June 14, 1999 through the District Court approved random assignment methodology utilizing an automated information processing system.

Pursuant to 28 UCS 1746, I, Sherri R. Carter, District Court Executive and Clerk of Court, declare under penalty of perjury that the foregoing is true and correct executed on March 8, 2000.

SHERRI R. CARTER,
District Court Executive and Clerk of Court.

Mr. LEAHY. Mr. President, I am sure Judge Paez had no interest in being assigned that case or the case against a former Member of Congress, Republican Representative Jay Kim, or any other high-profile case. I suspect any judge who has a pending confirmation would be delighted to avoid such high-profile cases, but they follow the rules. If the machine comes up and says ''you are assigned,'' then that judge hears that case. Judge Paez ought not continue to be penalized for doing his job in ruling in those assigned cases.

There is no allegation—no credible allegation, no believable allegation, no factual allegation, no whisper of an allegation—outside this Chamber that he did anything to obtain jurisdiction over those matters. None whatsoever. That ought to settle this matter once and for all.

It is the same as buying a lottery ticket and having the machine pick the numbers for you. It is done automatically. He did not win the lottery on this because he did not want a high-profile case, but he did his job, the job he was sworn to do. We ought to do the job we are sworn to do and vote up or down on these two people and not, as some have suggested, have a vote to suspend indefinitely. That is the Senate saying: Notwithstanding we are being paid to vote yes or no, we decide to just vote maybe.

Let's vote up or down. In this particular case that has been talked about, Judge Paez sentenced John Huang to 1 year probation, 500 hours community service, and a $10,000 fine after he pled guilty to a felony conspiracy charge on August 12, 1999. He agreed to plead guilty after he reached an agreement, not with the judge but with the prosecution for the Department of Justice. Based on that agreement, the prosecutors recommended no jail time in exchange for the defendant's cooperation. Judge Paez's approval of the prosecutor's recommendation was not unusual.

During my years as a prosecutor, I can think of a number of times when I said to the judge: Would you give this type of a sentence because we are getting cooperation from this person? I am after bigger fish; I have bigger fish to fry. I need their cooperation. Will you please sentence him to what might appear to be a lighter sentence?

Judge Paez did put the sentencing off for 10 days, from August 2 to August 12. Why? To consider a request by a Republican Congressman, DAN BURTON, who asked Judge Paez to delay sentencing until Huang testified in front of his committee investigating campaign finance abuses. The Congress asked him to delay. The Federal prosecutors objected to Representative BURTON's request for the indefinite suspension of sentencing, and having delayed to consider the matter, Judge Paez proceeded with the sentencing on August 12. I believe he was correct in doing so. Huang's lawyer told the prosecutor he would cooperate with Representative BURTON's committee, notwithstanding sentencing. My recollection is that is exactly what he did.

When it became clear, in virtually unprecedented fashion, Judge Paez and Marsha Berzon would have to leap over a 60-vote margin in cloture, and when it became clear the Senate would not add to the disgrace and humiliation of holding them up this long, that we would invoke cloture they want to suspend it indefinitely. After four years we should be more than prepared to vote for him for the Ninth Circuit.

Suspending a vote on this nomination would be a tragedy. Here is a remarkable man: a Hispanic American who has reached the Federal bench, has the highest rating that bar associations can give for a nominee, one of the most qualified people I have seen before the committee, Republican or Democrat, in my 25 years here. He has been waiting, dangling, for 4 years, humiliated by the actions of the Senate.

Now they ask to delay him again. It does not match up to what should be the standards of a body that calls itself the conscience of the Nation. Let us be clear, the Huang plea agreement, the transcript of the sentencing and related documents are not new. They have been in the possession of the Judiciary Committee since at least September of 1999. Six months they have been here.

The sentencing, his postponement, and the position of sentence did not happen in secret. It was in the glare of nationwide publicity. Thousands of sentencings go on every year in this country in all kinds of courts rarely covered by the press. This one was. These events extend back to last August and before. It is not a justification for asking for new information. It has been here.

I think the opponents misdirect their complaints about the plea agreement between the Government and Mr. Huang at Judge Paez. Complain about the Government's recommendation. That is one thing. Do not blame the judge who followed them.

Moreover, in spite of the impression sought to be created here, the plea agreement, dated May 21, 1999, expressly provides that Mr. Huang is not immune from Federal prosecution under ''laws relating to national security or espionage'' but covers only that conduct he had disclosed to prosecutors. In fact, his own attorney acknowledged at the time of sentencing that this plea agreement, OK'd by the prosecutors and the judge, leaves Mr. Huang open to further prosecution.

As far as the sentencing, let's be clear what happened. The Senate should know, pursuant to the agreement, Mr. Huang pled guilty to one count of conspiracy, a charge that carries the maximum penalty of up to 5 years. As for the calculation of the sentencing guidelines, both the Government and the probation office agreed on that calculation. They further agreed that in light of his substantial cooperation, he should receive a sentence of 1 year's probation and 500 hours of community service.

In fact, the only disagreement between the prosecutors and the probation office was on the amount of the fine. In this case, Judge Paez disregarded what the probation office recommended and went with the prosecutors' recommendation, the higher fine, and he imposed that fine.

If you read the sentencing transcript, you see the judge acted in a conscientious manner. He insisted on a probation officer's report and recommendation before proceeding. He did not proceed until he was advised of the extent and nature of Huang's cooperation that was expected. The Government informed the court that Huang provided substantial, credible information helpful in task force investigations. The judge emphasized that Mr. Huang was expected to continue to cooperate after his sentencing.

I mentioned being a former prosecutor. I can tell you, when I was prosecuting cases nothing was more infuriating than when people did not know the facts of a case or the extent of cooperation or the value of the plea

agreement, and they would try to pick apart an agreement after the fact.

I can think of cases where people would say: Oh, my gosh, how can this person get a light sentence? Why? Because they helped us catch five other people we would not have caught without them.

It is easy enough to criticize and second-guess. It is always easy to say someone else settled too cheap, that they made a bad deal. That undermines the role and morale of good prosecutors. We all know how clogged the already overloaded courts would be if prosecutors could not use their best judgment and enter into plea agreements.

We have 75 vacancies in the Federal court. Prosecutors are under pressure all the time to move cases through because we have not confirmed the judges; we have not added the extra judges they need. The courts are backlogged. You cannot get civil cases heard because of all the criminal cases. Prosecutors have to make their best judgment.

Whether one agrees or disagrees with the agreement, no one can say, with a straight face, that we suddenly found out about it, or that now we have to have a last-minute postponement. We do not need such a thing.

This has been pending for 4 years. The facts have been here for 4 years. The nomination has been here for 4 years. Local law enforcement has strongly backed Judge Paez for 4 years. His home State Senators have strongly backed him for 4 years.

He is supported by the Los Angeles district attorney, the Los Angeles Police Protective League, the National Association of Police Organizations, the Association for Los Angeles Deputy Sheriffs, the Los Angeles County Police Chiefs' Association. This guy sounds like the kind of judge I would have liked to have had my cases assigned to when I was a prosecutor.

We have made this highly qualified man jump through hoops for 4 years. He was required to review his criminal sentences for his whole career on the Federal bench. This is what we asked him to do after he was pending for 4 years. He had two confirmation hearings, and had been voted out twice by the Republican-controlled Judiciary Committee.

A lesser person would have said: Enough is enough. This is such petty harassment. He did not complain. He complied. What do the facts show? He is a tough sentencer. Those are the facts, not the comment of some reporter thrown into a political story here in Washington.

The people of California, the people who know him best, named him the Federal Criminal Law Judge of the Year in 1999. He has had sentences within the sentencing guidelines more often than the national average for district judges. We ought to be praising him for that. People say district judges don't follow the guidelines. We ought to praise him for being above average in that.

We talk about his criminal judgments appealed. There were 32 criminal judgments appealed. He was affirmed 28 times. Two of the appeals were dismissed for lack of jurisdiction; one was remanded. Only 1 of the 32 was reversed, in part.

We talk about how we want people who are going to be upheld on appeal. There isn't a district court judge—Republican, Democrat, or anything else—who would not be delighted to have a record on appeal like Judge Paez.

He is a tough judge, a really tough judge. He is also a good judge, a well-trained judge, a highly intelligent judge, and a judge who wins on appeals.

Obviously, every Senator has a right to vote how he or she wants, but at least vote. I do not think it is right to hold somebody up. It would certainly be an outrageous mark of shame on the Senate if we took the unprecedented step, for a Federal judicial nominee, after cloture, to move to indefinitely postpone. It would be the first time that sequence would be followed in the Senate. That would be a mark of shame on us.

But what bothers me is the way people look for any reason—real or imagined—to vote against Judge Paez.

There seems to be no interest in looking at his whole record of public service. I have heard no mention of Judge Paez's decision in the Great Western Shows, Inc. case. That was a controversial case. I am sure he did not ask to be assigned to it. But he applied the law fairly and objectively. Let's mention this case.

We heard he may be a liberal judicial activist, whatever that is. It must mean, like the majority in the Supreme Court in the last year or so, taking away more rights from the States and people in patent cases, and so on. But let's talk about this.

In the Great Western Shows case, he heard and granted a motion for a preliminary injunction against a Los Angeles county ordinance that would have effectively banned gun shows, the sale of firearms and ammunition on county property. He went against those who wanted to ban the gun show because he found substantial questions that the ordinance was preempted by State law. So he granted an injunction so the gun show could proceed.

To me, that does not sound like a judicial activist. It reminds me of the courage that a Vermont district court judge showed back in 1994 when his nomination to the Second Circuit Court of Appeals was likewise pending before the Senate. At that time, Judge Fred Parker handed down his decision in the Frank case in which Judge Parker held the 10th amendment prohibited Congress from usurping the power of Vermont's Legislature and declared certain provisions of the Brady law unconstitutional.

I remember that very well because it was about the same time I was down asking the President of the United States to appoint Judge Parker, a conservative Republican, who served as the deputy attorney general of our State. I was asking the President to appoint Judge Parker to the Second Circuit. I also knew Judge Parker was an extraordinarily brilliant person. He was a classmate of mine in law school. He is highly honest. Usually he had supported my opponents.

I had to tell the President, who was strongly supporting the Brady law: This judge I want you to appoint to the Second Circuit Court of Appeals has just found a hunk of that law unconstitutional. The President said: Anything else you want me to do for you today?

But to Bill Clinton's credit, he did appoint Judge Parker to the Second Circuit. Oh, just as a little footnote, to Judge Parker's credit, the U.S. Supreme Court upheld him. They said he was right, that the way it was drafted, that part of the Brady law—which we have since changed—was unconstitutional.

The point is, both these judges, Judges Parker and Paez, acted with courage to do their duty. They applied the law to the facts, and they did their judicial duty. They did so at some personal risk while their nominations to higher courts were still pending before the Senate. I think the strength they show is commendable. They are the kinds of judges we need in our Federal courts to act with independence and in accordance with the law. All the Senators who were in the Senate at that time voted for Judge Parker.

I hoped they would give the same with respect to Judge Paez. He doesn't tailor rulings or sentences to please political supporters. He is not soft on crime. This is a man who gets upheld on virtually all his criminal cases. He is a person with great resolve and temperament and intellect. Those who seek to diminish this man or his record should reconsider and support his prompt confirmation.

I understand why people support him so strongly. I ask that a sampling of letters from the Hispanic National Bar Association, national Hispanic Leadership Agenda and its more than 30 constituent organizations, the League of United Latin American Citizens, and the U.S. Hispanic Chamber of Commerce in support of Judge Paez be printed in the RECORD.

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

HISPANIC NATIONAL BAR ASSOCIATION,
Washington, DC, February 20, 2000.

Hon. PATRICK LEAHY,
Courthouse Plaza,
Burlington, VT.

DEAR SENATOR LEAHY: It is the understanding of the Hispanic National Bar Association that Majority Leader Trent Lott has agreed to call a floor vote on the nomination of Judge Paez by March 15. Therefore, as the Regional President of the Hispanic National Bar Association with jurisdiction over the State of Vermont, I am writing to inquire into your position on the nomination of Judge Richard A. Paez to the United States Court of Appeals for the Ninth Circuit.

The Hispanic National Bar Association is a non-partisan organization with over 22,000 members that has as one of its goals to promote the appointment of qualified Hispanic candidates to the Bench. We have reviewed the qualifications of Judge Paez and strongly support his confirmation. In fact, his confirmation is one of our top priorities for this year.

I will contact your office within the next few days to see if you, or your staff, are available to meet with us to discuss this important nomination. If you have any questions, please feel free to contact me at (617) 565–3210.

For your information, I have attached a copy of a Los Angeles Daily Journal article on Judge Paez which, upon your perusal, should clear up any misconceptions and incorrect labels that are currently the foundations of objections to his nomination.

I appreciate your attention to this request.

Sincerely,

R. LILIANA PALACIOS,
Regional President.

NATIONAL HISPANIC
LEADERSHIP AGENDA,
Washington, DC, March 3, 2000.

DEAR SENATOR: As members of the Board of Directors of the National Hispanic Leadership Agenda (NHLA), we are writing to reiterate our strong support for Judge Richard Paez to the Ninth Circuit Court of Appeals and our request that you vote to confirm him.

About two weeks ago, you should have received a letter from the NHLA signed by our Chair, Manuel Mirabal. Because we wish to convey to you fully the importance of this matter to the Latino community, we have decided to send you this additional letter with our individual signatures.

The NHLA represents a highly diverse and important cross-section of the national Latino community. Our organizations have offices and constituents throughout the country, and we come together when we find issues of mutual concern. We submit this letter on behalf of the organizations we represent, and we sign this letter as individuals prominent in various fields, including business, legal, labor, health, scientific, among others as well.

We come together to support a highly qualified candidate to the Ninth Circuit Court of Appeals—Judge Richard Paez. In 1994, Judge Paez became the first Mexican American appointed to the Central District Court of California in Los Angeles. This was a milestone for the Latino community. Now that Judge Paez has been nominated to the Ninth Circuit, we believe he will serve well not only the 14 million Latinos living in the Ninth Circuit, but all Americans who seek a fair review of the matters they bring to court.

Thank you again for considering our strong backing for Judge Paez, and we urge you to support his confirmation.

Sincerely,

Elena Rios, MD, National Hispanic Medical Association; Kofi Boateng, Executive Director, National Puerto Rican Forum; Elisa Sanchez, CEO, MANA, A National Latina Organization; Delia Pompa, Executive Director, National Association for Bilingual Education; Manuel Olivérez, President & CEO, National Association of Hispanic Federal Executives; Guarione M. Diaz, President & Executive Director, Cuban American National Council; Gabriela D. Lemus, Ph.D., Director of Policy, League of United Latin American Citizens.

Manuel Mirabal, President, National Puerto Rican Coalition; Arturo Vargas, Executive Director, National Association of Latino Elected and Appointed Officials; Anna Cabral, President, Hispanic Association on Corporate Responsibility; Gumecindo Salas, Hispanic Association of Colleges and Universities; Al Zapanta, President, U.S.-Mexico Chamber of Commerce; Mildred Garcia, Deputy Director, National Hispanic Council on Aging; Andres Tobar, Executive Director, National Association of Hispanic Publications.

Oscar Sanchez, Executive Director, Labor Council for Latin American Advancement; Gilberto Moreno, President & CEO, Association for the Advancement of Mexican Americans; Roberto Frisancho, President, Latino Civil Rights Center; Lourdes Santiago, Hispanic National Bar Association; Ronald Blackburn-Moreno, President, ASPIRA Association, Inc.; George Herrera, President/CEO, U.S. Hispanic Chamber of Commerce; Juan Figueroa, President and General Counsel, Puerto Rican Legal Defense and Education Fund; Raul Yzaguirre, President, National Council of La Raza; Antonia Hernández, President & General Counsel, Mexican American Legal Defense and Educational Fund.

LEAGUE OF UNITED
LATIN AMERICAN CITIZENS,
Washington, DC, March 6, 2000.

Hon. PATRICK LEAHY,
U.S. Senate,
Washington, DC.

DEAR SENATOR LEAHY: On behalf of the League of United Latin American Citizens, the oldest and largest Hispanic organization in the United States, I urge you to vote to confirm Judge Richard Paez to the Ninth Circuit Court of Appeals. Judge Paez was first nominated to serve on the Ninth Circuit on January 25, 1996—more than four years ago. This is an unusually long time to wait, especially considering Judge Paez's qualifications for the position.

Judge Paez currently serves with distinction as a Federal District Judge in the Central District of California, where he has been for over five years. Before that he served as a municipal judge in Los Angeles for thirteen years. When first considered by the Senate, Judge Paez was confirmed unanimously. Many of the Senators who agreed to his nomination in 1994 are still in office. Since he was nominated to the Ninth Circuit, Judge Paez has been through two hearings to review his qualifications and both times he was voted favorably out to be considered by the full Senate. He has been rated well-qualified by the American Bar Association and is supported by a wide array of individuals and organizations, including representatives from the business and law enforcement communities.

By March 15, 2000, Senate Majority Leader Trent Lott will move for a vote on Judge Paez. I strongly urge you to support his confirmation. His confirmation is important to LULAC not only because we have the opportunity to place an excellent judge in this important position, but as a Latino, he represents one of a very few opportunities for our community to be present at this level. It is also important to our judicial system, both how it operates and how it is perceived to operate, that individuals who have worked hard, played by the rules, and are qualified receive a fair chance just like others who may be different from them. Judge Paez has done everything it takes to be qualified for the position on the Ninth Circuit; he deserves your vote.

I hope we can count on you to support Judge Paez. LULAC will be recommending that this vote be include in the National Hispanic Leadership Agenda scorecard which will be published at the conclusion of this session.

Sincerely,

RICK DOVALINA,
National President.

UNITED STATES HISPANIC
CHAMBER OF COMMERCE,
Washington, DC, October 6, 1999.

Hon. TRENT LOTT,
Senate Majority Leader,
U.S. Capitol,
Washington, DC.

DEAR SENATE MAJORITY LEADER: On behalf of the Board of Directors of the United States Hispanic Chamber of Commerce (USHCC). I urge you to encourage a vote on the nomination of Federal District Court Judge Richard Paez to the Ninth Circuit Court of Appeals. I urge you to consider the views of the United States Hispanic Chamber of Commerce and of the Hispanic, small-business community as we await a decision from the Senate on the nomination of Judge Paez.

As you may know, the USHCC's primary goal is to represent the interests of over 1.5 million Hispanic-owned businesses in the United States and Puerto Rico. with a network of over 200 Hispanic chambers of commerce across the country, the USHCC stands as the preeminent business organization that effectively promoters the economic growth and development of Hispanic entrepreneurs. In addition, the USHCC provides and advocacy on many issues of importance to the Hispanic community. Hispanic entrepreneurs are interested in promoting the growth and development of Hispanics in the United States. For this reason, the USHCC supports the confirmation of Judge Paez to the Ninth Circuit.

Judge Paez was nominated to the Ninth Circuit Court of Appeals in 1996. He has been awaiting confirmation by the United States Senate for three and a half years, one of the longest pending nominations in history. Judge Paez has demonstrated the leadership and accomplishments that are well suited to a candidate for a Ninth Circuit Court Judge. He served as a judge in the Los Angeles Municipal Court for 13 years. While serving on that court, he was selected to serve in various leadership positions, including Presiding Judge. He was also elected to serve as Chair of the Los Angeles County Municipal Court Judges Association. In 1994, he was confirmed to the Central District Court of California where he currently serves.

Judge Paez would be a great asset to the Ninth Circuit Court of Appeals. He has the support of many civil rights, law enforcement and community groups, including that of the National Hispanic Leadership Agenda (NHLA) of which the USHCC is a member organization. The NHLA is a coalition of over 30 national and leading. Hispanic organizations in the United States. The USHCC has been supportive of NHLA's efforts regarding the confirmation of Judge Paez. I therefore urge you to listen to the voice of the Hispanic community and confirm Judge Paez to the Ninth Circuit Court of Appeals.

Respectfully submitted,

GEORGE HERRERA,
President and Chief Executive Officer.

Mr. LEAHY. Mr. President, I hope today we will close the chapter of what has not been the greatest light and the greatest time of the Senate—close this chapter of 4 years of delay and harassment of this wonderful man and confirm him today.

Mr. President, how much time remains for the Senator from Vermont?

The PRESIDING OFFICER (Mr. ALLARD). There are 33 minutes remaining.

Mr. LEAHY. Mr. President, I yield the floor and reserve the remainder of my time. I thank my distinguished friend from New Hampshire for yielding.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. SMITH of New Hampshire. Mr. President, in a moment I will yield to my colleague from Alabama. I want to respond to a couple of points that were made during the debate, in terms of process, by the distinguished Senator from California, Mrs. BOXER, and Senator LEAHY of Vermont.

The criticism on the filibuster is a bit unwarranted. I could have come down here and thrown the Senate into quorum calls and delayed and delayed just for the sake of delay. None of us on our side, including me, did any such thing. We worked out an agreement with the majority leader for a limited amount of time, which on our side was 3 hours—it could have been 30, No. 1—after cloture. Secondly, I agreed to move the cloture time up, and the leader agreed with me.

The real purpose of that was to get facts out about these two judicial nominees, Berzon and Paez. I know in the case of Senator SESSIONS, who will speak for himself on this, he has new information about Judge Paez. I believe that when new information is there, in spite of the fact that this judge has been before the Senate for 4 years, it should be shared with the Senate. I think Senator SESSIONS has every right to share it. Frankly, I think Senators will want to hear it. So I hope they will listen when Senator SESSIONS speaks in detail about the new information he has because I think it is very important in the case of the nomination of Judge Paez.

I want to speak for just a moment on the issue of the random rule that my colleague from Vermont talked about. He indicated, to his credit, that he called and asked about the random rule, and he got a statement from the clerk that that was in fact random. Well, that is one statement, and it may well be true. I think we have a right to check that out to make sure it was random. If it were random, I ask my colleague, should this judge who is before the Senate to be confirmed for the circuit court, nominated by President Bill Clinton—is it the right thing to do, perception-wise, to sit on a case involving Maria Hsia, who has just been convicted for part of the fundraising scandal, along with John Huang who was also involved in that scandal? It seems to me, even if it did come out randomly, it would be good, common sense to say I will recuse myself from these cases because I don't think it looks good.

The random aspect has a problem, which Senator SESSIONS will address. The random aspect presents a problem for me because there are 34 judges there, and the fact that those 2 cases would be randomly assigned to this judge is pretty suspicious. But if you give them the benefit of the doubt, a bad judgment was made by Judge Paez in taking them.

Finally, much has been made here this morning as to comments about Hispanic judges. I think the implication is, somehow there is bias here. I remind my colleagues and the American people that we had a vote of whatever it was—95–0—on Judge Fuentes the other day. I voted for that judge, as did all of my colleagues. I certainly didn't assign any racial bias when Judge Thomas was opposed by many on the other side of the aisle, who happened to be a conservative black, which was the first sin—and probably the only sin, as far as I know—he committed. For that, he went through a living hell for a long time. Had he been a liberal black judge, I don't think there would have been a problem at all.

So I don't think we need to get into name calling and give the insinuation that somehow because Paez happens to be Hispanic—that is uncalled for, and I hope we can get away from that kind of debate. I look at each person on the basis of their qualifications and their decisions. For all I know—OK, Paez, is that a Hispanic name? I don't even know. I could care less. So I hope we can get beyond that.

At this time, I yield to my colleague from Alabama, Senator SESSIONS, whatever time he may consume.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, I thank the Senator and I appreciate his leadership on this issue and his courage in standing up for it.

It is really offensive to me that it would be suggested I or other Members would oppose someone simply because they were Hispanic, African American, or any other nationality, religion, or racial background. I hardly knew he was Hispanic until we were into this matter. He has been held up for a number of years for reasons that have been discussed in some detail. He has stated, as a State judge, a philosophy of judging that is the absolute epitome of judicial activism. He said that when a legislative body doesn't act, it is the responsibility of the judge, or the judiciary, to act and fill the void. Well, when a legislative body, duly elected by the people of the United States, fails to act, that body has made a decision—a decision not to act. But they are elected. If they do the wrong thing, they can be removed from office. But now we want to have a Federal judge who is unelected, with a lifetime appointment, to blithely walk in and say: Well, I don't like this impasse. You guys have a problem and you didn't solve it, so I am going to reinterpret the meaning of the Constitution. That word doesn't mean that, or ''is'' means something else. So I am going to make this legislation say what I want it to say. I am going to solve this problem. You guys in the legislative branch would not solve it; you failed to solve it, and you are thinking about special interests. But I am above that, and I will do the right thing.

Mr. President, that is judicial activism. That is an antidemocratic act at its most fundamental point because that judge has a lifetime appointment. He has no accountability to the public whatsoever.

It is a thunderous power that the Founding Fathers gave Federal judges. And for the most part they have handled themselves well. But this doctrine of judicial activism that they have a right to act when the needs of the country are at stake is malicious, bad, and wrong. It undermines the rule of law. It undermines the democracy at its very core.

Hear me, America. When you have a Federal judge who is an unelected person unaccountable to the people, we have gone from a democracy to something else. I believe that is not healthy. His statement in that regard is a fundamental statement that indicates to me he is particularly not a good choice for the Ninth Circuit.

As the Senator so ably pointed out, it is the most activist circuit of all. I know the Senator mentioned the recent case in which he was reversed.

The city of Los Angeles passed a statute against panhandling after an individual on the street of Los Angeles was murdered when he wouldn't give somebody 25 cents. They passed legislation. The Los Angeles City Council is not a city council that has set about to deny civil liberties. They are one of the most open cities in the world.

What did Judge Paez do, according to the Federal Supplement opinion of his

district court order in 1997? He found that the ordinance was invalid on its face under the California Constitution's Liberty of Speech clause for discriminating on the basis of content between categories of speech.

The case was appealed to the Federal court. They certified that question, as they sometimes do, to the California Supreme Court. This is a California statute, and the Federal judge was invalidated by the California Supreme Court.

Out of deference and respect to the California Supreme Court, what is your opinion of that? They reviewed the matter. They came back and concluded that the judge was wrong after having delayed the implementation of a duly passed statute by the duly elected leadership of the city of Los Angeles. This one sitting, lifetime-appointed judge unaccountable to the American people wiped it out. The California Supreme Court said this:

> As noted above, the regulation of solicitation long has been recognized as being within the government's police power. And, yet, plaintiff's suggested approach to content neutrality in many instances would frustrate or preclude that means—

Let me stop—

> [T]he kind of narrow tailoring that is generally demanded with regard to the exercise of such police power regulation in the area of protected expression. If, as plaintiff suggests, lawmakers cannot distinguish properly between solicitation for immediate exchange of money and all other kinds of speech, then it may be impossible to tailor legislation in this area in a manner that avoids rendering the legislation impermissibly over-inclusive.

It is free speech to say ''stick'em up, turn over your money or your life''? No, it is not.

This is a pretty cutting and direct rebuttal, and a blunt condemnation of Judge Paez from the Supreme Court of California—not a right-wing court, I submit:

> In our view, a court should avoid a constitutional interpretation that so severely would constrain the legitimate exercise of government authority in an area where such regulation has long been acknowledged to be appropriate.

Indeed, one of the main reasons our murder rate fell in this country a few years ago was because Rudy Giuliani, as mayor of New York, examined what was happening to crime in New York, and he decided that what was happening was we were allowing panhandlers and drug dealers to be wandering the streets and they focused on small crime. They had a plummeting of the murder rate in New York. It dropped by about two-thirds in almost 1 year's time. In fact, there was almost a one-half decline in the murder rate in 1 year.

This judge would say those kinds of regulations that allow a city to take control of its streets is not valid, and it was reversed by the Supreme Court of California in pretty blunt language. To say he is not an activist and not willing to use his power as an unelected public official to set public policy in America is wrong.

That is only one of the cases that is involved here.

I am concerned about the sentencing of John Huang. It is a very important case. It is a case of real national importance. His activities were followed. The Democratic National Committee had to give back $1.6 million in contributions that had come from illegal sources, mainly foreign sources—the Lippo Group, and Riady, and so forth. That was a major news story, and it was for years.

We, as members of the Judiciary Committee, the chairman of the Judiciary Committee, leaders in the House and Senate, urged Attorney General Janet Reno to set up an independent prosecutor to investigate this campaign finance problem. She steadfastly refused to do so, although she did in a lot of other cases.

The employees of the Department of Justice are answerable to the Attorney General, who holds her office at the pleasure of the President of the United States. She can be removed at any moment by the President of the United States. She decided she would hold onto that case. She would not give it up, and she assured us that they would effectively prosecute it; they would get to the bottom of it and crack down on these illegal contributions from foreign governments, mainly believed to be the People's Republic of China, a Communist nation, and a significant competitor of the United States, while they were stealing our secrets at the same time from our laboratories.

This is a serious matter. She would not give it up. She said she would do a good job with it, and they took the case and investigated it. Her underlings met with John Huang's lawyers in Los Angeles, and they discussed the case and the disposition of it.

I was a Federal prosecutor for 15 years. I have some experience. I have been here for 3 years, but most of my career was as a Federal prosecutor.

So they have this meeting and they reach a plea agreement. I have a copy of the plea agreement. They had a plea agreement and presented it to the judge.

I tell you, a judge is not required to accept a plea agreement under the law, and I can document that entirely. A judge is not required to accept a plea agreement presented to him by a prosecutor. It is common knowledge and everyday practice. You present a plea to the judge. By accepting it, he accepts the guilty plea of that defendant. If he rejects it, he doesn't take the plea.

What did the plea agreement say about that particular issue? They said: Oh, you know, the judge is just a victim of the prosecutor. He is just bound by them.

I am telling you that a judge is a force. A Federal judge to a Federal prosecutor is a force. What he says or she says goes. They can demand all kinds of things before they take a plea, and they should demand all kinds of things before they take a plea.

For those who think the judge had no authority, I will read the exact language between John Huang and the Clinton Department of Justice prosecutors.

> Paragraph 15: This agreement is not binding on the court. The United States and you understand that the court retains complete discretion to accept or reject the agreed-upon disposition as provided for in paragraph 15(f) of its agreement. If the court does not accept the recommended sentence, this agreement will be void, you will be free to withdraw your plea of guilty. If you do withdraw the plea, all that you have said and done in the course of leading to this plea cannot be used against you.
>
> In addition, should the court reject this agreement, and should you, therefore, withdraw your guilty plea, the United States agrees it will dismiss the information, the charge, that is brought against you, without prejudice to the United States right to indict you on charges contained in the information and any other appropriate charges.

This is basic. They go to the court and plead guilty. The judge does a presentence report, as the Senator from Vermont said. A judge ought to be impeached if they don't do a pre-sentence report on a case such as this. That is routine. A pre-sentence report is made, which has not been made part of the record. There was a plea on what is called an information, not an indictment.

That means the case was not presented to a grand jury of 24 citizens to have them vote on what charges should be brought against John Huang.

Remember, the investigation began out of the charges of $1.6 million to the 1996 Democratic National Committee to benefit the Clinton-Gore campaign.

Some say: JEFF, you are just playing politics. You want to talk about campaign finance reform.

I am talking about the judge who took the plea on the man who was a central figure in the gathering of this money from a Communist nation. This is serious business. We ought not to treat this lightly.

Any judge who had already been nominated by this President for a higher Federal court position, I believe, should have realized the significance of the position he was in and conducted himself with a particularly high level of scrutiny. It was produced after this plea agreement was signed between the prosecutor and John Huang and his attorneys. They produced an agreed-upon charge—not an indictment because it wasn't a grand jury; it is called an information. It is written by the prosecutor, saying: The United States charges.

They did this, and presumably filed the case on the docket. In some fashion, the case went to Judge Paez. Out

of 34 judges, this case goes to the Judge who is already being nominated by the President for another high court position. I know we have a clerk who has written a letter, but clerks get their fannies in trouble if they don't say those kinds of things. I don't know how this case got to him. I would like to have that clerk under oath for about an hour, and I will know after that whether or not it was handled in a legitimate way. That is what I believe. This little one- or two-line statement doesn't say a lot that satisfies me. I have seen many of those statements. The President submitted a many affidavits saying, ''I didn't do anything wrong'' in his civil cases. We learned later that he did do some things wrong.

It is curious to me that Judge Paez had drawn the other significant campaign finance reform case for the Democratic National Committee in the Clinton-Gore campaign. That was a Maria Hsia case. Maria Hsia is the one laundered the money through the Buddhist nuns for the campaign. He got both of those cases. That is a pretty high number. I would like to see a mathematical calculation of the chances of the two most prominent campaign finance reform cases both falling to 1 judge out of 34 judges in Los Angeles, California. I don't know how it happened. Maybe there is a good explanation. If there is, I am pleased to accept it.

I have been in courts and my experience is, and this is the reason I am concerned, usually in Federal courts, if there are 50 indictments returned by grand jury, they go on some sort of ''wheel'' and are randomly assigned. Cases that proceed on information by a prosecutor do not move through a grand jury. They move through the system in a different direction and do not always go on random selection.

Years ago, I remember when we would take the case to whatever judge was available. If a defendant wanted to plead guilty and we were satisfied, we called the judge and said: Judge, can you take the plea this afternoon at 4 o'clock? He would say, OK, or we would find another judge.

It is much more possible there is ''judge shopping'' on a plea to an information than on an indictment returned by a grand jury.

I think we ought to know this before we vote on a lifetime appointee. I wish it had been discovered sooner.

This is not an individual member of a law firm who had his practice disrupted. He is now a sitting Federal judge with a lifetime appointment. If he is not confirmed by this Senate, he will still be a Federal judge. He was previously confirmed by this Senate to be a Federal judge for the district court. I submit it is not too much to ask for a few weeks, 2 or 3 weeks, to have the matter cleared up. It has been 4 years; what is 3 more weeks to get the matter settled? That is what we ought to do if we want to do our duty.

I believe the evidence shows with some clarity why I believe the judge's actions at a minimum did not meet standards required of him.

There has been a lot of talk from those who defend Judge Paez. They say he is a victim of the prosecutor. Prosecutors have to take the pleas. It is routine to take the pleas.

This was not routine, No. 1.

Then they say the prosecutors were not doing their job. The prosecutors didn't tell him everything. He could not know everything.

We have examined the portions of the sentencing record we have been able to obtain, and we know at least some of those facts of which he was aware. I will analyze, based on the record, what he knew and what the sentencing guidelines require in terms of a sentence. I think I will demonstrate to the satisfaction of any fair observer that the judge did not follow the sentencing guidelines effectively. He found a lower level of wrongdoing than he should have. That level of wrongdoing allowed him to issue a light sentence instead of a sentence in jail.

I take very seriously the sentencing guidelines that were passed by this Congress a number of years ago. In the early 1980s, I was a U.S. attorney, a Federal prosecutor. The whole world held its breath when the U.S. Congress eliminated parole. It said to Federal judges: We are tired of one Federal judge giving 25 years for bank robbery and another giving probation for the same bank robbery offense. We don't want one judge who doesn't like drug cases giving everyone probation and another judge hanging an individual for minor amounts.

We are going to have guidelines. They passed detailed guidelines, and say the range would be 26 to 30 years. If the judge desired, he would give the lowest sentence allowed, 26; if he desired, he could give an individual 30.

The guidelines mandated and controlled sentencing. It was designed out of concern that there had been racial disparity. It was designed out of concern about an individual judge's predilictions to be soft or tough, and tried to create a uniform sentencing policy.

We held our breath. We didn't know if judges got their back up. They didn't like that. They had complete discretion before. They fussed. We wondered if they would follow. They did follow it. The courts of appeals and the Supreme Court directed them to follow. If they didn't follow guidelines, they reversed the sentences and sent the case back, saying: Follow these sentencing guidelines.

Even if we don't like them, they were passed by the elected Representatives of America in Congress. We, as judges, have to abide by those guidelines.

That is the basic point on that.

The plea agreement was stunning, in my view. And the information that was filed for the case was very troubling to me. We have a national matter involving the very integrity of the Presidential election by the infusion of large sums of illegal cash. It made national news, TV, radio, magazines, newspapers. What do the Department of Justice prosecutors do? Where do we charge John Huang with this fundamental violation of the 1996 election? Is that what he pled guilty to, in this information and plea agreement? I have it right here. He did not plead to one dime of illegal contributions to the Clinton-Gore Democratic National Committee campaign in 1996. His plea was to a $5,000 and a $2,500 campaign contribution to the Michael Woo for Mayor Campaign Committee in Los Angeles. That is what he pled guilty to. That is all he pled guilty to.

What did the prosecutor recommend? He recommended a nonincarcerated sentence of 1 year probation, no jail time, don't go to the Bastille, don't get locked up, don't serve time in jail for one of the biggest intrusions of illegal cash in the history of American political life. Plead guilty to a violation in a mayor's race. Don't discuss the matter of the Presidential election; it might embarrass the boss of the prosecutor who is handling the case.

This is raw stuff. It goes to the absolute core of justice in America. As U.S. attorney in Mobile, I prosecuted friends of mine, classmates of mine, business people I knew in the community, and drug dealers galore because I swore an oath we would have ''equal justice under law.'' It is on the Supreme Court, right across this street. Go look at it: ''Equal Justice Under Law.''

I assure you that, this very day in Los Angeles, CA, 25-year-old crack cocaine dealers are getting sentenced to 20 to 25 years in jail; some, life without parole. I was involved in a cocaine smuggling case. Five guys from Cleveland or somewhere brought in 1,500 pounds of cocaine, and the five of them got life without parole the same day because the Federal sentencing guidelines are tough on drug dealers. And they have tough provisions for corruption cases. But what did he get? He got 1 year probation and a $10,000 fine.

Do you think Mr. Riady would be glad to pay that fine? Do you think the Lippo Group could afford to pay a $10,000 fine for their buddy Johnny Huang? He testified. They said, you need to get at the bigger fish, and they did this because John Huang agreed to testify. Against whom did he testify? Did he provide important information? That is what prosecutors have to ask themselves. They had apparently debriefed him at the time of his plea and gotten him to tell what he knew and what he was going to cooperate about.

Who was the big fish? Who was the big fish that this great team of prosecutors agreed to prosecute? It was Maria Hsia. That is the only person, to my knowledge, John Huang has ever testified against. From what I hear, it was a pretty weak bit of testimony in a recent case in Washington. So they plea-bargained with John Huang, the big fish, and ended up getting testimony against some little fish.

What happens to Maria Hsia, the lady who raised all that laundered money at the Buddhist temple for Vice President GORE, the President of this Senate, when he chooses to be, there raising the money? She got convicted on five counts, allowing her to be sentenced for up to 25 years in jail.

It has always been curious to me why they did not try that case in Los Angeles, which would have been a much more favorable forum, according to most experts, than here in Washington. They brought it up here. Many say the Department of Justice was shocked they got a conviction, but they got a conviction. So now we have John Huang who raised $1.6 million, who pled guilty to a piddling mayor's race case and got 1 year probation, testifying against Maria Hsia, who, in my view, would be less culpable than he. She is subjected to up to 25 years in jail.

I am not talking just about politics. I love the Department of Justice. I spent over 15 years of my career in the Department of Justice. I love the ideals of the Department of Justice. When they sentence young people to jail for long periods of time, any prosecutor, any judge who does not have a moral commitment of the most basic kind to ensure that when people in suits and ties who have a lot of money commit crimes, they serve their time, is not much of a judge or prosecutor, in my view. They are not worthy to carry the badge.

What else did they do in this great prosecution that Janet Reno held onto? I was stunned. He was given transactional immunity. Listen to page 3 of the prosecutor's agreement that the judge approved. Not only did they not indict him for the $1.6 million or any of those funds, they gave him absolute immunity. Look at the language. This is the agreement, the contract between the prosecutor and Huang:

> The United States will not prosecute you for any other violations of Federal law other than those laws relating to national security or espionage, occurring before the date this agreement is signed by you.

That is a very dangerous plea agreement. I always warned my assistant U.S. attorneys not to sign those kinds of agreements. Under this agreement, had John Huang committed overt bribery, had it been proven he walked into the Oval Office, as I think he did on a number of occasions, and met the President of the United States and gave him $1 million cash for some bribe, he could never be prosecuted for that. He had complete immunity once this plea agreement was accepted. If he had committed a murder, he had complete immunity under Federal law based on this agreement. If he brought in drugs from the East, he would have been given complete immunity and could not be prosecuted for it.

He was given a sweetheart deal, a year probation and a $10,000 fine. That is not worthy of justice in America, I submit. It is a pitiful example of prosecuting, a debasement of justice. It is wrong, not right, not according to ideals and standards. I am stunned reading this document.

How did they do it? These Federal Sentencing Guidelines contain some pretty tough stuff. How did they wiggle this thing down to get a probation deal? Let's see. I have the document here. We looked at it. We looked at the factors in this kind of case, including the evidence the judge had, according to the transcript of sentencing. There is probably more evidence than this he could have considered, but we know that the judge was given these facts.

The judge started out with a base level of 6. That is the basic sentencing level for this type of fraud or deceit activity. I do not disagree with that. The prosecutors recommended a number of things, and the judge agreed. They recommended only a four-level departure downward for his cooperation. Apparently, the prosecutors felt the level of cooperation rendered by John Huang was not that significant. They asked for a four-level downward departure.

In addition, he had to then deal with the factors that would require an upward raising from level 6.

The judge found more than minimal planning. He upped it two. Certainly there was more than minimal planning in this deal to raise the money, even for the race in Los Angeles. It was 100-something thousand dollars—$156,000, I believe, for the total—even though he pled guilty specifically to $7,500. They gave him that sentencing and some other increases and decreases and adjustments.

I will go over several on which I believe the judge was clearly wrong.

In the facts before Judge Paez, I believe the evidence was clear that a substantial part of this fraudulent scheme was committed outside the United States. Indeed, the money came from outside the United States. That is what was illegal about it.

In the facts, the prosecutor said in the very information itself:

> In 1992—

This is about the mayor's race—

> . . . defendant Huang and other Lippo Group executives, entered into an arrangement by which (1) Huang and others would identify individuals and entities associated with Lippo Group that were eligible to contribute to various political committees.

They would find some people who were not identified as foreign and identify them. That is the first step.

The second step, according to the Justice Department prosecutors, was:

> Huang would solicit the Contributors to make contributions to various political campaign committees.

Huang would find buddies at Lippo, and say: You are eligible to give; you give this money. And he would solicit them to give the money.

No. 3, the illegal part:

> Lippo Group—

A foreign corporation out of Jakarta, Indonesia, with direct connections to Communist China.

> Lippo Group would reimburse the Contributors for their contributions.

Do my colleagues see what that is? It is the classic launder. Lippo Group cannot give a contribution, so they take one of their employees, Huang, and get him to identify some people who can, and then reimburse him for the contributions. That is specifically provided for in the Federal election campaign law, and it is illegal. Wrong. No-no. You cannot do that.

Did some of this involve out-of-the-United States activities? Yes. Under the Federal guidelines, a judge is required to add two levels to the sentencing for that. Did Judge Paez do that? No, he ignored that provision of the sentencing guideline. He had that information because it was in the charge brought against Huang to which Huang admitted and pled guilty.

By the way, apparently the pattern of the contributions to the mayor's race was exactly the same as they used in the Presidential race: At least 24 illegal contributions spread out over a course of 2 years involving multiple U.S. and overseas corporate entities of which John Huang was responsible for soliciting and reimbursing the illegal contributions.

Those are the facts that were before the court. Judge Paez had that information.

Under the normal reading of the sentencing guidelines, that would have added between two and four levels because he would have been acting as an organizer or manager in this criminal activity. He clearly was. He was the hub of it. He was the organizer, the manager, and manipulator of it all. He was the one doing the dirty work to put it together. What did Judge Paez do? He ignored that and did not increase it one level for being an organizer and manager. I believe he clearly was required to do so if he were following the law that was mandated from this Congress.

These were the facts before the court.

No. 3: John Huang was an officer and director of various corporate entities involved in this case and also was director and vice chairman of a Lippo bank.

According to the guidelines, if a person commits a crime, and at the time of committing that crime, abuses ''a position of public or private trust,'' such as a director of a bank—we have that all the time. Bankers are being sentenced, directors are being sentenced, and they have their sentence enhanced because if they are an officer of a bank, the court holds them to a higher standard and they get more time than a teller would get for a similar crime.

For abusing ''a position of public or private trust . . . in a manner that significantly facilitated the commission or concealment of the offense,'' as section 3B1.3, add two levels. Did the judge do that? No; no increase in levels.

When it all settled, Judge Paez was able to do what the prosecutors wanted. He helped them out. He bent the rules. He ignored the rules. He violated the rules. And what level of offense did he find? He found level 8.

Why is that important? Level 8 calls for a sentence of from zero to 6 months. A judge can give zero or as high as 6 months. That is the only range if he finds this level. If it had been level 9, zero would not be in the chart. It would not fit. If it was level 9, he would have had to serve time in jail. If it would have added up to, as I think it should have, at least to eight more levels, he would have faced from 12 to 30 months in the slammer, where he ought to be. That would be a good deal for him because that does not include the $1.6 million he raised in the Presidential campaign.

I do not know how in America we have become so blase. We have been so beaten down and so overwhelmed with manipulation of lawsuits and courts that I do not think we realize what is happening in this country. I am amazed there was not an absolute outrage by the people who were following this case over this plea. Maybe they thought he really was going to blow the whistle on somebody. Maybe they thought he was going to blow the whistle on the chairman of the Democratic Party or the Vice President or the President or the chairman of the campaign committee or some big fish. Maybe they thought this was not such a bad idea because certainly the prosecutors would not give away the case to get some piddling testimony against Maria Hsia. They probably did not need his testimony against her anyway.

I do not know about this. We need a hearing with Judge Paez. Having sentenced young people to jail with no background, no money, bad homes, dealing in drugs, how can he send them off to jail regularly and not send this guy in a suit and tie connected to one of the most wealthy enterprises in the world, the Lippo Group out of Indonesia, connected to Communist China, to jail? Why didn't he see fit to do anything about that? Did it have anything to do with the fact the President of the United States had nominated him already for the Ninth Circuit Court of Appeals?

That is a troubling thought. He is entitled to have a day's hearing on it, be asked about it, and defend what he did. My analysis is this is not good.

Further, in my practice before Federal judges, they were not at all worried about prosecutors. If I had walked into the Southern District of Alabama, before any of the Federal judges in that district—basically, good, solid judges, not political, not out to befriend any political entity—and said, ''In our plea agreement, judge, he is going to plead guilty to contributing to the race of the mayor of Mobile; we are going to give him immunity for all these other charges'', I do not believe I would have the guts to walk in that courtroom.

That judge would say: Counsel, I am reading in the New York Times this man gave $1.6 million to the President's race. You have him plead guilty to contributing to the mayor's race, and you give him immunity for that plea? You want me to accept that plea? You are going to have to convince me. Show me.

None of that happened. He did not question this plea a bit. He facilitated this coverup because he accepted all their accounting measures which manipulated the guidelines so he could get the sweetheart deal of probation. That is wrong. That is not good. I am troubled by it.

I wish I realized this had happened and that we would have slowed down the hearings when they came up so we could have gotten into it. I wish I had. I do not supervise the staff of the Judiciary Committee who does most of the background work. They do a great job. Somehow it just did not get into our brains that this was a problem.

The more I investigate, looking in recent weeks at the actual documents from the court, and the more I read about this agreement and the sentencing guideline violations, the more this matter is stunning to me. I do not like it. I believe it is potentially an abuse of justice in America. If that is so, and it was done to protect a political party, or a Presidential candidate, or a Vice President, then why should we reward this judge with an elevation to a higher court by this very President who was protected? Why should we do that? I do not think it is a good idea.

In our committee, it was a 10–8 vote that reported out this nomination. Eight members of the committee, based on the judge's own judicial activist views, opposed this nomination. That was before we focused on this at all. I am concerned about that.

I wrestled with how to debate this procedurally. I have not agreed with some of my distinguished colleagues that we ought to conduct a filibuster. I just do not like that. I know Senator LEAHY talked about distinguished jurists and all. He did not have any hesitation to oppose Judge Bork, an extremely brilliant person, for the Supreme Court, but he did not filibuster that nomination. We took the vote. He fought it as hard as he could, but he did not filibuster it.

I am not one who thinks we need to get into filibustering these nominations. He would be 1 of 28 judges. It would be unfortunate to move us farther to the left in the Ninth Circuit and make it even harder to get back to the mainstream.

We ought to recognize he is a sitting Federal judge; he gets a paycheck every week. The difference in pay for a district judge and a circuit judge is not much, frankly; he would hardly miss the money. I think we ought to take a few weeks here and get into this. Let's have a hearing on it.

MOTION TO INDEFINITELY POSTPONE

Mr. President, I move, in a postcloture environment, to postpone indefinitely the nomination of Richard Paez in order for this body to get the answers I believe every Senator deserves with regard to the concerns I have raised about Judge Paez over the last several days. It is not in order for me to move to postpone to a time certain, according to our parliamentary and Senate rules, or I would do so.

Personally, I think 3 weeks, unless there is some complication, would be more than enough time to have a good hearing. I am willing to vote; if he is confirmed, fine. If he has good answers for all this, fine.

The PRESIDING OFFICER. The motion is debatable.

Mr. SESSIONS. Mr. President, I ask for the yeas and nays on the motion.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second at the moment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. SESSIONS. 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. SESSIONS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. SESSIONS. I thank the Chair, and I thank the Senator from Vermont, the distinguished ranking member of the Judiciary Committee, who has always played a big role in these issues and is an outstanding advocate. If I

ever got into trouble, I would like him to represent me.

I think that is what we should do. That is the purpose of my motion. In a prompt evaluation of this matter, the public and this country are entitled to know about it, because, remember, once that confirmation is concluded, there is absolutely no other action this or any other body in the United States can take against any judge—in this case, Judge Paez—short of impeaching him for a criminal act.

We ought to consider that and take our time here in a few more weeks to settle this matter. We will feel better about ourselves. Perhaps the judge will have an answer. He certainly has a number of friends. He has a good family.

I believe his deficiencies for the position revolve around an honestly held political philosophy that I do not agree with—judicial activism. That is the main basis for opposing his nomination. But I am very troubled by the case I cited because I do not understand how it could have been disposed of in the way it was. I believe the judge should have blown the whistle on this with a proper plea bargain. It was not done. I would like to have him have an opportunity to explain why.

I yield the floor.

Mr. SMITH of New Hampshire. Mr. President, a parliamentary inquiry: As I understand it, the debate continues, and at the completion of the debate, there will be a vote on Senator SESSIONS' motion, and a debate on Paez and then Berzon—or is it Berzon and then Paez?

The PRESIDING OFFICER (Mr. L. CHAFEE). If the motion fails, then there would be a vote on the Paez nomination.

Mr. SMITH of New Hampshire. That is the order? It is Berzon, Paez, or the other way around?

The PRESIDING OFFICER. Berzon and Paez, Berzon first.

Mr. SMITH of New Hampshire. So there will be a vote, then, on Berzon and, after that, there will be the Sessions motion. And then, if that does not prevail, a vote on Paez?

The PRESIDING OFFICER. That is correct.

Mr. SMITH of New Hampshire. I thank the Chair.

As we continue this debate, I refer back to the Ninth Circuit chart behind me. This is a situation where we see, again, nearly 90 percent of the Ninth Circuit cases have been reversed by the Supreme Court. I have had this chart up all morning because I think that is a very significant number, to say the least.

Earlier in the debate, my colleague, Senator REID, made the argument that oftentimes we have higher numbers, as much as 100-percent reversal, with some of the circuit courts. He is correct. But what he did not say is that sometimes the reversals are one or two cases. For example, he said there were several times when the First and the Second Circuits were reversed 100 percent of the time. He is right. In the two cases he cited, one was when there was only one case, another was when there were six. Several of them were in the D.C. Circuit, the Federal Circuit, and others, a 100-percent overturn rate. The 100-percent overturn rate was based on one case.

What we are talking about here in the Ninth Circuit is, in 1996 and 1997, 27 of 28 cases overturned, a 96-percent overturn ratio. I think it is very important to understand what we are talking about. This is not 100 percent based on one case or two cases; this is based on 27 of 28 cases in 1996 and 1997. In the 1997–98 term of the Ninth Circuit, 13 of 17 were reversed, for a 76-percent rate. Then again, the Senator from Nevada referred to some other circuits that year. Of course, the Eleventh had two overturned out of two, for 100 percent. So it is pretty misleading to suggest that 90 percent is very common in overturning these circuit cases because there are higher percentages in other cases when, again, it is based on 1 or 2 cases, not on 27 or 28, as it was in 1996–97. It is based on 13 out of 17 in 1997–98. As of June 1999, it was 14 out of 18, for a total of 78 percent.

Yes, wherever you see a 100-percent overturn ratio, it is usually almost exclusively one or two cases at the most. Those are very dramatic and significant statistics.

I think what we have here is a situation where we have a rogue circuit that is basically way out of the mainstream of American political thought. Now we are putting two more judges on that court who—I think it is pretty obvious based on the information we have heard—are going to add to that out-of-the-mainstream majority.

Let us look at specifically each of these judges. Richard Paez is one of the nominees we are considering. It is no secret I am opposed to that nomination. In general, I oppose nominees who are judicial activists. I don't think judicial activism is what the Constitution or the Founding Fathers meant. I don't think they meant judicial activism on the right, and I don't think they meant judicial activism on the left.

I think what they meant is, interpret the Constitution, don't legislate from the bench, and uphold the Constitution as it was written. That is what they meant. That is not what we have gotten from many, certainly not from these two judges, and it is certainly not what we have gotten from several other judges who were put on the bench over the years.

In 1981, Richard Paez became Los Angeles Municipal Court judge, where he served until 1994. Since then, he has served as a U.S. district judge for the Central District of California. We can go back through a lot of cases; we have done a lot of research. If we go back to Prop. 187 and Prop. 209 in California, Proposition 187 was the California initiative to limit public assistance to illegal immigrants, and Proposition 209 was the California initiative to end State-run racial preference programs.

In 1995, Judge Paez spoke to the University of California at Berkeley Law School. This is what he said:

> The Latino community has for some time now faced heightened discrimination and hostility which came to a head with prop 187. The proposed anti-civil rights initiative will inflame the issues all over again without contributing to any serious discussion of our differences and similarities or ways to ensure equal opportunity for all.

Here we have a sitting Federal judge. He has his right to his opinion. We all do. But he is a sitting Federal judge talking about a California ballot initiative that was likely the subject of litigation. Why is he taking that position publicly on that particular proposition? The answer is simple: Because he has an agenda. Those comments were inappropriate for a Federal judge because his agenda is that he didn't like Prop. 187. So, therefore, he said so.

I think we all know—I have heard judge after judge after judge after judge after judge come before the Judiciary Committee and, much to my consternation and frustration in trying to find out their philosophy, not answer questions about any case that might be pending or be before them. As frustrating as it is not to get an answer, that is correct. I don't think a sitting judge should be doing this. I think that issue alone on that one statement is enough to reject this nominee, just on that.

Again, Proposition 187 later became California Proposition 209, and it passed. And Proposition 209 ended affirmative action in California State programs. Paez should know that the Judicial Code of Conduct prohibits him from comments that cast any doubt on his capacity to decide this case or any case on an impartial basis. So he went over the line on an issue that he knew was going to come before him or certainly was reasonable to assume was going to come before him.

Is there any doubt about how Judge Paez would now rule on any California proposition that affects affirmative action? Regardless of how one feels about affirmative action, that is not the issue here. We now know how he feels. He has already told us. So I don't know how he gives us a fair decision when he has already said what his decision is.

He did say he was an activist judge in his own words, even though some on the floor have said he is not. I will repeat this again. He said:

> I appreciate the need for courts to act when they must when the issue has been generated as a result of the failure of the political process to resolve a certain political question. There is no choice but for the

courts to resolve a question that perhaps ideally and preferably should be resolved through the legislative process.

In the Constitution, it doesn't say ''ideally'' and ''preferably'' in terms of the legislative process. If you can find that in the Constitution somewhere, that it says ideally and preferably the legislature should pass the laws, ideally and preferably the executive branch should enforce the laws, or ideally and preferably the judicial branch should interpret the laws—it doesn't say any of that. There is a very clear distinction in the Constitution: Three separate but equal branches of the United States Government.

It is very clear who is supposed to legislate, who is supposed to write the laws. It is not the Supreme Court. It is not the circuit court. It is not the district court. It is not any Federal court. We have a Federal judge talking about a California ballot initiative that was likely the subject of litigation. I think that is inappropriate.

Now, again, let's go back to another example. This was a decision rendered by Judge Paez in the case of John Doe I v. Unocal in March of 1997. I will read an excerpt from a letter that the U.S. Chamber of Commerce sent to me Monday, March 6, about Judge Paez. I ask unanimous consent that this letter be printed in the RECORD.

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

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, DC, March 6, 2000.

Hon. ROBERT SMITH,
U.S. Senate, Washington, DC.

DEAR SENATOR SMITH: I am writing to inform you of the U.S. Chamber's opposition to the nomination of Richard A. Paez to the U.S. Court of Appeals for the Ninth Circuit. Our opposition to this nomination rests principally on a decision rendered by *Judge Paez in John Doe I v. Unocal* (hereafter, *Unocal*) in March of 1997.

Judge Paez' decision in the *Unocal* case suggests that U.S. companies conducting business in a foreign country may be held liable for the actions of that foreign government or the actions of any business enterprise owned by the foreign government. Aside from the constitutional question of whether it is appropriate for the courts to pursue their own foreign policy agendas; the Paez decision has the potential to cause significant disruption in U.S. and world markets.

Although the decision in the *Unocal* case dealt with a pretrial motion to dismiss and is currently on appeal, we view it as a serious threat to international commerce. Moreover, the *Unocal* decision represents a dangerous and unconstitutional intrusion by the courts into the formulation and implementation of U.S. foreign policy—a prerogative that rests solely with the Congress and the Executive Office.

As you know, improving the ability of American business to compete in the global marketplace is a top priority of the U.S. Chamber of Commerce. As part of our efforts to advance free trade, the Chamber's legal arm—the National Chamber Litigation Center—has challenged similar attempts by state and local governments to impose unilateral economic trade sanctions. Recently, the United States Court of Appeals for the First Circuit upheld a challenge supported by the National Chamber Litigation Center to the so-called Massachusetts Burma Law, which imposed sanctions on companies doing business with Burma (Myanmar).

Mr. SMITH of New Hampshire. Mr. President, I am quoting a couple of paragraphs from the letter from Mr. Bruce Josten of the U.S. Chamber:

DEAR SENATOR SMITH:

I am writing to inform you of the Chamber's opposition to the nomination of Richard A. Paez to the U.S. Court of Appeals for the Ninth Circuit. Our opposition to this nomination rests principally on a decision rendered by Judge Paez in John Doe I v. Unocal in March of 1997.

Judge Paez's decision in the Unocal case suggests that U.S. companies conducting business in a foreign country may be held liable for the actions of that foreign government, or the actions of any business enterprise owned by the foreign government. Aside from the constitutional question of whether it is appropriate for the courts to pursue their own foreign policy agendas, the Paez decision has the potential to cause significant disruption in U.S. and world markets.

The next paragraph:

Although the decision in the Unocal case dealt with a pretrial motion to dismiss and is currently on appeal, we view it as a serious threat to international commerce. Moreover, the Unocal decision represents a dangerous and unconstitutional intrusion by the courts into the formulation and implementation of U.S. foreign policy—a prerogative that rests solely with the Congress and the Executive Office.

You can't say it any more clearly than that. You don't get involved in U.S. foreign policy on the court. This is a prerogative that rests only with the Congress and executive branch.

This man is intelligent, and no one is challenging that. He knows exactly what he is doing. He knows what the Constitution says. We will certainly give him that. He also knows how to implement his agenda as opposed to sticking with the Constitution. That is what we are talking about.

Now, this case is currently before the Supreme Court and we are hopeful, as Bruce Josten says, that the First Circuit Court decision invalidating the Massachusetts law will be upheld.

That is in another case involving the national chamber and another case that is referred to in the letter which will be part of the RECORD. So this is serious business.

I also think this hostility to religion is pretty serious. I want to get into this because this is very disturbing. Again, this is about a judge's views on issues; it is not about the judge personally. I think we see an open hostility to religion.

Mr. President, I want to preface what I am going to say just by saying this: Just to the left of the Chair's left hand is a Bible. In every court, they say we swear to uphold, to tell the truth, the whole truth, nothing but the truth. That Bible is on display for everyone to see here in the Senate Chamber. We swear oaths all the time on Bibles as witnesses. The President of the United States swears on a Bible and takes an oath to uphold the Constitution.

Now, in that framework, I want you to think about what I have just said and then listen to what Paez said. This was in the L.A. Times in 1989 when this case came up. It was a trial of five anti-abortion demonstrators accused of trespassing and conspiracy, and it flared into a dispute over whether the defendants can display their Bibles before prospective jurors. They had Bibles in the courtroom. It says:

In a rare flash of anger, Los Angeles Municipal Judge Richard A. Paez warned the defendants and their attorneys that he would instruct the court bailiff to confiscate the Bibles if they continued to openly consult or wave them during jury selection.

I want you to think about that. He is going to instruct the bailiff to haul people out—the defendants—if they are sitting there looking at their Bibles during jury selection.

Here is what he said:

''I don't want them [the bibles] in view of the jurors,'' Paez said sternly, raising his voice and motioning with his hand. ''Don't give me a hard time.''

Now, we could go a little bit further:

Paez, who has said he is determined to prevent the trial from being used as a platform to debate the moral and political issues surrounding abortion, ordered . . . the defendants to refrain from displaying their bibles prominently to the jury box. He had given similar instructions the day before.

But what happened was the defendants refused, challenging the judge to go ahead and hold them in contempt.

Further:

Co-defendant Michael McMonegle leaped to his feet, asking that the prosecutor be removed from the case.

''She is obviously an anti-Christian bigot,'' he said loudly. Tensions escalated until Paez recessed for lunch.

The showdown between the judge and defense attorney was averted, however, when [one of the lawyers] did not return for the afternoon session, saying he had to attend another trial in Federal Court.

A calmer Paez told the defendants that, while they may keep the Bible on the counsel table, they must not attempt to ''affirmatively communicate'' their religious beliefs to potential jurors who are being questioned.''

''I don't have a problem with the Bible. I don't care if you have it there (on the table),'' Paez said. ''My concern is I do not want any attempt to sway the jury. I don't want demonstrative gestures . . . . That is not proper.''

Paez said, on the other hand, that he would consider permitting the defendants, some of whom are representing themselves, to quote from the Bible during closing arguments or to carry the book to the witness stand when they testify.

I wonder whether Judge Paez put his hand on the Bible somewhere when he became a judge. What is the big deal?

Are we going to destroy ourselves as a society because a group of defendants want to hold a Bible in their hands when they come into a courtroom? What kind of a judge is this? This is the kind of judge that Bill Clinton is putting on the courts. So when you hear about all this moral decadence and you hear about these problems and you hear about some being outraged by these decisions, why should you be surprised? Your Senators are putting them on the court. That is what is happening. Your Senators are approving these judges.

There is no mystery about this. It is a constitutional process. The President nominates and we approve or disapprove. So don't be surprised, and don't blame it on the President. We can stop him if we don't like them. He has a right to nominate anybody he wants to. We have a right under the Constitution—sometimes we forget that we do—to advise and consent. We are talking about extreme activism here. This is not the mainstream.

How many people in America listening to me now can honestly say they feel there is a threat to our whole constitutional process or to our court system because somebody carries a Bible into the room? Maybe we ought to take it out of here. That will probably be next. Somebody will stand up in here—who knows—and say I don't want to look at that Bible in here. That is what is happening in this country. You wonder why. Read about the Roman Empire and find out what happened to them. Find out where they went. Moral decadence. That is what happened to them. They went down the tubes. Is that what is in the future for America? I certainly hope not. If we keep doing this kind of stuff, it will happen. There are no surprises here. I don't understand why all these judges are doing this. There is nothing to understand. They are put on the bench. Hello, we put them there. The President nominates them and we approve them and on the bench they go. They make decisions not for 10 days, not for 10 years, but for life. You can't throw them off the bench for the decisions they make.

That is just one.

Finally, in the case of the Los Angeles Alliance for Survival of the City of L.A., Paez blocked a city ordinance designed to outlaw aggressive panhandling—Senator SESSIONS spoke about it—claiming that it was facially invalid under California's Constitution. The Supreme Court of California rejected Paez's decision and held that:

> . . . a court should avoid a constitutional interpretation that so severely would constrain the legitimate exercise of government authority in an area where such regulation has long been acknowledged as appropriate.

He is an extreme, liberal activist who is not afraid to say ahead of the time in a matter that comes before his court how he is going to vote. He has done it on occasion after occasion.

Mr. LEAHY. Mr. President, will the Senator yield for a question on the Paez case which he cited?

Mr. SMITH of New Hampshire. Yes; the last one.

Mr. LEAHY. The so-called ''panhandling'' case. Will the Senator agree, however, that at the time Judge Paez made his decision, there was a Ninth Circuit decision on all fours, which he as a Federal district judge within that circuit was bound to follow, and he and all judges going for confirmation always say they will follow stare decisis, that they will follow the decision?

Is it not a fact that in that particular case he had a decision on all fours from his circuit which he had to follow? And is it not also a fact that the Ninth Circuit then, under a new ruling, submitted it to the California Supreme Court for their own ruling to the California Supreme Court? Because, obviously, you cannot appeal to the California Supreme Court, Judge Paez being a Federal court. But the Ninth Circuit then submitted it under a certification procedure—a new procedure—in California to the California Supreme Court. And then a year or so later, they came down and said the Ninth Circuit's earlier ruling did not interpret California law correctly. They then changed theirs and thus changed the rule Judge Paez had to follow.

Is that not the fact?

Mr. SMITH of New Hampshire. Why was it overturned, reversed on appeal?

Mr. LEAHY. The point is, he has to follow what is in his circuit.

Mr. SMITH of New Hampshire. But it was reversed.

Mr. LEAHY. No. The circuit did. Judge Paez's decision, as I understand it, did not go to the Supreme Court because it couldn't go to the California Supreme Court. The circuit itself then changed their earlier decision, came back to the beginning, and had to follow the new decision, which he very much explained in his confirmation hearing. He said, among other things, that he lives in these neighborhoods; he has concerns himself.

But the point is, just as some Federal judge in my State would have to follow the Second Circuit's decisions, and a Federal judge in the State of New Hampshire would have to follow the First Circuit's decisions, he is caught kind of between a rock and a hard place.

What I am basically saying is, he should have followed his own stare decisis. Yet, if he didn't, then he is an activist judge. This man is damned if he does and damned if he doesn't.

Mr. SMITH of New Hampshire. I think the Senator is making my case that the Ninth Circuit is a rogue circuit which does not really follow the mainstream.

Mr. LEAHY. I notice that the Senator mentioned all the reversals. I think half of those reversals in the last year were decisions written by Reagan appointees and Bush appointees. I don't recall the Senator from New Hampshire or anyone on his side voting against those judges.

Mr. SMITH of New Hampshire. Mr. President, let me briefly discuss the other nominee, Marsha Berzon.

I think we have made a pretty overwhelming and compelling case about the Ninth Circuit itself being out of touch in having almost 90 percent of its cases overturned, as the chart in the back shows. And we are adding two more judges to that court, if they are approved, who are basically going to also, obviously, have cases overturned if they follow along the lines we are talking about.

When I think of all the judges who are qualified, whatever their political philosophy, if they are qualified to be a circuit court judge, why do we pick a judge who opposes having somebody carry a Bible into the courtroom? Because he is afraid somehow that is going to ruin the whole judicial process and somehow threaten the Constitution or the liberties of the United States of America? It doesn't make sense. It really, in my view, says a lot about the nominee.

We have approved many Clinton nominees who have come through this Senate. I voted for a lot of them myself. Some of them went through even without a challenge. But I think when you start talking about people who are this extreme, this is a mistake. I believe it is a mistake we will regret.

I commend my colleague, Senator SESSIONS, for what he has done with the most recent information he brought forth regarding the Maria Hsia case and the John Huang case.

I am going to bring something up that may set a few people off. But I am being told, as I stand here now, that there is a possibility the Vice President of the United States may be called, or has been called, to come to the chair during the vote on the Sessions motion or perhaps on the vote on Paez.

I want you to think for a second about the implications of that. He could be the tie breaker. He could be, in theory, the tie breaker.

Here you have the Vice President of the United States who was a close personal friend of Maria Hsia who shook down Buddhist nuns for money, was prosecuted for it, and convicted. And the judge whom Bill Clinton is trying to put on the court was involved in at least one case—not that one, but one case involving Maria Hsia, which gave her a break, if you will, a lenient sentence, and then in the other case, John Huang, $1.5 million from the Chinese Communist Government into the coffers of this administration, of which Vice President GORE is a part, and he goes in before Judge Paez, supposedly

randomly selected, and gives the guy a plea bargain for a $7,500 contribution in the mayoral race in L.A., as Senator SESSIONS has pointed out.

Now the Vice President of the United States is going to sit in the Chair and break a tie for that judge? How far will this administration go to cover up and to be blatant and in your face on what they have done?

If he sits in this Chair today and votes on this nomination, if it should come to a tie, that is an outrage. It is outrageous, and it is an in-your-face outrage that I think the American people are not going to tolerate.

As Senator SESSIONS has so ably pointed out, I don't know whether it was random or not—there were 34 judges who could have gotten those 2 cases, and he got both of them. That is point No. 1.

Point No. 2: If it were random, then perhaps he should have said: You know, Bill Clinton nominated me, and I am before the Senate for a circuit court nomination. Both of these cases involve scandals in the President's administration. I will take a walk on these. Assign them to somebody else. But he didn't do it. He gave lenient punishment after he took them. And we are going to tolerate that by allowing Judge Paez to come in? It is just outrageous. It is just outrageous. Yet it is probably going to happen here on the floor.

I yield the floor.

Mr. THURMOND. Mr. President, I rise to express my opposition to the nominations of Richard Paez and Marsha Berzon for the Ninth Circuit Court of Appeals.

The Ninth Circuit is clearly out of the mainstream of law in this country today. It is clearly the most activist circuit in the Nation. The circuit has been reversed by the Supreme Court in almost 90 percent of the cases that have been considered in the past 6 years. In fact, in the current session of the Supreme Court, the Ninth Circuit's record is zero of seven. These nominees will not correct this problem.

Judge Paez is a self-described liberal. He has made inappropriate comments regarding ballot initiatives that were pending in California at the time he discussed them. I also have questions regarding his sentencing of John Huang. Further, he has made various questionable rulings that call into question whether he understands the limited role of a judge in our system of government. For example, he ruled that a Los Angeles ordinance that prohibited aggressive panhandling was unconstitutional. He prevented the enforcement of a reasonable ordinance enacted by the legislative branch because he said it violated free speech rights. The California Supreme Court later ruled contrary to Judge Paez after the question was submitted to them. This shows a lack of deference to the legislative branch. Also, he made a questionable ruling holding an American corporation liable for human rights violations committed by a foreign government, which prompted the U.S. Chamber of Commerce to oppose his nomination.

I also cannot support the nomination of Marsha Berzon. She has spent much of her career as an attorney for the labor movement, and she has been involved in liberal legal organizations. She served for years on the board of directors of the Northern California, ACLU, during which it filed questionable briefs in various cases.

If these nominees are confirmed, I hope they turn out to be sound, mainstream judges and not judicial activists from the left. I hope they will improve the dismal reversal rate of the ninth circuit.

However, we must evaluate judges based on the record before us. I am not convinced that these nominees are a sound addition to the ninth circuit, especially when it is already leaning far to the left. Therefore, I must opposed these nominees.

Mr. KYL. Mr. President, I rise to discuss the nominations of Richard Paez and Marsha Berzon to the Ninth Circuit Court of Appeals. I intend to vote against Judge Paez and for Marsha Berzon. Because these nominations have received a great deal of attention, I would like to briefly explain the reasons for my votes.

I want to begin by briefly discussing the ninth circuit. As a Senator from Arizona (the state which generates more appeals than any other ninth circuit state except California), as a member of the Judiciary Committee, and as someone who practiced law in the ninth circuit for nearly 20 years, I have a keen interest in matters affecting the ninth circuit.

Richard Paez and Marsha Berzon are, of course, nominees to the ninth circuit. I agree with many of my colleagues that nominees to the ninth circuit should be given special scrutiny because of the problems with the circuit.

The ninth circuit has received a great deal of criticism—so much, in fact, that Congress passed bipartisan legislation to require a blue-ribbon commission to study the circuit. See Public Law No. 105–119, section 305(a)(1)(B) and (a)(6). Before both the House and Senate Judiciary Committees, I have testified in detail as to my concerns with the circuit, so I will not go into detail here. I would like to just mention one statistic that speaks volumes: In the past 6 years, the Supreme Court has reversed (often unanimously) the ninth circuit in 86 percent (85 of 99) of the cases it has reviewed. The average reversal rate for courts other than the ninth circuit is about 57 percent. As Justice Scalia commented in a September 9, 1998, letter to Justice White, the chair of the Commission on Structural Alternatives, the Ninth Circuit's ''reversal rate has appreciably—sometimes drastically—exceeded the national average.''

This is but one small piece in a mountain of evidence that indicates that the ninth circuit is out of the mainstream of American jurisprudence. See, for example, letters to the Commission on Structural Alternatives by Justice Scalia (August 21, 1998), Justice Kennedy (August 17, 1998), and Justice O'Connor (June 23, 1998); Commission on Structural Alternatives, Final Report, December 18, 1998; Review of the Report by the Commission on Structural Alternatives regarding the Ninth Circuit and S. 253, the Ninth Circuit Reorganization Act, hearing before the House Committee on the Judiciary, 106th Congress, 1st Session (July 16, 1999) (statements of ninth circuit Judges Pamela Ann Rymer (member of commission) and Diarmund F. O'Scannlain). It seems clear that the ninth circuit has problems. Even those who oppose dividing or splitting the circuit concede this point. Thus, in my opinion, nominees to this circuit—which is effectively the court of last resort for more than 52 million people—should be given special scrutiny.

The Constitution imposes an important role upon the Senate. In exercising its advice and consent power, the Senate must be vigilant in ensuring that, at a minimum, nominees are of top legal caliber, possess good judgment, have the proper judicial temperament, are of unquestioned integrity and impartiality, and would not abuse the great power of their office—an office they will hold for life.

In this regard, I would like to reiterate the comments that I made before this body 3 years ago, on March 12, 1997.

> Some have attributed the Ninth Circuit reversal rate to the unwieldy size of the bench. Others point to a history of judicial activism, sometimes in pursuit of political results. I suspect there is more than one reason for the problem. Whatever the case, the Senate will need to be especially sensitive to this problem when it provides its advice and consent on nominations to fill court vacancies. The nominees will need to demonstrate exceptional ability and objectivity. The Senate will obviously have an easier time evaluating candidates who have a record on a lower court bench. Such records are often good indications of whether a judge is—or is likely to be—a judicial activist, and whether he or she is frequently reversed. Nominees who do not have a judicial background or who have a more political background may be more difficult to evaluate. . . . [T]he Senate has as much responsibility as the President for those who end up being confirmed. We need to take that responsibility seriously—among other things, to begin the process of reducing the reversal rate of our largest circuit.

I remain quite concerned about the ninth circuit. In the October 1999 term, the U.S. Supreme Court has so far reviewed seven ninth circuit cases and in

all seven cases the ninth circuit has been reversed—four times unanimously, twice by a 7–2 margin, and once by a 5–4 vote. If the ninth circuit continues to remain out of step, it will be very hard to continue to give ninth circuit nominees the benefit of the doubt. The risk is too great. The ninth circuit covers nine states and two territories. To have so many subject to a circuit that so often errs should concern us all.

Within this context, the general rule that a President should be given deference in making nominations to the federal judiciary is less relevant to today's nominations.

While Judge Paez is academically qualified, I have reservations about him for a variety of reasons. First, he made what many consider to be inappropriate comments while he was a federal district court judge. In an April 6, 1995 speech at Boalt Hall School of Law in Berkeley, California, Judge Paez said the following:

> The Latino community has, for some time now, faced heightened discrimination and hostility, which came to a head with the passage of proposition 187. The proposed anti-civil rights initiative [Proposition 209] will inflame the issues all over again, without contributing to any serious discussion of our differences and similarities or ways to ensure equal opportunity for all.

Judge Paez was, as I noted above, a sitting federal district court judge when he made this remark, and litigation was pending in Judge Paez' own court, the Central District of California, regarding the constitutionality of Proposition 187. The court had granted a temporary restraining order and had before it a request for a preliminary injunction, which the district court did not rule on until November 1995, 7 months after Judge Paez' speech. As Senator SPENCE ABRAHAM pointed out in a detailed statement before the Senate, Judge Paez' remark seems inconsistent with Canon 4(A)(1) of the Model Code of Judicial Conduct which governs judges' extra-judicial activities. Under that canon, ''a judge shall conduct all of the judge's extra-judicial activities so that they do not cast reasonable doubt on the judge's capacity to act impartially as a judge.'' In discussing Judge Paez' comments in an October 29, 1999, editorial, the Washington Post stated that ''[f]or a sitting judge to disparage ballot initiatives that were likely subjects to litigation was inappropriate.'' And, indeed, the judge appears to have, at least privately, acknowledged this error.

Judge Paez made another troubling comment. On March 26, 1982, in the Los Angeles Daily Journal, he is quoted as making the following statement.

> I appreciate * * * the need of the courts to act when they must, when the issue has been generated as a result of the failure of the political process to resolve a certain political question * * * There's no choice but for the courts to resolve the question that perhaps ideally and preferably should be resolved through the legislative process.

At the time of this statement, Paez was a municipal court judge. In the same article, he commented that ''you could characterize my background as liberal.''

Judge Paez' supporters have made comments that raise concerns. For example, in an August 13, 1993 Los Angeles Times article, Romana Ripstein, the executive director of the American Civil Liberties Union of Southern California, made the following statement in discussing Paez's nomination to the federal district court: ''It's been a while since we've had these kinds of appointments to the federal court. I think it's a welcome change after all the pro-law enforcement people we've seen appointed to the state and federal courts.'' If this is an accurate portrayal of his predilections, Ms. Ripstein's characterization is troubling. Similarly, in a November 17, 1995, Los Angeles Daily Journal article, trial attorney Steven Yagman commented that ''Judge Paez embodies the ideal of the '60's. The Judge is an intelligent, moral person who got power and uses it to do good.'' Judges are not supposed to use power to do good (especially since that is a subjective term). Judges are supposed to apply the law. That's why we say we are a nation of laws.

Judge Paez also has been criticized for giving—without explaining how he arrived at the sentence—what many consider to be a light sentence to former Representative Jay Kim following Kim's guilty plea for having accepted more than $250,000 in illegal campaign contributions, the largest acknowledge receipt of illegal contributions in congressional history. In the March 10, 1998, Los Angeles Times, Assistant U.S. Attorney Stephen Mansfield said, ''The sentence . . . must not be a 'slap on the wrist.' It must not approximate a penalty for 'jaywalking'.'' The Los Angeles Times also reported that ''[o]utside the federal courthouse, prosecutors made it clear that they were disappointed but not stunned by Paez' sentence.'' On March 12, 1998, Roll Call wrote, ''All the evidence—and the fact that Kim received a lighter sentence than his former campaign treasurer—makes Judge Paez' sentence a mere slap on the wrist and makes us think that the Senate Judiciary Committee ought to question whether Paez isn't too soft on criminals to be an appellate judge.''

None of these factors would by itself necessarily disqualify a nominee, but taken as a whole they are troubling and lead me to conclude that, on balance, Judge Paez is apt to be an activist rather than a neutral arbiter. As a result, I reluctantly conclude that I cannot support his nomination.

I have concerns about Marsha Berzon. Almost her entire legal experience has been in one narrow field—labor law. According to her Senate Judiciary questionnaire, ''more than 95 percent'' of her work has been civil. Additionally, she stated that ''I have not personally examined or cross-examined a witness in any trial'' and that ''I have not tried any cases myself, jury or non-jury.''

Concerns have been expressed by the National Right to Work Committee and the Chamber of Commerce because of her narrow labor-oriented background. While I share these concerns, I am unaware of credible evidence suggesting that she fails to possess the requisite capability or temperament to serve on the bench. As a result, although I have serious concerns about her nomination, I will support it.

Mr. CRAIG. Mr. President, there are few duties of the Senate more important than the confirmation of nominees to positions on the federal bench.

It is my strong belief that the qualifications of the nominees must be weighed carefully and deliberately, no matter what level of the court system the nominee is supposed to join.

My decision on a judicial nominee's fitness is based on my evaluation of three criteria: character, competence and judicial philosophy—that is, how the nominee views the duty of the court and its scope of authority. This is the original role of the judiciary: neither rubber-stamping legislative decisions, nor overreaching to act as substitute legislators. I have heard from citizens complaining about the harm done by social activists of the bench—harm that may only be reversed by an extraordinary action on the part of the legislative branch, if at all.

It is exactly this aspect of the nomination before us that concerns me. I have reviewed the background materials on Judge Paez, and I cannot ignore the nominee's penchant for imposing his own political vision on the case before him.

Judge Paez has shown, on more than one occasion, his activist judicial philosophy. He was quoted in the Los Angeles Daily Journal as saying: ''I appreciate the need of the courts to act when they must, when the issue has been generated as a result of the failure of the political process to resolve a certain political question. . . . There is no choice but for the courts to resolve the question that perhaps ideally and preferably should be resolved through the legislative process.''

That is as clear a statement of judicial activism as I have ever heard.

On another occasion, Judge Paez demonstrated that his politics were more important than the appearance of judicial impartiality and independence. In a 1995 speech he attacked California Proposition 187 (to end assistance to illegal immigrants) as anti-Latino ''discrimination and hostility'' and Proposition 209 (to end racial and gender

preferences in California) as anti-civil rights. What strikes me is that, at the time, both propositions were subject of pending litigation. Clearly the Judicial Code of Conduct prohibits a judge from such comments.

Even if these were the only incidents of this kind, they would weigh heavily with me. But Judge Paez' record contains a number of other troubling episodes. In the Los Angeles Alliance for Survival case, Judge Paez ruled that a Los Angeles city ordinance—prohibiting aggressive panhandling at specified public places and passed in response to the death of a young man who refused to give a panhandler 25 cents—was unconstitutional under California's constitution. He affirmed that this law constituted ''content-based discrimination'' because it applied only to people soliciting money and consequently granted an injunction to prevent it from being enforced. However, apart from Los Angeles where the ordinance has yet to be enforced, the same law has been ''peacefully'' upheld in other parts of California by other federal judges.

The position expressed by Judge Paez was well out of the mainstream. This became even clearer last week, when the Supreme Court of California, asked by the Ninth Circuit Court of Appeals to rule on the merits of Paez' holding, held that the Los Angeles ordinance was constitutional and valid.

I have also been troubled about the implications and consequences of the Unocal decision issued by Judge Paez in 1997, in which he ruled that American companies can be held liable for human rights abuses committed by the foreign governments or overseas companies owned by the foreign governments with which they do business. This decision leaves open a wide range of issues and has the potential to cause significant consequences in the U.S. and world markets, not to mention U.S. foreign policy.

It is not surprising that the U.S. Chamber of Commerce has expressed its opposition to the nomination of Judge Paez to the U.S. Court of Appeals for the Ninth Circuit, in view of the decision's potential impact on international commerce. At a minimum, Judge Paez pushed the limits of prior law in this ruling—but this decision takes on a great deal more significance in light of his prior statements and other judgments. This is a judge who is ready, willing, and able to act on an opportunity to open new frontiers in the law.

I share the concerns that many of my colleagues have raised about the structure of the ninth circuit itself. It covers 38 percent of the area of the Nation and serves more than 50 million people, 20 million more than any other circuit. It has 28 authorized judgeships, 11 more than any other circuit. I am one of the majority of Senators representing that circuit who believe it should be split.

The ninth circuit remains, as the New York Times labeled it, ''the country's most liberal appeals court'' and a circuit out of the mainstream of American jurisprudence.

Over the past six years, the Supreme Court has reversed nearly 90 percent of the ninth circuit cases it has reviewed: in 1997–98, the reversal rate was 96 percent (27 out of 28 decisions) and 35 percent of the decisions reviewed by the Supreme Court were from the ninth circuit.

It has been suggested that the ninth circuit has difficulty developing and maintaining coherent and consistent law because, as the size of the unit increases, the opportunities the court's judges have to sit together and to develop a close, continual, collaborative decision making decrease. Of course, this would increase the risk of intracircuit conflicts since judges are unable to monitor each other's decisions and very seldom have the chance to work together.

In any event, my constituents and other citizens in the ninth circuit would hardly be well served by adding yet another liberal judicial activist to the current mix. Whether or not Congress ultimately addresses the circuit's problems by agreeing to the split I am advocating, this Senate should not exacerbate the problems with this ill-advised nomination.

I know the administration must take the best case possible for its nominees, but they cannot expect this Senator to ignore ''the other part of the story.'' Judge Paez' record reflects an eagerness to use his authority to accomplish social change and a disrespect for principles of judicial decision making. In sum, I strongly believe it would be a mistake to advance Judge Paez to the ninth circuit, and I will vote against his confirmation.

Mr. GORTON. Mr. President, the nomination of U.S. District Court Judge Richard Paez to the Ninth Circuit Court is, to put it mildly, controversial. His nomination has now been before the Senate for almost 4 years, a period of time close to a dubious record. He deserves a vote, and at least serious consideration of an affirmative vote, for that reason alone.

The President nominates, and by and with the advice and consent of the Senate, appoints judges to the Federal courts. That constitutional system allows Senators as much latitude to approve or disapprove judicial nominations on the basis of the nominee's judicial and political philosophies as it does to the President in making those nominations. In my view, however, that senatorial prerogative does not extend to rejecting Presidential nominees solely on the ground that a Senator would have chosen someone else. If a nominee clearly falls within a fairly broad philosophical mainstream and is otherwise competent, he or she should probably be confirmed.

In my view, Judge Paez falls within that broad mainstream. I have considered carefully the objections of colleagues whose views I greatly respect. But I have also considered the views of Republicans and conservatives from California and who know Judge Paez best—including Congressman ROGAN. Their views persuade me to vote to confirm Judge Paez to the Ninth Circuit.

The nomination of Marsha Berzon to the Ninth Circuit, however, seems to me to create too great a risk that we are confirming someone for a lifetime appointment to the most influential circuit court in the country, who falls on the far side of the philosophical divide I described in my remarks on Judge Paez. Ms. Berzon has a relatively narrow scope of private practice in a highly ideological field, and has been active and ideological in the expression of her political views. Ms. Berzon also has no judicial experience, and so has no record by which to determine whether her ideological activism will be curtailed once she is on the bench. It certainly is possible that it would be. It is also possible that it will not. Given the concerns of many, including my colleagues on the Judiciary Committee who voted against her confirmation, that the Ninth Circuit already is ideologically unbalanced, I simply am not willing to take this risk. I see no clear reason to consent, in constitutional terms, to her nomination.

Mr. BIDEN. Mr. President, I rise in support of Richard Paez' nomination to the United States Court of Appeals for the Ninth Circuit. And I must say, this vote is long, long overdue. I have heard a lot of talk here on the floor along the lines of hey—this is politics as usual. ''Oh when Senator BIDEN was chairman of the Judiciary Committee, we held nominees up all the time.''

Let me say this: forget my tenure as chairman of the Judiciary Committee. As far as I know, no judicial nominee in the history of this nation has waited as long as Judge Paez has for a vote. Four years is not even within the ballpark of a reasonable delay.

Judge Paez is a well-respected, experienced jurist. We already confirmed his nomination to the federal district court bench. He has served with distinction for 6 years on the federal district court and for 13 years before that as a municipal court judge in Los Angeles. The American Bar Association has given Judge Paez its highest rating, pronouncing him ''well qualified.'' Judge Paez enjoys broad bipartisan support in his own community, including from law enforcement officials.

Judge Paez is an honorable man, a man of integrity, and a man who has devoted his entire career to service—first, to service to the poor as a committed poverty lawyer, and then to service to the public at large as a state and then federal judge. His record does the President and his supporters proud.

From what I can tell, listening to the debate on the floor, the opposition to Judge Paez boils down to a few main points. First, to some off-hand remarks that he made about the California initiatives that maybe were ill-advised, but I believe may have been misconstrued—but we have already heard this discussed at length on the floor. I think it is a real shame to judge a man's distinguished 19-year record on the bench on the basis of any single remark.

More importantly, though, opponents cite concerns about the allegedly out-of-whack ninth circuit, which detractors like to call a ''rogue'' court. Aside from the fact that several circuits are reversed as or more often than the ninth circuit, I say this: If you have a problem with the ninth circuit, let's consider whether we should change the ninth circuit. I'm not saying whether we should or that we shouldn't, but there are several proposals out there to restructure the court. Let's debate them.

Why should we punish the millions of people who live in the ninth circuit by depriving them of the judges they need to mete out timely and fair justice? There are six vacancies on the ninth circuit—that is more than 20 percent of the 28 positions authorized for the court. And even more judges are needed to handle that court's heavy case load. All of these vacancies, by the way, are characterized by the Judicial Conference as judicial emergencies.

Let's not take out our differences on the ninth circuit on the people who live there and more importantly for today, let's not take out our differences on this nominee or—for that matter, on Marsha Berzon, another outstanding nominee who we are also voting on today.

The Los Angeles Daily Journal did an in-depth study of the criticisms leveled against Judge Paez and found that they were unfounded. What they concluded was this:

> The portrait that emerged is of a thoughtful, unbiased and even-tempered judge, propelled into the political spotlight, only to be trapped in a seemingly never-ending and bitterly polarized nominations process.

Let us end that nominations process for Judge Paez here and now, and let it end with a vote of support.

Mr. REED. Mr. President, I thank Chairman HATCH and Senator LEAHY for all of the hard work they've put into, and continue to put into, the judicial nomination process.

I also recognize Senator LOTT for making a commitment to bring the Paez and Berzon nominations to the Floor for a vote by March 15, over the protests of certain members of his caucus.

First, a process comment. One of the most important duties of the United States Senate, as envisioned by our founding fathers, is the confirmation of Presidential appointments. Article II, Section 2, of the Constitution states that the President shall nominate and ''appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States'' with the ''Advice and Consent of the Senate.'' This is one of our enumerated duties in the Constitution, and to my mind, we have egregiously failed to uphold this duty in the case of Judge Richard Paez.

More often than not, nominations move through the Senate the way they're supposed to. However, in this case, the system has broken down. As a result, considerable public attention is being paid to this nomination, especially among members of the Latino community, because the Senate is not doing its job. This is troubling. In regards to nominations, the public rightly expects us to move judiciously and expeditiously and without regard to politics.

No nominee for judicial office should have to wait four years to have his appointment confirmed. Allowing Judge Richard Paez and his family to wait four years for this body to perform its constitutional duty is inexcusable.

Judge Paez has opened up his life and resume for our examination, so that we can make a very important decision about his qualifications for a very important job, lifetime tenure on the United States Ninth Circuit Court of Appeals. This is appropriate. Judge Paez should be subject to serious scrutiny by this body.

But no citizen of this country should have to wait three Congresses for this body to act. Just as he has presented his qualifications to us to the best of his ability, we need to make a decision about these qualifications to the best of our ability in a timely fashion.

In the private sector, how many of us would subject ourselves to the process that Judge Paez has subjected himself in order to be on the Board of Directors or the CEO of one of America's top companies. Most of us would choose not to go through that process at all.

And that is exactly my point, we should not make this process so painful that America's best and brightest attorneys are unwilling to subject themselves or their families to what has become an increasingly unpleasant and distressing process. We should be doing everything that we can to encourage people like Judge Paez to aspire to be members of our judicial branch. This, despite lower pay and greater responsibility than most lawyers have in private practice.

As the Chief Judge of the Ninth Circuit Court of Appeals wrote in a March 2, 2000 letter to Senators HATCH and LEAHY, the Ninth Circuit Court has had a 300% increase in workload with no increase in active judges.

Unfortunately, the Paez and Berson nominations are indicative of a greater systemic breakdown that should be disturbing to both Republicans and Democrats. Even Justice Rehnquist has felt it necessary to comment on the problems being caused by greater federal court workloads, and too few judges.

Second, it's clear that the President has nominated lawyers of extraordinary ability when it comes to Judge Richard Paez and Ms. Marsha Berzon. Both have received the American Bar Associations's highest rating (''well-qualified'') and we are fortunate that these individuals have been willing to go through such a grueling federal judicial nomination process thus far.

I ask my colleagues today take their constitutional duty seriously and vote for these nominees on the basis of their objective qualifications, and not on the basis of petty politics. This process is much too important to the citizens of this great democracy to do otherwise.

Mr. MURKOWSKI. Mr. President, I see the Senator from California. I see the majority leader noticeably present on the floor. I am curious to know about the procedure. Are we going to continue?

Mr. SMITH of New Hampshire. Yes. There is a unanimous consent for the majority leader to speak now and, after he finishes, we go back to the debate.

Mr. MURKOWSKI. I wonder, after the majority leader speaks and the Senator from California speaks, if I could be recognized, in that order.

Might I ask the senior Senator from California how long she will speak?

Mrs. FEINSTEIN. I thank the Senator from Alaska. I will yield myself 10 minutes from our manager's time.

Mr. MURKOWSKI. And the leader, of course, will go on for whatever time is necessary. I ask unanimous consent for that time allotment.

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

The majority leader is recognized.

Mr. LOTT. Mr. President, what we do today with a vote on these nominations is important. It does matter. I am sure both of these two individuals, Richard Paez and Marsha Berzon, are fine people and are well intentioned in the positions they take, but we are going to vote on them being confirmed to the Ninth Circuit Court of Appeals for life. That is serious.

Yes, the President has a right to make nominations to the Federal bench of his choice. However, we have a role in that process. We should, and we do, take it very seriously. We should not give a man or a woman life tenure if there is some problem with his or her background, whether academically or ethically, or if there is a problem with a series of decisions or positions they have taken.

I certainly don't take this lightly. I would have preferred if these individuals had never been nominated, never been reported out of the Judiciary Committee, and that the situation

would not have arisen in which there is this vote on the floor. But after a lot of consultation back and forth with my colleagues, a reasonable case could be made they should at least have a vote on their confirmation one way or the other.

As majority leader, I must make decisions as to the time and manner in which matters are considered. Sometimes my colleagues think it is the right way and the right time; sometimes that is not the case. Once I make a commitment for a vote, I am going to keep that commitment the best I can, keep my word, and go forward.

I have colleagues on my side of the aisle who don't like going forward with this vote. At this time, I think it is appropriate that we have a vote. I urge my colleagues to vote against these two nominees. However, it is time we have the vote, and we will do so today.

Let me discuss why I feel so strongly that these two nominees should not be confirmed. First, it is about the Ninth Circuit Court of Appeals, which is clearly a circuit court of appeals that is out of sync with the mainstream and has been repeatedly reversed by the Supreme Court.

In recent days, I have seen references to the Ninth Circuit as containing ''California, Arizona, and a handful of other states.'' My state is in the Fifth Circuit Court of Appeals, but I would take umbrage if my circuit was referred to as ''the circuit that has Texas and other States.'' But there are only three States in our circuit, the Fifth Circuit.

The Ninth Circuit clearly has a problem. It is too large, it is too unwieldy, and it is not functioning effectively. It is not serving the people of the circuit well, and we must remember that it is not just the ''circuit of California, Arizona, and other States.'' How would someone like to be in the circuit that is referred to that way if one lives in Utah, Nevada, Montana, Idaho, Washington, Oregon, Alaska, Guam, and Hawaii?

We need to do something about this. We have known we needed to do something about it for years, but we haven't done it. Millions of people who live in the States of the Ninth Circuit must submit their disputes to a court that has consistently flouted the statutes and the Constitution of the United States.

It covers 50 million people. Nearly 40 percent of the area of this country is in this one circuit. In the past 6 years, the Ninth Circuit has been reversed by the Supreme Court in 85 out of 99 cases considered, roughly a 90-percent reversal rate. In most classes, that would be rated as an abysmal failure. There is something not right here.

It was bad before the President Clinton appointees were added, and it has gotten worse. In the 1996–1997 term, the Ninth Circuit was reversed 27 out of 28 times, including 17 unanimous reversals. There is something wrong with this circuit.

Let me give some specific examples of the kind of decisions they are entering:

In Washington v. Glucksberg, the Ninth Circuit found a constitutional right to die, a decision reversed unanimously by the Supreme Court;

In Calderon v. Thompson, 1997, the Ninth Circuit blocked an execution based on a procedural device the Supreme Court called a ''grave abuse of discretion'';

In Mazurek v. Armstrong, 1996, the Ninth Circuit enjoined a Montana law allowing only doctors to perform abortions, only to be reversed once again by the Supreme Court.

I have a long list of decisions from the Ninth Circuit, and I ask unanimous consent I be able to have these lists and other material printed at the conclusion of my remarks.

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

(See Exhibit 1.)

Mr. LOTT. There is a problem with this circuit. It is a circuit that has serious problems with its rulings. It is an extremely liberal circuit, and it will get worse with these two nominees. That is one of the reasons I have been hesitant to bring up the nominees.

Now, let me go to the next point. I hope it won't happen, but I suspect there is going to be somebody in this Chamber, or certainly in the media, who will suggest that the consideration of these nominees has something to do with their race or gender.

These charges are totally false. We don't have a place where we check race or gender when we consider these nominees. It is irrelevant. We had a nominee last year who was defeated in the Senate that turned out to be African American. I am confident at least half the Senators didn't even know that. We didn't talk about that.

In this case, the fact that Judge Paez is Hispanic is not a consideration at all. We need more minorities and women on the courts. Let me make this point so everybody will be aware of it now: Last year, 18 of the 34 judicial nominees confirmed by the Senate, or 53 percent, were women or minorities. By contrast, only 51 percent of President Clinton's nominees were women or minorities. However, I am not going to charge him with some sort of discrimination based on race or gender.

I will have printed for the RECORD a list of some of the statistics showing this Senate is more than willing and desirous of confirming women and minorities of all backgrounds to the courts. Over the past several years, we have confirmed a high percentage from minority groups or women, including a unanimous or near-unanimous confirmation of an Hispanic nominee to the Third Circuit Court of Appeals earlier this week.

While some have expressed concern at the delay in bringing up the nominations we are considering today, it is important to keep in mind that each of these nominees was opposed by almost half of the Members of the Judiciary Committee. This is the committee charged with reviewing the background and qualifications of nominees. Any time so many Members of the Judiciary Committee express this level of concern, this body should proceed with caution.

The charges that race has somehow played a part in the Senate's consideration of these or other nominees is more than false. It demeans the Senate and those making the charges. If the charges are made in a cynical attempt to gain some political advantage, that is even worse. No real or perceived political advantage is worth debasing your own integrity by falsely impugning that of others.

Let me go to the specifics of Judge Paez. Some say: How long must he wait? What will happen? He is on the Federal district court now, so it is not as if he is waiting for employment.

He has a long record and philosophy that is very liberal. That is not disqualifying anymore than we should disqualify somebody because they are conservative. He has a record also of highly questionable rulings and political statements while sitting on the bench. When he was being considered as a judge, for instance, he was quoted as saying:

> The courts must tackle political questions that ''perhaps ideally and preferably should be resolved through the legislative process''.

That is the point. He believes the courts should be willing to do what is our job, not theirs. That is a fundamental problem.

When he was being nominated to the Federal district bench, no less an arbiter of liberalism than the American Civil Liberties Union considered him a ''welcome change after all the pro law enforcement people we have seen appointed.''

I think the American people want pro law enforcement people appointed to the bench regardless of their background or any other consideration.

There have been some astounding cases: Judge Paez struck down a Los Angeles antipanhandling ordinance enacted after a panhandler killed a young man over a quarter; he ruled companies doing business overseas can be held liable for human rights abuses committed by foreign governments.

Excuse me? How in the world could he extrapolate anything in the laws of this country or the Constitution that would allow him to make such a decision?

Now we have the situation with John Huang. I do not know what happened there, but it seems to me there is a

conflict of interest. The American people need to understand. He somehow or other was selected to be the judge in the John Huang case, and he agreed to a very light plea-bargained sentence at a time, I believe, when his confirmation was still pending, involving a matter where the President of the United States was clearly implicated. There is something not right about that. It does not pass the smell test.

Am I willing now to charge some illegality, or some totally unethical act? No. But we should have done more on this, on that point, before we came to this vote.

Last, but not least, when you are on the bench—I have kidded my friends who are Federal judges about how they ascend to someplace in the sky, never to be heard from again: Retirement to the Federal bench. They laugh. I laugh. But in a way, that is the way it is and that is as it should be. Because when you go on the bench, your political involvement, your personal preferences, should remain private. You should assume the bench and keep your mouth shut until you rule appropriately.

When you have a judge speak out, as Judge Paez did in 1995, for example, and attack two California ballot initiatives while they were still in litigation or potentially the subject of litigation, that is a big problem. The Judicial Code of Conduct prohibits judges, as it should, from comments that ''cast reasonable doubt on his capacity to decide impartially, any issue that may come before him,'' that is a fundamental point.

You cannot, as a Federal judge, make political statements on initiatives on the ballot that bring into question your impartiality in these cases in any way. It is highly inappropriate.

With regard to the nomination of Ms. Berzon, she does not have a record of judicial decisions, having served as a prominent labor lawyer for many years. Clearly, however, her positions are very questionable in terms of how she would rule when she got on the Ninth Circuit Court of Appeals. I think it would be a mistake.

I am particulary troubled by some of the extreme pro-labor positions she has advocated—positions that have been summarily rejected by the Supreme Court.

Some of the questionable positions she has advocated include arguing that new employees, or more junior employees that worked during a strike, must be layed off in favor of more senior employees when the strike is over. She also argued unsuccessfully that unions should be able to prevent members from resigning during a strike.

Finally, her statements on the use of union funds for political activities—or other activities not directly related to union negotiations and bargaining—raise serious questions about her willingness to live within the letter and spirit of the Beck decision.

It is no wonder that the proponents of these nominations ignore the record of the Ninth Circuit and the judicial approach of these nominees. We are told instead of their strong qualifications and personal attributes. I have no doubt that Judge Paez and Ms. Berzon are fine lawyers and are technically competent. My concern is with their judicial philosophies and their likely activism on the court.

Let me go back to my beginning point. This is very serious. We are going to be voting on putting these two individuals on the Ninth Circuit for life. I think the record is clear that they would be activists on the bench.

Judicial activism is a fundamental challenge to our system of government, and it represents a danger that requires constant vigilance. In our tradition and under our laws, we give power not to a specific group of trained experts, but rest our faith in the ability of all Americans, whatever their backgrounds, to participate in their government. Judicial activism robs the people of their role, and undermines the basis of our democracy.

Nowhere is this problem of judicial activism greater than in the Ninth Circuit. And nowhere is it more incumbent upon us as Senators to take seriously our responsibility to restore a proper respect for our system of representative government.

I believe these nominees should not be confirmed. Number 1, because there is a problem with this circuit; No. 2, because, in the case of Judge Paez, of the rulings he has been involved in, many of them of a highly questionable nature; No. 3, in his case, for remarks he has made in the political arena while sitting as a judge on issues that could come before him.

While her public record is not as extensive, the same questions exist for Ms. Berzon, particulary when you look at her positions with regard to the type of issues that may well be coming before the Ninth Circuit, and eventually, before the Supreme Court. There is great doubt about the basis for her confirmation.

While I have kept my word and we will vote on these judges today, I will vote against them both.

EXHIBIT 1

NINTH CIRCUIT REVERSALS BY THE SUPREME COURT

For the period from 1994 through 2000, 85 of the 99 Ninth Circuit cases considered by the Supreme Court were overturned:

1999–2000 7 of 7—100%.

U.S. v. Locke (3/6/00—unanimous)—improper to allow state regulation over oil tankers when area was federally preempted.

Rice v. Cayetano (2/23/00)—improper to uphold Hawaii constitutional provision allowing only certain race to vote.

Roe v. Flores—Warden (2/23/00)—remanded ineffective counsel case.

U.S. v. Martinez-Salazar (1/19/00—unanimous)—improper to throw out conviction when juror was stricken with preemptory challenge after refusal to excuse the juror for cause.

Smith v. Robbins (1/19/00)—improper to strike down California law concerning indigent appeals.

Guiterrez v. Ada (1/19/00—unanimous)—improper statutory interpretation of Guam election law.

Los Angeles Police Department v. United Reporting Pub. Corp. (1/7/99) improper to strike down California law on arrestee information.

1998–1999 13 of 18—72%.
1997–1998 14 of 17—82%.
1996–1997 27 of 28—96%.
1995–1996 10–12—83%.
1994–1995 14 of 17—82%.

RECORD ON CONFIRMING MINORITY AND FEMALE JUDICIAL NOMINEES

President Clinton has touted his record of appointing qualified minority and female nominees to the bench. Since all of these judges received Senate confirmation, the Senate's record must, by definition, mirror the President's. In fact, in 1999, 53% of the nominees confirmed were women and/or minorities, compared to only 51% of Clinton's nominees.

This Congress, over half (21) of the total number (42) of nominees reported out of the Senate Judiciary Committee were either a minority, a female, or both. Similarly, over half (18) of the total number (34) of nominees confirmed were either a minority, a female, or both.[1] Half of the 34 nominations pending in committee are white males. (Statistics as of 2/29/00)

According to the Judiciary Committee, during the first session of the 106th Congress, on average minorities were reported out of committee faster (108 days) than white male candidates (123 days). Similarly, on average minorities were confirmed faster (122 days) than white males (143 days).

Senator Hatch in an Op-Ed to the Washington Post cited a Task Force on Federal Judicial Selection study reporting that the pace of actual confirmations was the same for minorities and non-minorities in 1997–98.

In the Democratic-controlled 102nd Congress, the Senate took 18% longer to confirm minority and female district court nominees than white males. In comparison, the Republican-controlled Senates in 97th, 98th, and 99th Congresses moved female nominees faster than males.

Mr. LEAHY. Mr. President, first, I do thank the distinguished majority leader for keeping the commitment he made to me, to Senator DASCHLE, to the two Senators from California, and others last year to bring these nominations to a vote. I appreciate that. I wish, of course, he would vote for the two nominees, but that is his right.

We keep talking about these reversal rates, the Ninth Circuit being reversed the most. Of course, that is not the case. I will put in the RECORD later on a letter from Chief Judge Hug, who shows a number of circuits that have been reversed far more than the Ninth Circuit.

I will also point out, as I did earlier, about half of the most recent reversals

[1] These figures include non-controversial nominees such as Charles Wilson (Eleventh Circuit), Ann Claire Williams (Seventh Circuit), Adalberto Jose Jordan (S.D. Fla.), Carlos Murguia (D. Kan), William Haynes, Jr. (M.D. Tenn.), Victor Marrero (S.D.N.Y.), and George Daniels (S.D.N.Y.), all of whom were confirmed within 7 months of their nomination.

have been on decisions written by appointees of President Reagan and appointees of President Bush. So I would not be blaming President Clinton for this.

We have heard a great deal about the so-called panhandling decision. The judge had no choice in that matter. He had a case on all fours from his own circuit. As a district judge, he had to follow that decision. Whether he liked it or not, that is what he had to follow. Subsequently, when his own circuit reversed its position on it, then he would have to follow the new position.

Last, I am disturbed to have it suggested that the judge could not tell litigants in a courtroom that they could not wave anything in the face of jurors, whether it is a Bible or a newspaper. I yield to nobody in this body in my defense of the first amendment. I have certainly received more first amendment awards than anybody serving here. I would say also if they were to wave a newspaper and a headline in the face of jurors, a judge could say: No, you can't do that.

That is not freedom of the press. That is not freedom of religion. No judge anywhere is going to allow litigants to wave anything in the face of jurors to influence them, nor to act outside of the regular rules of court, or when you can refer to an item in evidence or not, when you can refer to it in argument.

I just point that out. We continuously attack this man for doing the things he is supposed to do.

I yield to the distinguished Senator from California who seeks 10 minutes, I understand. I yield 10 minutes.

Mrs. FEINSTEIN. Mr. President, I want to take a few minutes as a 7-year member of the Judiciary Committee, to set the record straight on some of the comments that have been made with respect to the Ninth Circuit Court of Appeals. I have heard that circuit called a rogue circuit, out of control, out of sync with the rest of the Nation. All of this is based on statistics for 1 year, 1996–1997, when the Supreme Court reversed that circuit 27 out of 28 times.

The question is, Even in that year, did that place it as the most reversed circuit? The answer is no because even in that year they fell in the middle of the pack. When the Ninth Circuit's reversal rate was 95 percent, it was still less than five other circuits: The Fifth, the Second, the Seventh, D.C., and Federal Circuits all had a 100-percent reversal rate.

You can seek out the Ninth Circuit because it has 9,000 cases on appeal as opposed to a circuit with 1,000 or 1,500 cases. But the record is the record, even in that year, that much maligned year that is the basis of all of these comments.

Let's look at some of the other years. In the 1998–1999 Supreme Court session, the Supreme Court reviewed 18 cases of the Ninth Circuit; 4 were affirmed, 11 were reversed, and 3 had mixed rulings. So only 11 out of 18 cases were outrightly reversed. That is a 61-percent reversal rate.

Is that the worst? No. This is less than the reversal rates for the Third Circuit, 67 percent; the Fifth Circuit, which was reversed 80 percent of the time; and the Seventh Circuit, 80 percent of the time; the Eleventh Circuit, 88 percent; and the Federal Circuit, 75 percent.

In terms of reversals, the Ninth Circuit is not at the bottom of the pack, it is in the middle of the pack.

I think I know why there were newspaper articles. The Ninth Circuit has been made a target by many conservatives who either want to see it split or, in some way, destroyed. That has become very clear to me as a member of the Judiciary Committee as I have watched proposal after proposal surface.

Am I always pleased with the Ninth Circuit? Absolutely not. Do I like all the decisions? Of course not. But the point is, the Ninth Circuit is well within the parameters, and in virtually every year that one can look at reversals, one will see the Ninth Circuit is approximately in the middle of the pack.

The argument is also made that Clinton appointees are making decisions that are being reversed. I have looked at the Ninth Circuit judges who were reversed over the last 3 years by the Supreme Court. Once again I correct the record. On only eight occasions in the last three full Supreme Court terms have Clinton appointees on the Ninth Circuit joined in decisions later reversed by the Supreme Court. At the end of the 1998–1999 term, Clinton appointees were 20 percent of the judges on the Ninth Circuit.

If one wants to compare, compare Clinton appointees with Reagan appointees. Reagan appointees on the Ninth Circuit have been overturned in 30 instances from the 1996–1997 Supreme Court term through the 1998–1999 term. Currently, there are the same number of Reagan appointees on the Ninth Circuit as Clinton appointees.

I have wondered, as I have watched this debate emerge for the last 7 years, why there is this persistent effort to demean, to break up, in some way to destroy this court. I have a hard time fathoming why.

Mr. President, I ask unanimous consent to print in the RECORD a letter from the Chief Judge of the Ninth Circuit Court of Appeals.

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

UNITED STATES COURTS
FOR THE NINTH CIRCUIT,
Reno, NV, March 1, 2000.

Hon. ORRIN HATCH,
U.S. Senator, Dirksen Senate Office Building, Washington, DC.

Hon. PATRICK LEAHY,
U.S. Senator, Russell Senate Office Building, Washington, DC.

DEAR SENATORS HATCH AND LEAHY: I write on behalf of the Ninth Circuit Court of Appeals to emphasize the importance of filling the judicial vacancies on this court.

During the four years that I have been Chief Judge of the Ninth Circuit, we have had up to ten vacancies on the court of appeals. We now have six vacancies, two have been vacant since 1996, two since 1997, one since 1998, and one since 1999. It has been very difficult to operate a court of appeals with up to one-third of our active judges missing. As you know, I have worked with the White House and the Senate in an attempt to fill these vacancies in a timely manner, and I am continuing to do so.

As Chief Judge, I have implored our active judges and our senior judges, on an emergency basis, to carry a larger caseload during this interim while the vacancies are being filled, in order to do our best to avoid building up a backlog of cases with the consequent delay for the litigants.

Our judges have been most responsive in hearing considerably more cases than would ordinarily be assigned. I am very grateful, but I cannot expect the judges to do this, on an emergency basis, for the indefinite future.

In addition, we have called upon the district judges within our circuit to serve on panels, as well as visiting judges from other circuits. However, this is not the ideal way to perform the services of a court of appeals. The appeals from the Ninth Circuit should be heard by the judges of the Ninth Circuit Court of Appeals.

Despite all these efforts, we do have a backlog of cases, which principally affect civil cases, some of which have had to wait a year or more to be heard. My major concern is that we have had a significant increase in filings this past year, which considerably exceed the number of cases we are able to terminate even with this enhanced effort. In the year ending December 31, 1999, the number of appeals filed was 9,444, and the number of appeals terminated was 8,407. This is a difference of over 1,000 cases.

If our six vacancies were filled and those judges were on our court, it would mean we could decide an additional 800 cases on the merits. If they are not filled, I can anticipate considerable delay for the litigants of this circuit.

Our court is very pleased that the leadership of the Senate has committed to hold a floor vote this month on nominees Judge Richard Paez and Marsha Berzon. We have every hope that they will be confirmed. We would ask, however, that the other nominees, Barry P. Goode, James F. Duffy, Jr., Richard C. Tallman, and Johnnie B. Rawlinson receive hearings before the Judiciary Committee in the near future. It is vital to our Ninth Circuit Court of Appeals.

By the way of emphasizing the need brought about by our increasing caseload and the importance of filling these vacancies, I might note a little historical perspective. In 1980, shortly after I came on the court of appeals, we had 23 active judges with a caseload of 3,000 appeals. Today, with 6 of our 28 judgeships vacant, we have 22 active judges to hear over 9,000 appeals. You can see the importance of proceeding promptly with the confirmation process.

I might make one other observation—I have noted that the reversal rate of the Supreme Court in one unusual year, 1996–97, has assumed some importance in the hearings. Even in that year, when the Ninth Circuit's reversal rate was 95%, it was less than five other circuits—the Fifth, Second, Seventh, D.C., and Federal Circuits—all with a 100% reversal rate. In the 1997–98 term, the Ninth Circuit's reversal rate was 76%, equivalent to that of the First Circuit's 75%, and less than the Sixth and Eleventh Circuits' 100% reversal rate. In the 1998–99 term, the Ninth Circuit's reversal rate was 78%, equivalent to that of the Second and Federal Circuits' 75%, and less than the Fifth Circuit's 80%, the Seventh Circuit's 80%, and the Eleventh Circuit's 88% reversal rates.

However, the important point to emphasize, in my opinion, is that the reversal rate has little to do with the effectiveness of any circuit court of appeals. For example, the 13, 14, or 20 cases reversed in a term were out of 4,500 cases decided on the merits in the Ninth Circuit. The reversal rate in any circuit should also have little to do with the nomination or confirmation of judges to fill vacancies on a court.

Our judges on the Ninth Circuit Court of Appeals will certainly appreciate any efforts on your parts to afford the judicial nominees a hearing in the near future and a prompt vote on the floor of the Senate.

Yours sincerely,

PROCTER HUG, Jr.,
Chief Judge.

Mrs. FEINSTEIN. Mr. President, I will quickly read the paragraph to which the ranking member alluded. I believe it is worthwhile for everybody to hear this. Judge Hug said:

I might make one other observation—I have noted that the reversal rate of the Supreme Court in one unusual year, 1996–97, has assumed some importance in the hearings.

These are the hearings on confirmation.

Even in that year, when the Ninth Circuit's reversal rate was 95 percent, it was less than five other circuits—the Fifth, Second, Seventh and Federal Circuits—all with a 100 percent reversal rate. In the 1997–98 term, the Ninth Circuit's reversal rate was 76 percent, equivalent to that of the First Circuit's 75 percent and less than the Sixth and Eleventh Circuits' 100 percent reversal rate. In the 1998–99 term, the Ninth Circuit's reversal rate was 78 percent, equivalent to the Second and Federal Circuits' 75 percent and less than the Fifth Circuit's 80 percent, the Seventh Circuit's 80 percent, and the Eleventh Circuit's 88 percent reversal rates.

Once again, the Chief Judge of the Ninth Circuit attests that the Ninth Circuit's reversal rate is substantially in the middle of the pack of all the circuits. I hope the record stands corrected.

I want to speak about the two judges before us and indicate my strong support for the appointment of both Judge Paez and Mrs. Berzon.

Judge Paez has been before this body for 4 years. He has had two hearings and has been reported out of committee twice. Marsha Berzon has been before this body for 2 years, and she has had two hearings and been reported out of committee once.

I have sat as ranking member on one of her hearings. It was equal in the quality and numbers of questions to any Supreme Court hearing on which I have sat, and I have sat on two of them. She was asked detailed questions on the law, questions about her performance, questions about her background, and, I say to this body, she measured up every step of the way. She is a brilliant appellate lawyer, and she has represented both business clients as well as trade union clients.

Judge Paez has 19 years of experience as a judge and 6 years as a Federal court judge. I will speak about his record on criminal appeals.

According to the Westlaw database, 32 of his criminal judgments have been appealed; 28 of these were affirmed. The Circuit Court dismissed two appeals for lack of jurisdiction, remanded one for further proceedings, and one judgment was affirmed in part or reversed in part. That is an 87-percent affirmance rate. That is pretty good.

Judge Paez has not been reversed on a criminal sentence. Of his 28 criminal affirmances, they include 6 cases where a sentence he imposed was upheld by the appellate court; 4 involved his decision to enhance the defendant's defense level within the guidelines, actually giving the offender a tougher sentence, and 2 involved Judge Paez's refusal to grant a downward departure.

Judge Paez was also named Federal criminal judge of the year by the Century City Bar Association.

As I have looked at this case and listened to members in the Judiciary Committee, a lot of the objection seems to come down to one speech he made at the University of California Boalt Hall where he criticized a proposition on the ballot which was a very incendiary ballot measure in California. It was Proposition 209, and that may have been somewhat intemperate.

My point is, one comment does not outweigh 19 years of good judicial service, 6 of them on the Federal court. I believe strongly that both these nominees deserve confirmation today.

I thank the Chair.

The PRESIDING OFFICER (Mr. BUNNING). The Senator from Alaska is recognized.

Mr. MURKOWSKI. Mr. President, I want to talk a bit about the matter before us, the judicial nominations of Paez and Berzon.

I have listened to the debate today, and it is fair to say, to a large degree, the Ninth Circuit Court has made itself the target. The suggestion was made the Ninth Circuit is in the middle of the pack with regard to reversals. Thirty-three percent of the reversals over the last 3 years have come out of the Ninth Circuit Court. I have talked to judges in that court. They are so frustrated by the caseload and their inability to follow the cases in the court that they privately and publicly suggest something be done.

We have been at this for a long time. We have been discussing it, we have been arguing, we have been debating how we split it up. Naturally, California is a little reluctant to see it split up, for lots of reasons which I do not think are necessary to go into.

The reality is this body has an obligation of timely justice, and timely justice is not being done in the Ninth Circuit for a couple of reasons. It serves the largest population of all the circuits. The judges can't handle all the cases. Legal reasoning has been abandoned in favor of extremist views. The Ninth Circuit has invited this upon itself.

The point I make is, we have an obligation on our watch to do something about this problem. We have to do it. It is inevitable.

This week I introduced legislation to split the Ninth Circuit. These two nominees are perfect examples of why my bill should be passed immediately by this body. Senator HATCH and other are co-sponsoring this bill.

The Ninth Circuit is already plagued with a very activist group on the judiciary who bring their causes to the bench with them.

But let's look at the number of cases that have been reversed by the Supreme Court. This chart shows the number of cases reversed by the U.S. Supreme Court between 1997 and 1999. The statement has been made that the Ninth Circuit court is somewhere in the middle. It is more than the middle. The Ninth Circuit has almost a quarter of all the court reversals in all of our circuit courts. Next is followed by the Eighth Circuit and then the Fifth Circuit. It is not a factual statement to suggest that the reversals in the Ninth Circuit are somewhere in the middle.

We have another chart I will describe to you as the Ninth Circuit Court of Appeals, a court that is out of control. From 1994 to the year 2000, the number of decisions reversed, 86 percent; decisions upheld, 14 percent.

If this followed a pattern in the other circuit courts, I would not be up here arguing; but it is far too high. It suggests it is out of control. The reality is that 86 percent of the decisions were reversed in that period, from 1994 to the year 2000; and 14 percent of the decisions were upheld by the Supreme Court. These are people who were denied justice—at great cost.

Let's look at the reason why it is so obvious that we have to do something about it. It is the caseload. Look at the growth of the caseload. From 1991 through the year 2000, it has gone from 7,500 to 9,500. It continues to increase. What they will tell you is it is increasing beyond a manageable level. We all know something about managers and management. Some of us are better managers than others; some are worse than others. But you have some real problems when the judges cannot follow the decisions that are coming out of the court. They will be the first ones to acknowledge that.

Let me show you a chart referencing the population in relation to the other circuit courts because that is very important. The circuit courts are depicted on this chart—the First, Second, Third, Fourth, Fifth, Sixth, Seventh, Eighth, currently the Ninth, the Tenth, and Eleventh. I want to move this chart up a little bit. I am not sure the Presiding Officer can see it. This is the story. It is cold, hard facts.

Here is the Ninth Circuit shown on the chart. It is almost off the chart. The Ninth Circuit will increase 26 percent by the year 2010. It is at 50 million now. That is the problem. We have to split it. The question is, who is going to accept the responsibility? Are we going to put it off? The longer we put it off, the less timely justice prevails.

We owe this to the residents of the States affected. They ought to have something to say about it. We are saying we want it changed. We do not hear that from California. But the other States say they want a change; they want an equitable change.

What have we done? We have reached out and tried to get opinions of people who know something about the problem. Everybody is an expert; and everybody can get an expert. But the Supreme Court agrees that reform is needed. How much higher do you have to go?

Here is what they say:

> The disproportionate segment of this Court's discretionary docket that is consistently devoted to reviewing Ninth Circuit judgments, and reversing them by lop-sided margins, suggests that this error-reduction function is not being performed effectively.

That means justice is not being done. That is Justice Scalia.

> With respect to the Ninth Circuit in particular, in my view the circuit is simply too large.

Isn't that what it shows? That is Supreme Court Justice Sandra Day O'Connor.

> In my opinion the arguments in favor of dividing the Circuit into either two or three smaller circuits overwhelmingly outweigh the single serious objection to such a change.

These are the Supreme Court Justices who have to make these reversals.

I have another chart. You can read, at your leisure, what retired Supreme Court Chief Justice William Burger said.

> I strongly believe that the 9th Circuit is far too cumbersome and it should be divided.

Supreme Court Justice Anthony M. Kennedy:

> I have increasing doubts and increasing reservations about the wisdom of retaining the Ninth Circuit in its historic size, and with its historic jurisdiction. We have very dedicated judges on that circuit, very scholarly judges . . . But I think institutionally, and from the collegial standpoint, that it is too large to have the discipline and control that's necessary for an effective circuit.

We have a hard enough time controlling discipline here, and there are only 100 of us—plus 100 egos. But I will not go into that.

> We (the Ninth Circuit) cannot grow without limit . . . As the number of opinions increases. . . .

That is the Honorable Diarmuid O'Scannlain, a Ninth Circuit judge, I might add.

Our former colleague, Senator Mark O. Hatfield:

> The increased likelihood of intracircuit conflicts is an important justification for splitting the Court.

There you have it, one of our own.

In my opinion, this matter before us is further evidence of the necessity of splitting the court. The circuit is already plagued with activists on the judiciary who bring their causes to the bench with them. I do not think that is appropriate. One simply has to look at the rate of reversals to find the proof. I have gone into that. Now is the time for Congress to stop this unwieldy circuit. I hope we will because our inaction is only going to weaken an already detached and out of control circuit.

Most shocking is that the nominees do little to deflect accusations that they share an activist judicial philosophy. Justice Paez, in his own words, stated that he ''appreciate[s] . . . the need of the courts to act when they must, when the issue has been generated as a result of the failure of the political process to resolve a certain political question. . . .''

He then continues:

> There's no choice but for the courts to resolve the question that perhaps ideally and preferably should be resolved through the legislative process.

I think that statement deserves a great deal of thought and consideration because he is implying that if we don't take care of it through the political process, this judge is going to simply take action into his own hands. I am not ready for that. That, to me, is a flag.

One does not have to be a legal scholar to see that this is a blatant infringement upon the Constitution, the Constitution we rely upon to protect ourselves from improper Government actions. Article I, as I know the Chair is familiar, clearly states that ''[a]ll legislative powers herein granted shall be vested in a Congress of the United States.'' Should this body abdicate its role and confirm nominees who openly defy the Constitution? I hope we will all answer with a resounding ''no.''

Unfortunately, Judge Paez's background goes far beyond activist judicial decisions. I think we should all pause and reflect upon a nomination for which the director of the ACLU in Southern California states:

> It's been a while since we had these kinds of appointments to the federal court. I think it's a welcome change after all the pro-law enforcement people we have seen appointed to the state and federal courts.

That sends another message to me. I am not sure this judge is going to have the balance necessary to protect our law enforcement people. They need a lot of protection. They are hit by the press. They are hit by mistakes. They are hit by the exposure they have out there, protecting our property and protecting us. We owe more to the men and women who risk their lives each and every day to maintain law and order. We owe more to Americans who see crime around every corner. There is a lot of it, and a lot of them see it.

Time and time again, Judge Paez has demonstrated a lack of proper judicial temperament. We should be able to agree that judges should be impartial and not speak out on matters that may appear before their court. I think we do agree on that. Yet Paez, during the California Proposition 209 ballot initiative debate which would have ended racial quotas and discrimination by the State government, labeled the proposal ''anti-civil rights'' and said it would ''inflame the issue all over again without contributing to any serious discussion.''

I am realist enough to recognize that people in California and their elected representation have a better understanding of this than I do. It sounds a little strange and uncomfortable to me.

A judge is expected to remain impartial. Certainly, they should not comment upon efforts by the citizens of California, in their wisdom, to pass a legal and constitutional ballot initiative. Judicial Cannon 4(A)(1) alone requires that a judge do nothing ''to cast reasonable doubt on the judge's capacity to act impartially as a judge.'' This is not a person who should be deciding cases that affect 50 million people in our circuit court.

Here, again, is the chart that shows the proof of why this court is out of control.

I also find it ironic that supporters of Marsha Berzon are the very people who claim to be advocates of campaign finance ''reform.'' It is interesting because there are some political overtones there. There probably are going to be some more. While quick to target political speech by national parties, they seem to have turned a blind eye to true injustice in our campaign finance system. I am referring to the forced speech that large and radical unions placed upon their willing members. Many of the union members acknowledge that privately; they are a little hesitant to do it publicly.

The majority has worked hard to open the workforce to all Americans and to remove automatic payroll contributions to unions for political ads of which members disapprove. Shouldn't those members have a right? I think so.

Now the Clinton administration has sent us a judicial nominee who has been labeled by the National Right to Work Committee as the ''worst'' Clinton appointee in terms of labor issues. I wonder how objective that person is.

While representing the Nation's most powerful unions, Ms. Berzon stated that mandatory union dues ''implicates first amendment values only to a very limited degree.'' I wonder how limited that is. Thankfully, the Supreme Court struck down this logic in Communication Workers of America v. Beck.

Look at the Ninth Circuit's already startling reversal rate by the Supreme Court. In 1997, it was 95 percent. One can imagine an even more detached judiciary with the addition of Ms. Berzon. This period this chart shows is for the years 1994 through 2000: 86 percent of the decisions reversed, only 14 upheld. That is a reflection on the court, and it is a reflection on us for not doing something about it.

Mr. Paez is no stranger to the reform debate. During a time when we expect firm and fair enforcement of our Nation's financing laws, Judge Paez gave one individual an unusually light sentence after he admitted to accepting more than $250,000 in illegal campaign contributions. This is the largest acknowledged receipt of illegal contributions in congressional history, except for POGO maybe. We have 300-some-odd thousand in reward money out there that we have to investigate. There are going to be some heads rolling once that is made public and the public and this body understands how that system of whistleblowers works. What was the sentence? The sentence was 1 year on probation and 200 hours of community service. This is for $250,000 illegal campaign contributions. This is the real problem in campaign financing.

I could go on for a long time. I see the Senator from Maryland waiting to be recognized. I could continue listing the seemingly countless reasons why these two nominees should be rejected by this Senate. But, I find that unnecessary. There really is only one reason. Because the people of the Ninth Circuit deserve better. They deserve better.

They deserve a justice system that reflects the temperament of the society. They deserve a judiciary that creates dependable case law by following judicial precedent. They deserve a judiciary that provides swift yet fair justice.

Most importantly, they deserve a judiciary that follows the Constitution and the rule of law and objectivity. For these reasons, I urge my colleagues to reject the two nominations before us prior to the vote this afternoon.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Ms. MIKULSKI. Mr. President, I ask unanimous consent to speak for 5 minutes as in morning business, ensuring that it doesn't take time from either side on this debate. This has been cleared with the leadership on the other side.

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

(The remarks of Ms. MIKULSKI pertaining to the introduction of S. 2229 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. SMITH of New Hampshire. I thank my colleague from Alaska for his comments in support of the opposition to these two nominees.

I yield myself 5 minutes to summarize.

We have a circuit court, the Ninth Circuit, widely considered by most objective observers a renegade circuit that is out of the mainstream of American jurisprudence, a circuit court that has had decisions overturned by the Supreme Court nearly 90 percent of the time in the past 6 years. That is a very high percentage of the number of cases they have. It is the largest circuit in the country. It includes the 7–7 overturn rate in 1999–2000 and 27–28 reversal rate in 1996–1997. In fact, 17 of the decisions in 1996–1997 out of the 27 were overturned unanimously, which means both the liberal and the conservative Justices on the Supreme Court agree that these decisions were so outrageous, they had to be overturned.

It is a court that routinely issues activist opinions, opinions that conflict with the basic American constitutional and legal principles. We have had a great debate on some of the outrageous decisions that have come down.

As I have said, these two new nominees will, if approved, add to that court in a way that is going to continue to have cases overturned. These two judges, Ms. Berzon as well as Mr. Paez, have both indicated by their own track records they will be making similar decisions. I think this is most disturbing.

In the case of Marsha Berzon, we are talking about a potential judicial activist on labor issues. As I said before, it doesn't matter what the issues are, what one believes in personally. The job as a judge is to interpret the Constitution in a way that does not put personal views on the court but, rather, enforces the Constitution.

Ms. Berzon has described her practice: From the outset of my law practice, an important client has been the AFL–CIO. Since 1975, I have devoted a substantial part of my practice to aiding labor organizations affiliated with the AFL–CIO at the Supreme Court and other appellate litigation.

There is nothing wrong with that on the surface. She certainly has a right to represent anyone she chooses to represent if she is asked to do it in a court of law.

The question is, Why talk about that when she knows that cases involving labor could come before her? Imagine what would happen on this floor. We have heard a lot of people outraged by what we have done, getting a good, thorough debate on the two nominees.

Imagine if we had a nominee before the Senate, the outcry from the other side of the aisle if we had a guy or gal come before the Senate, a nominee of any President—say of President Bush in the future—and this person said, ''I have since 1975 devoted a substantial part of my practice to fighting gun control and have been affiliated with the National Rifle Association and gun owners of America in many cases before the courts of America.''

Imagine what we would hear on the other side. They have a right to air that if they wish. I think it would be justified if a person were to say he was going to promote the interests of any particular group or industry.

It is not new to raise the debate on issues about a particular nominee. I get tired of hearing talk that we are wrong to raise these issues because these judges happen to be liberals.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, it is not a question of liberal or conservative. As I recall, when the Democrats were in control of the Senate during 6 years overlapping the Reagan and Bush Presidencies, we voted to confirm about 99 percent of the nominations of President Reagan and President Bush.

Justice Scalia is considered one of the most conservative Members of the Supreme Court. As I recall, he got a unanimous vote from the Republicans and Democrats in the Senate Judiciary Committee. I believe he had a unanimous vote on the floor of the Senate.

Let's not use this shibboleth. We have also had a number of judicial nominees who said they were members of the National Rifle Association and a number who have said they have defended conservative organizations. I never remember a single one having difficulty being confirmed. Let's not use that.

If we want to assume for the sake of argument that the Ninth Circuit is dominated by liberal activist judges, these critics urge the Senate to reject the confirmation of new judges. They are not letting two basically moderate judges come, thereby adding to the mix. It does not make a great deal of sense to me that they want to keep the court exactly the way it is.

I ask unanimous consent to have printed in the RECORD a letter from Judge Procter Hug that points out there are a number of circuits that have far higher reversal rates than the Ninth Circuit.

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

UNITED STATES COURTS
FOR THE NINTH CIRCUIT,
Reno, NV, March 2, 2000.

Hon. ORRIN HATCH,
Chairman, Senate Judiciary Committee, Russell Senate Office Building, Washington, DC.

Hon. PATRICK LEAHY,
Ranking Member, Senate Judiciary Committee, Russell Senate Office Building, Washington, DC.

DEAR SENATORS HATCH AND LEAHY: I write on behalf of the Ninth Circuit Court of Appeals to emphasize the importance of filling the judicial vacancies on this court.

During the four years that I have been Chief Judge of the Ninth Circuit, we have had up to ten vacancies on the court of appeals. We now have six vacancies, two have been vacant since 1996, two since 1997, one since 1998, and one since 1999. It has been very difficult to operate a court of appeals with up to one-third of our active judges missing. As you know, I have worked with the White House and the Senate in an attempt to fill these vacancies in a timely manner, and I am continuing to do so.

As Chief Judge, I have implored our active judges and our senior judges, on an emergency basis, to carry a larger caseload during this interim while the vacancies are being filled, in order to do our best to avoid building up a backlog of cases with the consequent delay for the litigants.

Our judges have been most responsive in hearing considerably more cases than would ordinarily be assigned. I am very grateful, but I cannot expect the judges to do this, on an emergency basis, for the indefinite future.

In addition, we have called upon the district judges within our circuit to serve on panels, as well as visiting judges from other circuits. However, this is not the ideal way to perform the services of a court of appeals. The appeals from the Ninth Circuit should be heard by the judges of the Ninth Circuit Court of Appeals.

Despite all of these efforts, we do have a backlog of cases, which principally affect civil cases, some of which have had to wait a year or more to be heard. My major concern is that we have had a significant increase in filings this past year, which considerably exceed the number of cases we are able to terminate even with this enhanced effort. In the year ending December 31, 1999, the number of appeals filed was 9,444, and the number of appeals terminated was 8,047. This is a difference of over 1,000 cases.

If our six vacancies were filled and those judges were on our court, it would mean we could decide an additional 800 cases on the merits. If they are not filled, I can anticipate considerable delay for the litigants of this circuit.

Our court is very pleased that the leadership of the Senate has committed to hold a floor vote this month on nominees Judge Richard Paez and Marsha Berzon. We have every hope that they will be confirmed. We would ask, however, that the other nominees, Barry P. Goode, James F. Duffy, Jr., Richard C. Tallman, and Johnnie B. Rawlinson receive hearings before the Judiciary Committee in the near future. It is vital to our Ninth Circuit Court of Appeals.

By the way of emphasizing the need brought about by our increasing caseload and the importance of filling these vacancies, I might note a little historical perspective. In 1980, shortly after I came on the court of appeals, we had 23 active judges with a caseload of 3,000 appeals. Today, with 6 of our 28 judgeships vacant, we have 22 active judges to hear over 9,000 appeals. You can see the importance of proceeding promptly with the confirmation process.

I might make one other observation—I have noted that the reversal rate of the Supreme Court in one unusual year, 1996–97, has assumed some importance in the hearings. Even in that year, when the Ninth Circuit's reversal rate was 95%, it was less than five other circuits—the Fifth, Second, Seventh, D.C., and Federal Circuits—all with a 100% reversal rate. In the 1997–98 term, the Ninth Circuit's reversal rate was 76%, equivalent to that of the First Circuit's 75%, and less than the Sixth and Eleventh Circuits' 100% reversal rate. In the 1998–99 term, the Ninth Circuit's reversal rate was 78%, equivalent to that of the Second and Federal Circuits' 75%, and less than the Fifth Circuit's 80%, the Seventh Circuit's 80%, and the Eleventh Circuit's 88% reversal rates.

However, the important point to emphasize, in my opinion, is that the reversal rate has little to do with the effectiveness of any circuit court of appeals. For example, the 13, 14, or 20 cases reversed in a term were out of 4,500 cases decided on the merits in the Ninth Circuit. The reversal rate in any circuit should also have little to do with the nomination or confirmation of judges to fill vacancies on a court.

Our judges on the Ninth Circuit Court of Appeals will certainly appreciate any efforts on your parts to afford the judicial nominees a hearing in the near future and a prompt vote on the floor of the Senate.

Yours sincerely,

PROCTER HUG, Jr.,
Chief Judge.

REVERSAL RATE 1996–97 TERM

Revised 7/07/97

	Total cases	Number reversed	Percent reversed for circuits
Total	80	57	76
Org.	1	0	0
1st	1	1	100
2d	6	6	100
3d	3	2	67
4th	2	1	50
5th	5	4	80
6th	3	2	67
7th	3	3	100
8th	8	5	63
9th	21	20	95
10th	2	1	50
11th	6	1	17
D.C. Clr	1	1	100
Federal	1	1	100
Arm. Forces	1	0	0
Dist. Cts	8	4	50
State Cts	8	5	63

REVERSAL RATE 1997–98 TERM

(Signed opinions issued amended 7/02/1998)

Circuits	Total cases	Number reversed	Supreme Court reversal rate (percent)	Reversal average for all circuits (percent)
Total	91	54	59	55
1st	4	3	75	
2d	3	1	33	
3d	4	1	25	
4th	2	1	50	
5th	12	6	50	
6th	3	3	100	
7th	7	4	57	
8th	13	8	62	
9th	17	13	76	
10th	1	0	0	
11th	2	2	100	
D.C. Cir	9	4	44	
Federal	2	1	50	
Arm. Forces	1	1	100	
Dist. Cts	2	1	50	
State Cts	8	5	63	

REVERSAL RATE 1997–98 TERM—Continued

(Signed opinions issued amended 7/02/1998)

Circuits	Total cases	Number reversed	Supreme Court reversal rate (percent)	Reversal average for all circuits (percent)
Org	1	0	0	

Reversal Rate Average = total circuit reversal rates divided by number of circuits.

REVERSAL RATE 1998–99 TERM

(Signed & per curiam opinions issued as of June 23, 1999)

	Total cases	Number affirmed	Number reversed	Reversal rate (percent)
Total	81	24	57	70
1st	0	0	0	0
2d	4	1	3	75
3d	6	2	4	67
4th	4	2	2	50
5th	5	1	4	80
6th	4	2	2	50
7th	5	1	4	80
8th	3	2	1	33
9th	18	4	14	78
10th	4	3	1	25
11th	8	1	7	88
D.C. Cir	2	1	1	50
Federal	4	1	3	75
Arm. Forces	1	0	1	100
Dist. Cts.	3	1	2	67
State	10	2	8	80
Org	0	0	0	0

Mr. LEAHY. Mr. President, four out of seven recent reversals were decisions written by either a Reagan or Bush appointee from the Ninth Circuit. Somehow it wasn't brought out on the other side.

As far as showing fairness, even for Clarence Thomas, who had a tie vote, with Republicans and Democrats voting against him in the Senate Judiciary Committee, the Democrats, being in charge of the Senate, still allowed him to come forward for a vote even though normally that would have killed it.

The circuits should not all be the same. Different circuits have different attitudes. They come from different parts of the country. If they were to be all the same, we might as well just have one big circuit for the whole country. The Second Circuit is different from the Third Circuit. The Third is different from the Fifth, and so on.

I remind my friends on the other side, if we are going to have a litmus test for a circuit, let us understand what this means when applied to the Fourth Circuit. That is the most conservative and activist in the country. Ironically enough, we forget the fact the very conservative circuit can be a very activist circuit. Nobody would deny it is one of the most activist circuits in the country, rewriting legislation willy-nilly.

If the argument is accepted from the other side, then no nominee other than one with a more liberal judicial philosophy should be confirmed in the foreseeable future to the Fourth Circuit. I am not trying to make that argument. But if you follow their argument, that is the case.

Mr. President, I thank the Majority Leader for bringing this matter to a vote. After two years, it is time to vote on the nomination of Marsha Berzon. She is one of the most qualified nominees I have seen in 25 years, and Senator HATCH has agreed with that assessment publically. He voted for her in the Judiciary Committee.

Marsha Berzon is an outstanding nominee. Her legal skills are outstanding, her practice and productivity have been extraordinary. Lawyers against whom she has litigated regard her as highly qualified for the bench. She was first nominated in January 1998, some 26 months ago. By all accounts, she is an exceptional lawyer with extensive appellate experience, including a number of cases heard by the Supreme Court. She has the strong support of both California Senators and a well-qualified rating from the American Bar Association.

She was initially nominated in January 1998. She participated in an extensive two-part confirmation hearing before the Committee back on July 30, 1998. Thereafter she received a number of sets of written questions from a number of Senators and responded in August, two years ago. A second round of written questions was sent and she responded by the middle of September, two years ago. Despite the efforts of Senator FEINSTEIN, Senator KENNEDY, Senator SPECTER and myself to have her considered by the Committee, she was not included on an agenda and not voted on during all of 1998. Her nomination was returned to the President without action by the Committee or the Senate in October 1998.

The President renominated Ms. Berzon in January 1999. She participated in her second confirmation hearing in June, was sent additional sets of written questions, responded and got and answered another round. I do not know why those questions were not asked in 1998.

Finally, on July 1, 1999, almost eight months ago, the Committee considered the nomination and agreed to report it to the Senate favorably. After more than two years the Senate will, at long last, vote on the nomination. Senators who find some reason to oppose this exceptionally qualified woman lawyer can vote against her if they choose, but she will finally be accorded an up or down vote. That is what I have been asking for and that is what fairness demands.

Senator HATCH was right two years ago when he called for an end to the political game that has infected the confirmation process. These are real people whose lives are affected. Marsha Berzon has been held hostage for 26 months, not knowing what to make of her private practice or when the Senate will deem it appropriate finally to vote on her nomination.

Last fall I received a Resolution from the National Association of Women Judges. The NAWJ urged expeditious action on nominations to federal judicial vacancies. The President of the Women Judges, Judge Mary Schroeder, is right when she cautions that ''few first-rate potential nominees will be willing to endure such a tortured process'' and the country will pay a high price for driving away outstanding candidates to fill these important positions. The Resolution notes the scores of continuing vacancies with highly qualified women and men nominees and the nonpartisan study of delays in the confirmation process, and even more extensive delays for women nominees, found by the Task Force on Judicial Selection formed by Citizens for Independent Courts. The Resolution notes that such delay ''is costly and unfair to litigants and the individual nominees and their families whose lives and career are on hold for the duration of the protracted process.'' In conclusion, the National Association of Women Judges ''urges the Senate of the United States to bring the pending nominations for the federal judiciary to an expeditious vote so that those who have been nominated can get on with their lives and these vacancies can be filled.'' We received that Resolution in October 1999 and I included it in the RECORD at that time—October 1999.

There are judicial emergencies vacancies all over the country. The Fifth Circuit Court of Appeals has had to declare that entire Circuit in an emergency. Its workload has gone up 65 percent in the last 9 years; but they are being forced to operate with almost one-quarter of their bench vacant despite highly qualified nominees having been sent to the Senate by the President.

Continuing dilatory practices demeans the Senate, itself. I have great respect for this institution and its traditions. Still, I must say that the use of secret holds for extended periods that doom a nomination from ever being considered by the United States Senate is wrong and unfair and beneath us. After four years with respect to Judge Paez and two years with respect to Marsha Berzon, it is time for the Senate to vote up-or-down on these nominations. I, again, ask the Senate to be fair to these judicial nominees and all nominees. For the last few years the Senate has allowed one or two or three secret holds to stop judicial nominations from even getting a vote. That is wrong.

The Washington Post noted last year:

> [T]he Constitution does not make the Senate's role in the confirmation process optional, and the Senate ends up abdicating responsibility when the majority leader denies nominees a timely vote. All the nominees awaiting floor votes * * * should receive them immediately.

The Florida Sun-Sentinel has written:

> The ''Big Stall'' in the U.S. Senate continues, as senators work slower and slower each year in confirming badly needed federal judges. * * * This worsening process is inexcusable, bordering on malfeasance in office, especially given the urgent need to fill vacancies on a badly undermanned federal bench. * * * The stalling, in many cases, is nothing more than a partisan political dirty trick.

Nominees deserve to be treated with dignity and dispatch—not delayed for two or three or four years.

Acting to fill judicial vacancies is a constitutional duty that the Senate—and all of its members—are obligated to fulfill. In its unprecedented slowdown in the handling of nominees since the 104th Congress, the Senate is shirking its duty. That is wrong and should end.

Today the New York Times included an editorial entitled ''Ending a Judicial Blockade'' in which it notes: ''The quality of justice suffers when the Senate misconstrues its constitutional role to advise and consent as a license to wage ideological warfare and procrastinate in hopes that a new president might submit other nominees.''

In 1992, a Democratic majority in the Senate acted to confirm 66 judicial nominations for a Republican President in his last year in office. With the confirmations of Judge Paez and Marsha Berzon to the Ninth Circuit today, this Senate will have confirmed only seven judicial nominations so far this year. I look forward, at long last, to the confirmation of Marsha Berzon and ask other Senators to join with me to work to confirm many, many more qualified nominees to the federal vacancies around the country in the weeks ahead this year.

Mr. President, I yield the floor.

Mr. SMITH of New Hampshire. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, several comments have been made today, I think correctly so. I do not think the information was out. But it is interesting we now have a capital sentencing case, Arreguin v. Prunty, in which Judge Paez was reversed, as of yesterday. Several people had said no criminal case of his had been reversed. Those statements were correct. That has changed now since March 9. So here we have this judge being reversed, this judge we are now talking about putting on the circuit court.

In this case, the defendant was an accomplice to robbery and murder and he actively encouraged the murder of an innocent civilian.

Under California law, an accomplice can only be sentenced to life without parole or death if he was a ''major participant'' in the capital crime.

In Arreguin, an impartial jury unanimously convicted the defendant as an accomplice to robbery and murder.

The State trial judge instructed the jury on what a ''major participant'' was. The jury sentenced the defendant to life without parole.

The California appellate courts recognized that the State trial judge made a technical error in giving the ''major participant'' instruction, but held that the record clearly showed that the defendant was in fact a ''major participant'' in the robbery-murder and affirmed the sentence under the harmless error rule.

On habeas review, however, Judge Paez held that the Constitution somehow created a liberty interest in receiving a perfect jury instruction—even if he was clearly a major participant in the robbery-murder.

This is a classic example of the continued liberal activist interpretation of the Constitution by Judge Paez.

Yesterday, March 8, 2000, a unanimous panel of the Ninth Circuit reversed Judge Paez and reinstated the sentence of the defendant to life without parole.

The Ninth Circuit agreed with and quoted the California appellate court, stating:

> . . . under any reasonable interpretation of the evidence, [Arreguin] was a major participant and the error was harmless beyond a reasonable doubt.

The [California] court further stated:

> Standing within arms's reach of an armed accomplice exhorting, ''Shoot 'im, shoot 'im'' about the victim, immediately after another accomplice forcibly broke the truck window, warrants no other reasonable conclusion than that appellant was a major participant. Appellant's testimony that he did not participate at all was necessarily rejected by the jury in its verdict. This harmless error analysis is sufficient. . . . Therefore, we reverse the grant of the writ.

Once again, this shows a continuing liberal, activist interpretation of the Constitution that even the Ninth Circuit could not agree with. Judge Paez will not move the Ninth Circuit into the mainstream, he will make the problem. Accordingly, I will vote against this nominee.

Judge Paez will not move the Ninth Circuit into the mainstream; he is going to make it the problem.

That is one of the major reasons why I am not going to vote for Judge Paez, and in my view, respectfully, I do not think others should either.

I also want to mention the Senate has received over 10,000 signatures on petitions opposing the Berzon nomination because of her extreme position on labor matters. Here are the 10,000 signatures. That is a lot of signatures. That is a lot of time people take to oppose a judge, and not even a Supreme Court Justice but an appellate court judge or circuit court judge.

There is a lot of opposition out there. Also, I might add, there is a lot of knowledge about these nominees.

They should be rejected.

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

Mr. SMITH of New Hampshire. I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SMITH of New Hampshire. 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. SMITH of New Hampshire. I ask unanimous consent time be charged equally to both sides, in the quorum.

Mr. LEAHY. Reserving the right to object, and I shall not, I think it is probably a moot point right now. I see the distinguished Democratic leader on the floor going to seek recognition.

Mr. SMITH of New Hampshire. I just wanted to protect the time I had. I yield the floor.

The PRESIDING OFFICER. The minority leader.

Mr. DASCHLE. Mr. President, I will use my leader time so as not to take time of either side.

I want to add my voice especially to those of the distinguished senior Senator from Vermont and the Senator from California, who have spoken so eloquently on this matter for what seems to be several days. I want to make three points.

I think the most disconcerting aspect of this debate, for those who may be watching, is the concern that I would have, having heard many of our colleagues express their virtual desire to influence the Ninth Circuit and the decisions made there. Our Founding Fathers did an extraordinary job of creating the checks and balances in our constitutional system. As I travel around the world and talk to leaders from other parts of the world, who have not enjoyed that delicate balance between the judiciary, the executive, and legislative branches, the lament I hear all around the world is: We don't have an independent judiciary. We have a politicized judiciary. Because it is politicized, we don't have the rule of law. Because we don't have the rule of law, we don't have the predictability in law that creates the extraordinary stability that you have in your country.

These leaders tell me: We want the rule of law, and we recognize that if we are ever going to acquire it, what we have to do is to depoliticize our judiciary, and we have to ensure that we do what you have done—respect its independence.

There is a huge difference between voting against somebody's philosophy or experience or qualifications based upon past judgments in a particular trial—and Senators have every right to do so on the basis of whatever qualifications they may choose. All of those criteria, it seems to me, are fair game. But if we are saying we ought to vote against someone, or for someone, because we want to influence the direction of a certain circuit, I think we get precariously close to creating the kind of politicization of the judiciary that, to me, is frightening. We need to be very, very careful. For 200 years, we have been able to maintain that independence and discipline it takes to ensure the rule of law will always prevail.

I hope as we cast our votes, people will cast them based upon whether they think Judge Paez and Marsha Berzon are capable—whether they have the right qualifications. And, frankly, if they want to throw in philosophy, so be it. But let us not say this ought to be some judgment on the Ninth Circuit. Let us not say that somehow we want to send a message to the Ninth Circuit or any circuit, for that matter. That is not our role. That is not our responsibility. In the Constitution, the Founding Fathers had no design, no possible thought that we as Senators ought to be influencing in any way decisions made by the court, an independent and coequal branch of government.

That is my first point.

My second point is that I believe there is a time and a place for us to consider any nominee and, once having done so, we need to get on with it. I cannot imagine that anybody could justify, anybody could rationalize, anybody could explain why, in the name of public service, we would put anyone through the misery and the extraordinary anguish that these two nominees have had to face for years. Why would anyone ever offer themselves for public service if they knew what they had to go through was what these two people have had to experience and endure?

I do not know who is going to be President next. I do not know who is going to be in the majority in the next Congress. But let's just assume that the roles are reversed and we, the Democrats, are in the majority and we have a Republican President—which I do not think is going to happen. If that happens, do we really want to wait 4 years to take up a Republican nominee? Do we want to pay back our colleagues for having made these people wait as long as they have? I know that I have heard from people over the last several months: that we should do to them what they have done to us.

But, I do not want to hear about that in this body. There is going to be no payback. We are not going to do to Republican nominees, whenever that happens, what they have done to Democratic nominees. Why? Because it is not right.

Will we differ? Absolutely. Will we have votes and vote against nominees on the basis of whatever we choose? Absolutely. But are we going to make them wait for years and years to get their fair opportunity to be voted on and considered? Absolutely not. That is not right. I do not care who is in charge. I do not care which President is

making the nomination. That is not right.

I hope somehow the nominations that are still pending will not be subjected to the same extraordinary, unfair process to which these nominees were subjected. We have 34 nominees pending. There is no reason why every single one of them cannot be confirmed or at least considered in the next few months.

The last point I will make is one I have made a couple of times before, but it bears repeating. This has been a very difficult process for a lot of people, and there are a lot of people who deserve some credit. I have already cited the extraordinary contribution of the senior Senator from Vermont, our ranking Judiciary Committee member. I have already noted the efforts made by the California delegation, especially Senator BOXER. Senator HATCH is here. I note his cooperation and the effort he has made in getting us to this point.

I thank the majority leader. He and I have talked about this on several occasions, and it is never easy when you have dissent within your own caucus to make decisions. He made a commitment last year, and he held to that commitment this year. He said we would have these votes, up or down, on the confirmation of these two judicial nominees before the 15th of March, and we are going to do that. I publicly thank him and commend him for holding to that commitment. It is not easy. He has done a difficult thing, but he has done it.

I hope today we can celebrate not only the confirmation of two judges, but renewed comity between our parties when it comes to all nominees—regardless of party, regardless of administration, and regardless of who controls the Senate. I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I ask unanimous consent, since we need a little more time and I need to make some remarks on this, that the remaining time be 3 minutes for the distinguished Senator from New Hampshire, Mr. SMITH; 3 minutes for the distinguished Senator from Vermont, Mr. LEAHY; and 8 minutes for myself.

Mr. LEAHY. Reserving the right to object, and I shall not object, as I understand, normally I would have had 14 minutes. This will accommodate the distinguished Senator from Utah and the distinguished Senator from New Hampshire. Do I understand that following that time, we then will have the vote? Is that part of the Senator's request?

Mr. HATCH. That is part of my unanimous consent request.

Mr. LEAHY. I have no objection.

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

Mr. HATCH. Mr. President, perhaps I can start first.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I was listening in the past hour to the eloquent statement of Senator MURKOWSKI explaining why the Ninth Circuit ought to be split. His statement comes 2 days after Senator MURKOWSKI and I introduced legislation that would split that circuit into two more manageable circuits.

It strikes me that this subject is precisely the one that this body ought to be debating today as the real solution to the stated concerns about the Ninth Circuit.

As I explained recently on the Senate floor, the massive size of the circuit's boundaries has confronted the circuit's judges with a real difficulty in maintaining the coherence of its circuit law.

I will not let my concerns regarding the Ninth Circuit—many of which appear to me to be structural in dimension—affect my judgment on the confirmation of Judge Paez, who is an innocent party with regard to that circuit's dubious record. Doing so would force him into the role of Atlas in carrying problems not of his own making.

Mr. President, I rise today to speak on the nomination of federal district Judge Richard Paez to the Ninth Circuit Court of Appeals.

I have to say, I have served a number of years in the Senate, and I have never seen a ''motion to postpone indefinitely'' that was brought to delay the consideration of a judicial nomination post-cloture.

Indeed, I must confess to being somewhat baffled that, after a filibuster is cut off by cloture, the Senate could still delay a final vote on a nomination. A parliamentary ruling to this effect means that, after today, our cloture rule is further weakened.

But on occasion, like Justice Holmes' statement about the law, the life of the Senate is not logic but experience. And I have no interest in quibbling further with this ruling.

As I turn to the merits of the situation before us, I want to begin by commending the efforts of my colleague from Alabama for his legal acumen and tenacity in presenting his case why a further postponement in considering Judge Paez's nomination would be warranted. I am proud to have worked with Senator SESSIONS on legislation involving civil asset forfeiture, and involving youth violence, and a whole raft of other issues, as well. Senator SESSIONS' prosecutorial talents have not left him, and my respect for him as a principled advocate has never been greater than today.

The same goes for Senator SMITH.

Still, I must take exception to the point that he has so forcefully advocated. I must explain why the time has finally come for an up-or-down vote to be cast on Judge Paez's nomination.

Senator SESSIONS' request for a postponement is grounded in Judge Paez's handling of the Government's case against John Huang.

Let us begin with the determinative fact: Though Mr. Huang may have been involved in illegalities in connection with the Clinton-Gore reelection campaign of 1996, he was not charged with a single such count.

The Assistant United States Attorney who was asked why no such charges were brought responded by saying that: ''we investigated all the allegations and felt that the charges in this case fully addressed his culpability.''

Ultimately, Mr. Huang pleaded guilty to a single felony charge of conspiring to violate Federal election law. In that plea, he admitted to laundering a $2,500 contribution to an unsuccessful contestant in Los Angeles' 1993 mayoral campaign, and $5,000 to an entity called the California Victory Fund '94, the funds of which were shared by a Democrat candidate, the Democratic Party, and two Democrat committees.

Prosecutors—in exchange for Mr. Huang's guilty plea to this single charge—recommended that Mr. Huang receive no jail time, but instead be ordered to pay a $10,000 fine and provide 500 hours of community service.

Judge Paez accepted the prosecutor's recommendation, which was consistent, by the way, with the report of the probation office.

So with this factual premise, I would like to address Senator SESSIONS' argument that Mr. Huang's sentence—which he concedes was the one recommended by the prosecution—was insufficiently harsh.

From that premise, there are only a few possibilities:

First, that Judge Paez should have ignored the Federal prosecutors and handed down a stiffer penalty than the one they recommended. But let's consider this. From a man like Senator SESSIONS who believes—as I do—in judicial restraint, it is anomalous to suggest that judges should depart from the adversarial system and impose their own view of an appropriate punishment.

A second alternative is that the prosecution should have recommended a stronger punishment, and that Judge Paez ought to have accepted it. That may indeed be correct. I am on record as expressing similar concern about the level of punishment sought. I am very upset about what the prosecutors did in this matter.

But the problem with this hypothesis is that it is just that —a hypothesis. The prosecution did not recommend a stronger sentence. And we should not castigate Judge Paez for the acts of another—in this case, the prosecution—by holding him accountable for the prosecution's failure to make a stronger case against John Huang.

In any event, neither of these scenarios is one in which Judge Paez can

fairly be faulted for not acting more aggressively.

Of course, there is nothing to suggest any sort of impropriety pursuant to which Judge Paez acted in sync with prosecutors to ensure a lenient handling of a case so sensitive to the Clinton administration. Nor is there any evidence at all to suggest that a departure was made in this case from the automated, random case-assignment system utilized in the Federal court for the Central District of California.

Yes, I believe some inside and outside this administration have engaged in fraud upon fraud against the laws, ethical norms, and the people of this country.

But I cannot accept, in the absence of any supporting evidence, that two branches of Government engaged in a conspiracy to alleviate a defendant of responsibility for violations of Federal law.

This speculative theory should not become the basis for any further delay by the United States Senate. There is no reasonable basis—let alone any hint of evidence—to suggest that further delay would amount to anything other than further delay.

Of course, I can understand and appreciate fully why it is that some of my colleagues remain so dubious about the results of the Huang prosecution. It is because that prosecution was born out of an egregious conflict of interest with the President's own prosecutors—subject always to his own oversight and control—being asked to investigate a matter that, if ultimately prosecuted in an appropriately zealous fashion, could have led to enormous embarrassment to the President.

The result is that the prosecution's decision not to prosecute any of the wrongdoing alleged in connection with the President's reelection campaign can be objectively viewed as a cover-up, and as favoritism to the President. No less a person than Senator SESSIONS, among many others in this body, retain such doubts. And if they have doubts, it is to be expected that the American people have doubts, thereby undermining the public's faith in the rule of law in this country.

This is precisely why I called so insistently upon our Attorney General to appoint an independent prosecutor to investigate all alleged illegalities involving our Federal campaign laws in connection with the 1996 Clinton-Gore campaign.

The Judiciary Committee, under my direction, was the first to formally request the appointment of an independent counsel to investigate alleged illegalities in connection with the President's 1996 reelection campaign. And the Judiciary Committee has formed a formal task force, led by Senator SPECTER, to inquire into the Department of Justice's handling of this and other campaign finance investigations.

But for purposes of our vote today, the determinative point is that our concerns about the manner in which our Federal campaign finance laws have been flouted do not at all implicate Judge Paez.

So we must now proceed to put this matter to a vote, and end the lengthy delay in this matter by choosing—on the basis of the abundant evidence known to us at this time—whether it shall be yea or nay on Judge Paez' nomination. No further information or delay is needed to cast an intelligent and knowing vote on this nomination.

Mr. President, I thank my colleagues for allowing me to make this statement.

The PRESIDING OFFICER. Who yields time?

The Senator from Vermont.

Mr. LEAHY. Mr. President, I know we are about to finish this debate. I do want to compliment the two Senators from California for bringing before us two fine judicial nominees: Judge Paez and, I hope soon to be, Judge Marsha Berzon.

I compliment the distinguished Democratic leader for what he said on the floor—a true leadership statement. I compliment my friend from Utah, Senator HATCH, who says we should go forward and defeat this motion to, in effect, kill, by parliamentary maneuver, one of these nominations.

I agree with what the Senator from South Dakota, our distinguished Democratic leader, said, that we should not get ourselves in a position where there is payback. Whoever the next President might be, if it is a Republican President do we start doing the same things to him the Republicans have done to President Clinton? That should not be done in judicial nominations. We should protect the integrity and the independence of our Federal courts.

I have served here for 25 years. I love and revere this body. The day I leave the Senate, I will know that I have left the finest time of my life, the best and most productive time of my life, the time that I pass on to my children and my grandchildren, by being 1 of 100 men and women whom I respect and have looked forward to working with every day. But that is because I think of this body as being the conscience of the Nation.

If we now use a parliamentary procedure, something totally unprecedented on a Federal judgeship following a cloture motion, then we shame the Senate. We should not.

Judged by any traditional standards of qualifications, competence, temperament, or experience, both Marsha Berzon and Judge Paez should be confirmed. They will be good judges. They will probably be even great judges. Their commitment to law and justice will serve the people of their circuit and our country.

Mr. President, I yield the floor.

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

Mr. SMITH of New Hampshire. Mr. President, I yield 1½ minutes to the distinguished Senator from Alabama.

Mr. SESSIONS. Mr. President, I would like to sum up briefly and say there is new evidence that Judge Paez, a sitting district judge, while being nominated to the Ninth Circuit, under nomination by the President of the United States, found on his docket—rightly or wrongly, out of 34 judges—the John Huang case, and he accepts a plea bargain that did not require Huang to plead at all to the $1.6 million in illegal campaign money he raised for the Democratic National Committee, for the Clinton-Gore campaign.

He pled guilty only to a small contribution in the city of Los Angeles. He was given immunity for that amount.

When the guidelines were calculated based on the evidence the judge had at that time, he should have added two additional levels for having a substantial part of the scheme being outside the United States, two to four additional levels for being an organizer or a manager, and two additional levels for violating a position of trust as the vice president of a bank. Those are levels that should have been added by the judge. He failed to do so. In so doing, he was able to find a level of eight, the highest possible level in which he could give this individual zero time in jail, straight probation, and immunity on the most serious charge. I believe it is wrong, and we need to have a hearing on it to find out how it happened.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. SMITH of New Hampshire. Mr. President, I don't apologize for exercising my rights under the Senate rules and the Constitution to advise and consent and speak against any judge, as did the other side on William Rehnquist, twice, and four or five other judges in the last 25 or 30 years, to name a few.

In response to what Senator SESSIONS said, his motion is very important in regards to Judge Paez. I ask my colleagues to consider one question: What if it was not random that Paez got the John Huang case? What if? Well, if you want to put the guy on the court and find out later, that is up to you.

Finally, this is an activist court. This is a court that has been overturned 209 percent of the time. We are putting two judges on it, one who says that a member of a union can't resign in a strike no matter what the reason, and, finally, Paez, who is opposed by the U.S. Chamber and who believes that a defendant cannot carry a Bible into a courtroom, much as that Bible sits here on the desk of the Presiding Officer right now. Those are the kinds of people we are putting on the bench.

I strongly urge that both of these nominees be rejected and that Senator SESSIONS' motion be supported.

I yield the floor.

The PRESIDING OFFICER. All time has expired.

The question is, Will the Senate advise and consent to the nomination of Marsha L. Berzon, of California, to be United States Circuit Judge for the Ninth Circuit?

Mr. SESSIONS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SESSIONS. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state the point of order.

Mr. SESSIONS. I understand the Vice President is in the Chamber. Under the Senate rules, a person who has a personal conflict of interest in a vote is not allowed to vote. I make a parliamentary inquiry——

Mr. LEAHY. Regular order.

Mr. SESSIONS. As to whether or not the Vice President should be required to recuse himself under these circumstances on the vote.

The PRESIDING OFFICER. The right of the Vice President is in the Constitution. The question is on confirmation of the nominations.

Mr. SESSIONS. Mr. President, may the Vice President exercise his discretion and recuse himself?

Mr. LEAHY. Mr. President, regular order.

The PRESIDING OFFICER. Debate is not in order. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) and the Senator from Colorado (Mr. CAMPBELL) are necessarily absent.

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

The result was announced—yeas 64, nays 34, as follows:

[Rollcall Vote No. 38 Ex.]

YEAS—64

Akaka	Fitzgerald	Mikulski
Baucus	Frist	Moynihan
Bayh	Graham	Murray
Bennett	Harkin	Reed
Biden	Hatch	Reid
Bingaman	Hollings	Robb
Boxer	Inouye	Rockefeller
Breaux	Jeffords	Roth
Bryan	Johnson	Santorum
Burns	Kennedy	Sarbanes
Byrd	Kerrey	Schumer
Chafee, L.	Kerry	Smith (OR)
Cleland	Kohl	Snowe
Collins	Kyl	Specter
Conrad	Landrieu	Stevens
Daschle	Lautenberg	Thompson
Dodd	Leahy	Torricelli
Dorgan	Levin	Warner
Durbin	Lieberman	Wellstone
Edwards	Lincoln	Wyden
Feingold	Lugar	
Feinstein	Mack	

NAYS—34

Abraham	Enzi	McConnell
Allard	Gorton	Murkowski
Ashcroft	Gramm	Nickles
Bond	Grams	Roberts
Brownback	Grassley	Sessions
Bunning	Gregg	Shelby
Cochran	Hagel	Smith (NH)
Coverdell	Helms	Thomas
Craig	Hutchinson	Thurmond
Crapo	Hutchison	Voinovich
DeWine	Inhofe	
Domenici	Lott	

NOT VOTING—2

Campbell	McCain

The nomination was confirmed.

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

Mrs. BOXER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. FITZGERALD). The question is on agreeing to the motion to indefinitely postpone. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arizona (Mr. MCCAIN) and the Senator from Colorado (Mr. CAMPBELL) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 31, nays 67, as follows:

[Rollcall Vote No. 39 Ex.]

YEAS—31

Allard	Frist	Murkowski
Ashcroft	Gramm	Nickles
Bond	Grams	Santorum
Brownback	Grassley	Sessions
Burns	Gregg	Shelby
Cochran	Helms	Smith (NH)
Coverdell	Hutchinson	Thomas
Craig	Inhofe	Thurmond
Crapo	Kyl	Warner
DeWine	Lott	
Fitzgerald	McConnell	

NAYS—67

Abraham	Feingold	Mack
Akaka	Feinstein	Mikulski
Baucus	Gorton	Moynihan
Bayh	Graham	Murray
Bennett	Hagel	Reed
Biden	Harkin	Reid
Bingaman	Hatch	Robb
Boxer	Hollings	Roberts
Breaux	Hutchison	Rockefeller
Bryan	Inouye	Roth
Bunning	Jeffords	Sarbanes
Byrd	Johnson	Schumer
Chafee, L.	Kennedy	Smith (OR)
Cleland	Kerrey	Snowe
Collins	Kerry	Specter
Conrad	Kohl	Stevens
Daschle	Landrieu	Thompson
Dodd	Lautenberg	Torricelli
Domenici	Leahy	Voinovich
Dorgan	Levin	Wellstone
Durbin	Lieberman	Wyden
Edwards	Lincoln	
Enzi	Lugar	

NOT VOTING—2

Campbell	McCain

The motion was rejected.

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

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

The motion to lay on the table was agreed to.

Mr. SESSIONS. Mr. President, I ask for the yeas and nays on the Paez nomination.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is, Will the Senate advise and consent to the nomination of Richard A. Paez, of California, to be United States Circuit Judge for the Ninth Circuit? The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Colorado (Mr. CAMPBELL) and the Senator from Arizona (Mr. MCCAIN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced, yeas 59, nays 39, as follows:

[Rollcall Vote No. 40 Ex.]

YEAS—59

Akaka	Feingold	Lugar
Baucus	Feinstein	Mack
Bayh	Gorton	Mikulski
Bennett	Graham	Moynihan
Biden	Harkin	Murray
Bingaman	Hatch	Reed
Boxer	Hollings	Reid
Breaux	Inouye	Robb
Bryan	Jeffords	Rockefeller
Byrd	Johnson	Roth
Chafee, L.	Kennedy	Sarbanes
Cleland	Kerrey	Schumer
Collins	Kerry	Smith (OR)
Conrad	Kohl	Snowe
Daschle	Landrieu	Specter
Dodd	Lautenberg	Stevens
Domenici	Leahy	Torricelli
Dorgan	Levin	Wellstone
Durbin	Lieberman	Wyden
Edwards	Lincoln	

NAYS—39

Abraham	Fitzgerald	McConnell
Allard	Frist	Murkowski
Ashcroft	Gramm	Nickles
Bond	Grams	Roberts
Brownback	Grassley	Santorum
Bunning	Gregg	Sessions
Burns	Hagel	Shelby
Cochran	Helms	Smith (NH)
Coverdell	Hutchinson	Thomas
Craig	Hutchison	Thompson
Crapo	Inhofe	Thurmond
DeWine	Kyl	Voinovich
Enzi	Lott	Warner

NOT VOTING—2

Campbell	McCain

The nomination was confirmed.

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

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I am glad the Senate has done the right thing. Maybe we should say in this Lenten season that Judge Paez has now moved out of purgatory into the reward he justly deserves. The Senate has done the right thing today but did the wrong thing for 4 years in holding this good jurist hostage. Marsha Berzon, another nominee who I predict will be a stellar judge, was held far too long.

I thank my colleagues who voted to right this injustice and voted for both of them. I thank those who worked hard to bring this on to the floor for a vote.

Also, just a footnote, the Senate did the right thing in its second vote in rejecting the cockamamy idea of having a motion to suspend indefinitely a judicial nominee following a cloture vote. That may sound like inside baseball, but that would have been a terrible precedent. I applaud the distinguished Democratic leader for speaking out so strongly against that motion, and I compliment the chairman of our Senate Judiciary Committee, Senator HATCH, for sticking with these nominees, both of whom passed our committee.

We have done the right thing. We have righted a wrong of 4 years. I think now the Senate should go on, set aside partisanship, and let us look at those nominees who are still pending.

I yield the floor.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now resume legislative session.

The Senator from West Virginia.

ENDING THE DELAY ON JUVENILE JUSTICE LEGISLATION

Mr. BYRD. Mr. President, is it any wonder why the approval ratings of the Congress go up every time we go into recess? The American people are watching us, and they are wondering if we are really paying attention to the issues important to them. I fear that we are not paying enough attention, certainly.

Next month, the nation will observe the 1-year anniversary of the tragic shooting at Columbine High School in Colorado, in which fifteen people, including the two student gunmen, were killed. But this tragedy is not unique.

In May 1992, a 20-year-old killed four people and wounded ten others in an armed siege at his former high school in California.

In January 1993, a 17-year-old walked into his teacher's seventh-period English class in Kentucky, and shot her in the head. He then shot the janitor in the abdomen.

In February 1996, a 14-year-old student took an assault rifle to his school in Washington state and opened fire on his algebra class, killing two classmates and a teacher.

One year later, in February 1997, a 16-year-old student opened fire with a shotgun at a school in Alaska, killing a classmate and the school principal and wounding two other students.

In October 1997, a 16-year-old student, after shooting his mother, went to school with a gun and shot nine students, killing two of them.

In December 1997, a student opened fire on a student prayer circle at a Kentucky school, killing three students and wounding five others.

In March 1998, a pair of boys took rifles to school and turned them on classmates and teachers when they exited the building in response to a false fire alarm at their Arkansas school. Four girls and a teacher were killed, and 11 people were wounded.

In April 1998, at a Pennsylvania school, a 14-year-old-boy fatally shot a teacher and wounded two students at an eighth-grade dance.

The following month, in May 1998, a high school senior shot and killed another student in the school parking lot in Tennessee, and then turned the gun on himself.

Two days later, a freshman student in Oregon opened fire with a semi-automatic rifle in a high school cafeteria, killing two students and wounding 22 others. The teen's parents were later found shot to death in their home. This freshman student did not heed the admonition of the Scriptures which says: Honor thy father and thy mother. He proceeded to kill his father and his mother.

Then, a month after last year's massacre at Columbine High School, in May 1999, a 15-year-old gunman—I suppose you could call a 15-year-old a gunman—opened fire on fellow students in Georgia, injuring six students, including one critically.

Most recently, last week in Flint, Michigan, a six-year-old boy took a gun to school and killed a six-year-old girl in front of their shocked classmates. Six-year-olds killing six-year-olds—what have we come to? And yet, the Congress fails to act. Are we blind? Are we numb to these killings? Even in the city in which we work, the tragedies are mounting. In the District of Columbia, since the school year began in September, 18 juveniles have been killed. Of those, police say that half of them started as arguments at school and ended in death in nearby neighborhood streets.

Isn't this enough? Can't this Congress hear the cry of the American students, and their parents, to step up to the plate and at least debate ways to help break this cycle of violence? I know that Congress cannot solve this problem on its own, just as an individual school board or PTA cannot resolve this crisis acting as a single institution. But we, the elected leaders of this nation who are very quick to point to problems in other nations, are not even talking about ways to end this horrific record of children killing children.

Day after day, we criticize one nation for human rights violations or another nation for failing to meet the needs of its people. But who are we to look across the waters and criticize others if we remain silent, if we remain numb, if we remain mute, dumb about our own problems?

I am told that the current gridlock on this issue is because of partisanship. I hear that the reason the conference committee on the juvenile justice bill has only met once—last August—is that Members are at opposite ends of the spectrum on the gun-related provisions in the legislation.

This legislation does not take any dramatic steps toward weapons. It simply would put in place some commonsense provisions to balance public safety and private gun owners' rights. Requiring trigger locks would not jeopardize anyone's second amendment rights, but it might prevent children from using the guns at school—where the parents are at fault for letting those weapons lie around where they are within the reach, within the sight, of children. And improving background checks is not a monumental change either. These checks would only serve to prevent those people who should not have access to weapons from getting them. I hope responsible parents and gun owners will be able to support these commonsense provisions.

So I do not understand why this has to be a partisan issue in the U.S. Capitol Building or in the adjacent Senate and House Office Buildings when it is not a partisan issue in the rest of the country.

I note that earlier the Republican Governor of Colorado signed into law a new background check initiative that is even more rigorous than the one overseen by the Federal Bureau of Investigation. Governor Owens said this effort is a balance between ''the public's need to try to keep firearms out of the hands of criminals with the private right to purchase a firearm.'' Let me read what the Governor said again: ''* * * the public's need to try to keep firearms out of the hands of criminals with the private right to purchase a firearm.'' It is a balance between the two. He was talking about a balance between the two.

If there can be bipartisan legislation in Colorado, why can't there be bipartisan legislation here in Congress? Even in this Chamber, Senators were able to put partisanship aside when we passed the juvenile justice bill last May. The legislation was approved overwhelmingly, by a vote of 73–25. Yet the conference committee still cannot reach an agreement.

Is that the problem? The conference committee between the two Houses cannot reach an agreement. The time for delay is over. Our Nation is yearning for leadership. I express my hope, as one Senator, to the conferees to move ahead on the juvenile justice bill. Craft a commonsense bill that would help to break this cycle of youth violence. Show the Nation that the Congress can see what is happening outside the Capitol Building and that we are capable of working in partnership with all Americans to bring some modicum of calm to our classrooms.

Mr. President, I yield the floor.

Mr. SCHUMER addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. SCHUMER. I ask to speak for 10 minutes as in morning business.

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

COMPLIMENTING SENATOR BYRD

Mr. SCHUMER. Mr. President, I compliment my colleague from West Virginia for his, as usual, eloquent, intelligent, and thoughtful words. I always consider myself lucky when I happen to be on the floor when the Senator from West Virginia speaks. He is a great leader and a great role model for some of us newer Members.

Mr. BYRD. Mr. President, I thank the distinguished Senator from New York. I pride myself on being surrounded by very fine men and women who chose to give their time and tolerance and service to the Senate—the only Senate of its kind that has ever been created. Among those Senators is the distinguished junior Senator from New York. He has not been in this body long. He was in the House for a considerable time, so he comes here with a wealth of experience. He is one of the most articulate Members of this body, and I am extremely grateful for the kinds of things he says so many times about me.

I think it was Mark Twain who said he could live for 2 weeks on a good compliment. The distinguished Senator from New York has equipped me to keep on going for at least another 6 months. I thank him.

Mr. SCHUMER. Mr. President, I will try harder, because if it is only 6 months, I have failed in my duty. I will try to keep it going for years and years. Again, I appreciate those words coming from a man I greatly admire, the Senator from West Virginia.

OIL SUPPLY AND THE PRICE CRISIS

Mr. SCHUMER. Mr. President, I rise today to once again address an issue I have been talking about since last September, that of global oil supply and prices. Back in September, I was talking about the possibility of an impending oil crisis due to OPEC's manipulation of global supply. As we moved into the fall, I joined with the distinguished Senator from Maine, Ms. COLLINS, and we started talking about the likelihood of a crisis. Well, now it is a certainty.

As we all know, that crisis struck early this winter as home heating oil prices in the Northeast pierced the $2-a-gallon level —something unheard of in the past. What began as a heating oil supply and price shock in the Northeast this winter is now rolling as thunder across our entire Nation. It is affecting the farmers throughout America in the cost of diesel fuel for their planting season. It is affecting truckers who are having a very difficult time making a living because they are so dependent on the cost of diesel fuel. It has affected airlines with the $20 surcharge. It has affected blue chip stocks. Yesterday, an analysis read that one of the predominant reasons Procter & Gamble stock had sunk so was the high price of oil.

Yet, unfortunately, things could—and are likely to—get worse if nothing is done. It is likely to get worse with the price of gasoline. Gasoline, in my judgment—and I have been saying this for several months—could hit $2 per gallon this summer and maybe more if nothing is done. Perhaps worst of all, this oil shock could very well throw sand in the gears of our high-flying economy as the Federal Reserve, worried about inflation, raises interest rates and the wonderful growth we have experienced now for a record number of months could be thrown into doubt or even jeopardy.

The numbers present a very dim outlook for us. Oil inventories are at a 20-year low. Global supply is 2 million barrels below daily demand. Coming off home heating oil prices that set records and defied gravity, we are heading straight into a gasoline supply and price debacle this summer.

We have now reached the point where rising oil prices are no longer a nuisance but, rather, a crisis for our economy. Two days ago, Procter & Gamble, as mentioned, lost $34 billion in market value—nearly one-third of the entire worth of a company that spent decades and decades building up its value; boom, down one-third. It was because of profit worries due in large part to oil prices.

In fact, analysts are attributing the 15-percent drop in the Dow since the beginning of the year directly to oil prices and the inflationary effects. I understand the Nasdaq index continues to go up, but you can't have the industrial and traditional part of the economy without it affecting the tech parts of the economy, soon enough, unfortunately. If all of this doesn't wake us up to an economic crisis, I don't know what will.

Gas prices are now about $1.50 a gallon. They have set another record. That is the national average. Of course, in certain parts of the country, particularly on the West Coast, they are considerably higher, but $1.50 is about the average in my State—a little higher in downstate areas, and a little lower in some of the upstate areas, although some, such as Binghamton and Utica, have pierced $1.50 as well. But this summer by Memorial Day, as the summer driving season is upon us, if no further oil is released, we will likely hit $2 per gallon, self-service regular, average in the country.

This will do dramatic damage not only to people's pocketbooks and wallets but to our economy. New York—both upstate and downstate—depends on tourism. In the summer season people are more likely to drive. They are less likely to curtail their vacation.

Of course, the continued problems in agriculture, in transportation, and in manufacturing will get worse if oil prices continue to rise. They rose about 44 cents today on the market, and not as high as the $34 a barrel they were 4 days ago, but that is scant relief. Given the laws of supply and demand, it is quite likely they will exceed the $34 rather shortly.

We are going to hear about this from our constituents. The upcoming impending gasoline crisis will be a major issue in the campaigns this summer and fall, if nothing is done.

I don't blame our constituents for asking us to do something because we have not acted resolutely with OPEC. We have not used the one ace in the hole that we hold in our hand to compel OPEC to increase production—our well-stocked, 570-million-barrel Strategic Petroleum Reserve. OPEC, by the way, cut back on supply, my friends, 5 percent last year, and their revenues have increased 59 percent. That is how tight the oil market is.

For the last several weeks, Secretary Richardson, doing his best, has met with various OPEC and OPEC-aligned ministers to try to get them to increase production by their March 27 meeting. It seems very plausible and likely that Secretary Richardson's efforts have helped move some members of OPEC, and it is likely production will increase somewhat. But there is also too good a chance, unfortunately, that ''somewhat'' will not be enough. There is too good a chance that while OPEC will increase production, the amount they decide to increase production won't avoid the impending crisis in gasoline prices and oil prices this summer.

The chart to my left shows the various OPEC scenarios. If we don't see at least a 2-million-barrel increase in production right away, and see that 2-million-barrel increase continue into the third quarter, the prices we have now—much too high already—will look like the good old days.

This chart is conservative. Here is what it shows. If there is no change in OPEC output, if they keep oil production as they have it—they have talked a good game, but they haven't done anything—the price will go way above $40 a barrel to $41.

Let's say they do what most people think is likely, that they will try some palliative measure with a 1-million-barrel increase in the second quarter. Then the price still goes up from what it is now to about $35 or $36 a barrel.

Let's say they pledge to increase oil by 1 million barrels a day in quarters 2 and 3. It still goes up from what it is today. And even if they pledge the 1-

million-barrel increase permanently, the price goes up but not on as great a slope. The worst thing about this chart is that with 1 million barrels a day, even permanently, the price of oil continues to go up, which means the prices today will be lower than in the future.

Today, the New York Times reported the stock market rebounded yesterday due in large part to a dip in oil prices stemming from rumors that the Saudi Arabian and Iranian Governments agreed in principle to increase supply at the March 27 meeting.

Look how dependent we have become on oil speculation from OPEC ministers. When these ministers mumble about supply increases, our economy signals relief. When they mention maintaining the quotas, or not increasing supply enough, economic indicators begin heading south.

What this means to me is simple. It means OPEC has won. Its 18-month cutback in supply has succeeded in giving it significant leverage over the U.S. and world economies. Even if OPEC chooses to increase supply on March 27, which they in likelihood will do, the hard truth is that global inventories are so low that even a moderate increase will still allow the cartel to manipulate supply and increase prices at a moment's notice. They have us, quite simply, by the neck.

We cannot allow our economy to become beholding to the decisions of OPEC ministers—plain and simple. My suggestion to the administration is this: We need to use the SPR as leverage. And we should make a promise to OPEC. We can make it privately or we can make it publicly. But we should tell them in no uncertain terms that unless they decide to increase production by 2 million barrels a day by March 27, we will use our reserve to make up the difference. Whether we make that promise publicly or privately, as I mentioned, is immaterial so long as they understand the consequences of squeezing supplies to the point of hurting our economy. And a comprehensive SPR-swaps policy, which means selling now and promising to buy back later, makes good sense because the price will be lower later and we can replenish the reserve. That needs to be put in place now.

Some have argued that we shouldn't use the reserve except for national emergencies. When oil is at $34 a barrel, when gas prices are headed towards $2 per gallon, when major companies in America lose dramatic parts of their value because of the price of oil, and when the economic expansion that has made this country smile from one coast to the other for so many years is in jeopardy, to me that is an emergency. If for some reason some in the administration have doubt about whether they have the legal ability to sell the reserve—I believe they do—we can easily in this body pass legislation that Senator COLLINS and I have sponsored which makes it clear that they do.

No one is looking to go back to $10-per-barrel oil. But oil trading over $30 per barrel is clearly going to affect our economic growth and severely impact the global economy.

We have a perfect tool to reduce the inordinate power of OPEC and protect our economy. That tool is the Strategic Petroleum Reserve. It is high time we used it.

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

The PRESIDING OFFICER (Mr. GORTON). The clerk will call the roll.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

PROVIDING FOR A CONDITIONAL ADJOURNMENT OR RECESS OF THE SENATE

Mr. FITZGERALD. Mr. President, I ask unanimous consent the Senate proceed to the immediate consideration of S. Con. Res. 94, the adjournment resolution, which is at the desk.

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

The assistant legislative clerk read as follows:

A resolution (S. Con. Res. 94), providing for conditional adjournment or recess of the Senate.

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

Mr. FITZGERALD. Mr. President, I ask unanimous consent the resolution be agreed to, and the motion to reconsider be laid upon the table.

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

The concurrent resolution (S. Con. Res. 94) was agreed to, as follows:

S. CON. RES. 94

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, March 9, 2000, or Friday, March 10, 2000, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Monday, March 20, 2000, or until such time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate, after consultation with the Minority Leader of the Senate, shall notify the Members of the Senate to reassemble whenever, in their opinion, the public interest shall warrant it.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. FITZGERALD. I thank the Chair.

(The remarks of Mr. FITZGERALD, Mr. DURBIN, Mr. GRASSLEY, and Mr. BAYH, pertaining to the introduction of S. 2233 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

The PRESIDING OFFICER. The Senator from Ohio is recognized.

MANDATES AND THE INDIVIDUALS WITH DISABILITIES EDUCATION ACT

Mr. VOINOVICH. Mr. President, in 1975, Congress passed the Individuals with Disabilities Education Act (IDEA), which was designed to ensure that all students with disabilities would receive the educational services they needed in order to attend ''mainstream'' schools. This legislation has been effective in increasing access to quality education for disabled students all across the nation.

In my state of Ohio, the Individuals with Disabilities Education Act has meant so much to thousands and thousands of young men and women over the last 25 years. It has opened up whole new worlds and shown them that their disabilities cannot bind the limitless possibilities that are provided by the gift of education.

IDEA has helped students like John Hook, from Elgin High School in Marion, Ohio. IDEA has given John's school the resources to hire a special education teacher who is able to help John with his reading and writing.

Before IDEA, students with learning disabilities like John might have dropped out, but now, many are thriving. And because of the help he's received and his hard work, John is on his school's honor roll and is ''on track'' for college.

IDEA has also been a tremendous help to Todd Carson, an 18 year old student from Highland High School in Highland Local School District outside Medina, Ohio. Todd has Cerebral Palsy and is confined to a wheelchair. Todd is unable to write and he cannot use a keyboard to communicate.

Through IDEA, Highland District was able to purchase a speech recognition program called ''Dragon Dictate'' which can be used to control a word processor. This has been like a ray of sunshine for Todd. Now, Todd has the ability to take class notes and write papers. Dragon Dictate also lets him use the Internet and send e-mail. This program has been a big difference for Todd, allowing him to read, write and participate in class.

I am pleased with what we've been able to do with IDEA in Ohio. Before its passage, there were close to 25,000 children who were institutionalized in Ohio because of conditions like Cerebral Palsy and autism. Now, according to the Ohio Coalition for the Education

of Children with Disabilities, there are no kids institutionalized in Ohio. IDEA is a big factor in this success because instead of being hidden-away and forgotten about, these kids are in school—learning and thriving—preparing to add their contributions to society.

However, even with all the success of IDEA, the thousands and thousands it has benefitted, there is a startling reality to this program that no longer can be ignored: IDEA is crushing our schools financially.

Many of our state and local governments have found that the costs of serving handicapped students are typically 20% to 50% higher than the average amount spent per pupil. This, in itself, is not the problem; state and local governments understand that students with disabilities require different, and many times, expensive needs.

Congress, too, understood the expense involved when it passed IDEA, promising that the federal government would pay up to 40% of the costs associated with the program.

Congress said, we think IDEA is so needed as a national priority, that we will pay up to 40% of the costs.

The problem rests in the fact that the federal government has not provided nearly as much funding as they told state and local leaders they would provide, and which our children need. Indeed, in fiscal year 2000, the federal government only provides enough funds to cover 12.6% of the educational costs for each handicapped child, not the 40% it promised.

As in past years, our State and local governments will be forced to pay the leftover costs. That is what is going to happen. They are going to have to pay that leftover cost.

Because the Federal Government has not lived up to its expectations, IDEA amounts to a huge unfunded mandate. When I was Governor of Ohio, I fought hard for passage of the Unfunded Mandates Reform Act so that circumstances such as this could be avoided.

I was one of only a handful of State and local leaders who lobbied Congress to pass legislation that would provide relief to our State and local governments. I felt so strongly about this that in 1995 I asked Senator Dole to make unfunded mandate relief legislation S. 1. I was privileged to be in the Rose Garden 5 years ago this month when the President signed S. 1 into law. I will never forget the President saying how opposed he was to unfunded mandates since he had been a Governor for a number of years and had seen the effects of such unfunded mandates.

Unfortunately, the President has done nothing—nothing—to address one of the most costly unfunded mandates; that is, the Individuals with Disabilities Education Act.

The President's fiscal year 2000 budget contains $40.1 billion in discretionary education funding. That is more than a 37-percent increase over the fiscal year 2000 discretionary education total, including advanced funding, and nearly double the $21.1 billion in discretionary education spending allocated by the Federal Government in 1991—just 10 years ago.

Think about that for a moment. The President is looking to increase federal education discretionary spending so that it will have grown by almost 100% in ten years. And that's at a time when inflation will have grown only 20.7% during the same ten years. That's incredible!

What's even more incredible is what we're doing to our states and localities. Of the discretionary total for fiscal year 2000, we allocated $4.9 billion for IDEA. If we had funded IDEA at the 40% level that Congress had promised in 1975, we would have allocated $15.7 billion in fiscal year 2000. In essence, we have passed along a $10.8 billion mandate on our state and local governments.

Think about it—a $10.8 billion mandate.

For anyone who thinks about it, they are asking, What does that mean? That is more than we spent on the entire budget for the Department of the Interior. Think of it.

When our Nation's Governors were in Washington recently for the annual Governors' Association winter meeting, one of their more prominent issues—I would say the most prominent issue they brought up with Congress and the President—was the need to fully fund IDEA.

The Governors made it patently clear that if the Federal Government paid their 40-percent share of IDEA, it would free up $10.8 billion across America and would allow them to better respond to the education needs in their respective States.

They also pointed out that many of them were building schools, hiring teachers, and doing most of the things Washington wants to do with that $10.8 billion that should have gone to the States to fund IDEA.

With the help of the Ohio School Boards Association and the Buckeye Association of School Administrators, I am contacting superintendents of education, leaders from urban, suburban, and rural districts in every part of Ohio—I have a letter going out to all of them—asking them about their experience with the fiscal impact of IDEA and their advice on what would be the best way the Federal Government could be a better partner.

The main question I have asked Ohio's educators is: What will help you more—fully funding the Federal commitment to IDEA, or funding at the Federal level programs that, by their very nature, are the responsibility of our State and local governments, such as hiring new teachers, building new schools, and a host of other programs that may or may not be needed in school districts across America?

I am going to be reporting back later this spring with the results of that survey. In the meantime, I believe it is incumbent on the Senate, as it considers the reauthorization of the Elementary and Secondary Education Act, to find money to fully fund IDEA. This body for sure should not support expensive new Federal education programs until IDEA is fully funded.

Thank you, Mr. President.

I ask unanimous consent that a copy of my letter to Ohio's education leaders be printed in the RECORD.

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

FEBRUARY 28, 2000.

DEAR OHIO EDUCATION LEADER: I am writing to ask for your input concerning the Individuals with Disabilities Education Act (IDEA). As you know, IDEA was passed in 1975 to ensure that handicapped students receive the educational services that they need to attend mainstream schools. This legislation has been successful in increasing access to quality education for Ohio's disabled students and for young people throughout the nation. However, many educators have contacted me about the funding of IDEA and the ability of school officials to discipline students under the Act.

Act the Senate prepares to debate the reauthorization of the Elementary and Secondary Education Act, many educational issues, including IDEA, will be examined. As such, I am interested in your experience. Is the funding your school district receives from the federal government inadequate to help you meet your obligations under the Act? As you may know, the federal government has not lived up to its promise to provide up to 40 percent of the costs of special education under the Act nationally. Are the costs to your district of complying with disability legislation affecting your ability to pay for your other programs and responsibilities? Secondly, I have heard from educators about the difficulty they have maintaining discipline in classrooms while complying with the requirements of IDEA. Has this been a challenge for your schools?

As we work to improve our laws, any insights you have into the impact of federal regulations concerning the education of disabled students on school in Ohio or input into improving IDEA would be appreciated.

Finally, in light of the President Clinton's continued emphasis on federal involvement in education, traditionally a state and local responsibility, I am interested in your thoughts on whether your district would benefit more from the President's new education proposals or if you would be better off if Congress met its obligations under IDEA—freeing money for you to fund your own priorities.

Thank you for your valuable input. I strongly believe that working together we can make a difference for Ohio's young people.

Sincerely,

GEORGE V. VOINOVICH,
U.S. Senator.

The PRESIDING OFFICER (Mr. ROBERTS). The Senator from Washington.

EDUCATION

Mr. GORTON. Mr. President, during the course of the last 2 weeks, the health committee has been dealing with the vitally important subject of education and has been engaged over a period of many hours in the writing of a bill extending the Elementary and Secondary Education Act of the United States. That writing process, in my view, has been highly constructive. It has also been ignored by the press of the United States and, therefore, by most of the people of the United States. It does not deserve that fate.

Education is a vitally important subject, and the Federal role in education, a role that has increased markedly over the course of the last several decades, is at a crossroads in the course of that debate—a debate which I hope next month will proceed to the floor of the Senate.

This is truly a defining moment in our history in Congress. We have an opportunity to greatly improve and change the direction of Federal Government funding for schools all across the United States of America. We get this opportunity only once every 4 to 6 years, when the reauthorization of the Elementary and Secondary Education Act comes before us.

I am convinced we will do that job best by listening to our constituents who have an immediate concern with education—an immediate concern because they are the parents of our public school students, an immediate concern because they are teachers in our schools, and an immediate concern because they are principals or elected school board members in those schools; in other words, people whose lives revolve around the education of the next generation of American young people.

I am going to try to do my part during the course of the recess over the next 10 days by once again spending a considerable amount of my time visiting schools in the State of Washington in Bellingham, Mount Vernon, Spokane, and Colfax, carrying on a tradition I have used increasingly over the course of the last 3 or 4 or 5 years.

What I found during those visits is that each school is different from every other school. They are united only in the concern of the people who work in those schools for the future of our children. Some of those schools need more teachers. Some need teachers who are better paid to compete with outside opportunities. Some need more classroom space. Some need better teaching for the teachers. Others need more computers. But different as those needs are, present Federal policy says here is what you must do with the money we provide you in literally dozens and perhaps hundreds of different narrow categorical functions, each of which requires a bureaucracy in Washington, DC, to look over applications and to run audits, and each of which requires a corresponding bureaucracy in our States and in our local school districts to ask for the money and to account for how it is spent.

I have proposed, and a majority of the members of the health committee are now proposing, to add to this Federal formula a bill that I call Straight A's to inject what I consider to be some common sense in the way in which we help our schools in Washington, DC.

Straight A's will give to States all across the United States an opportunity to change from a process of accountability to a performance accountability. Instead of spending their time filling out forms to show that they have spent their money exactly as Congress has dictated, a State which elects to come under Straight A's will be able to take one to two dozen of these narrow categorical aid programs, combine them into one, and get rid of all the forms and most of this process accountability on the basis of one's promise. That promise is: Let us do what we think best for our kids, and we will do a better job. Our kids will do better. We will have standardized tests in our States and we will prove they are doing better, because we are allowed to make more of our own decisions or you can cancel the whole thing and take it back. It is as simple as that.

It is the provision of trust in people who are putting their lives and their years into the education of our kids, the people who know our kids' names, rather than a group in the Department of Education in Washington, DC, or in this body which so often seems to feel it can and should act as one nationwide school board.

I have heard a lot from the defenders of the status quo over the course of the last 3 years. One of the first who criticized my earlier proposal said: My gosh, if we let them do that, they will spend all the money on swimming pools. Another said it might be football helmets.

All of them had one common thought: We don't dare let our educators and our school board members make up their minds; They would make mistakes; We know more than they do; We know more than the people in your hometown, Mr. President, in Kansas, or my people in the State of Washington, or the constituents of the Senator from the State of Virginia. Somehow we know the cure for 17,000 school districts across the United States.

The biggest of the present Federal programs is title I, originally passed 35 years ago to narrow the gap between underprivileged children and privileged children. The gap has not narrowed in that 35 years. Is it not time we give some of our States and some of our school districts the opportunity to say they think they can do it better? We think those right on the ground in our schools can do it better than taking direction from the Senate, the House, the White House, and the Department of Education in Washington, DC.

That is the opportunity we 100 Members of the Senate are going to be given very soon, I am convinced, by the action of a committee under the leadership of the distinguished Senator from Vermont, Mr. JEFFORDS, and other dedicated members of that committee. I am disappointed the work they have been doing for the past couple of weeks has not gotten wider publicity and attention than it has received. I am now convinced that committee is going to present the most profound reform, the most hopeful new direction in the field of Federal education policy than we have received in a generation.

All 100 Members are going to have an opportunity to make those changes ourselves. I look forward to that opportunity. I congratulate the committee for the work it has already done.

The PRESIDING OFFICER. The distinguished Senator from Virginia is recognized.

KOSOVO AMENDMENT TO THE FY2000 SUPPLEMENTAL APPROPRIATIONS

Mr. WARNER. Mr. President, I thank the distinguished Presiding Officer.

I ask unanimous consent to have an amendment appended at the conclusion of my remarks.

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

(See Exhibit 1.)

Mr. WARNER. Mr. President, the Presiding Officer is familiar with the matter I bring to the attention of the Senate, and I thank him for his advice and willingness to participate in the undertaking to prepare the amendment which I will now address.

I rise today to advise the Senate of a proposed amendment on Kosovo, a form of which I and other cosponsors intend to offer when the Senate considers the fiscal year 2000 Supplemental Appropriations Act. An experienced group of colleagues have worked together, and we will continue to work together on this legislation. I thank Senators STEVENS, INOUYE, ROBERTS, and SNOWE for joining me as cosponsors in this effort.

I inform the Senate about this amendment now so that other colleagues, officials in the administration, and, indeed, our allies and other nations and organizations will have sufficient time to study and provide constructive comment on this legislation prior to the Senate's consideration of the supplemental later this month.

This is a vital issue, as our Presiding Officer knows full well. It is critical to the men and women of our Armed Forces that the U.S. Congress face up to this issue. It is equally critical to

the brave troops of other nations serving in Kosovo. It is critical to the future of NATO, and it is critical to future peacekeeping missions.

There are an ever-increasing number of problems in the world today. It is a far more complex and dangerous place than it was a decade ago or a decade before that. Indeed, as I look back on the cold-war era, there was a certain amount of certainty within which we were able to structure our forces, lay down a strategy, and perform our missions. Today, it is greatly different. The challenges posed to our national leaders, and particularly the men and women of the Armed Forces, have little precedent. Likewise, the diversity of the threats have now proliferated throughout the world. They are less and less nation sponsored, state sponsored; oftentimes, they are just small groups. There are conflicts in ever-increasing numbers, prompted by cultural, ethnic, and religious differences.

As I publicly stated regarding this amendment, my intention in offering this legislation is to ensure that our European allies have stepped up to meet their share in providing the necessary resources and personnel for the civil implementation in Kosovo, the efforts to which we have all pledged as a group of nations to fulfill. Once the military mission was completed, then we committed among ourselves to take the next step to ensure the peace that was given as a consequence of the sacrifices and the professionalism of the men and women who promulgated that combat action for 78 days.

During that period of combat, the United States bore the major share of the military burden for the air war, flying almost 70 percent of the total strike and support forces at a cost of over $4 billion to the American taxpayer. Many, many aviators and others took high personal risks. We were joined in that combat operation by another seven or eight nations that indeed did fly, willingly and courageously. However, it was the United States only—how well our colleagues know—that had the high-performance aircraft, the guided missiles, that support the transport aircraft. NATO did not have it. Those elements of our military, whether they were in or out of NATO, were brought together to promulgate this successful military operation.

In return, the Europeans then promised to pay the major share of the burdens to secure the peace. So far, they have committed and pledged billions of dollars for this goal. I acknowledge that. They have come in diverse amounts at diverse periods of time, but the problem is not enough money has been put up thus far in a timely fashion to make their way to the Kosovo problems, and then begin to solve those problems.

Why the delay? The troops and the public are entitled to know. As a result, our troops and other troops are having to make up for the shortfalls of failing to provide the police force—something we all agreed upon long before the first shot was fired. The troops today, therefore, are having to make up for those shortfalls by performing basic police functions, such as running towns and villages, acting mayors, settling all types of disputes, and guarding individual houses and historic sites. The distinguished Presiding Officer visited this region just a month or so ago, as did I, and witnessed this.

The troops are functioning in areas for which they were not specifically trained. However, there is an extraordinary learning curve for men and women in the Armed Forces of the United States of America and, indeed, other nations. The Presiding Officer and I know; we were privileged to wear uniforms ourselves at one time. We know how well these young men and women can adapt to challenges.

They were not specifically trained, but they are doing the job, and they were doing it very well, but at a great personal risk, I say to the Presiding Officer, at a great personal risk. We have seen in the past few weeks, in Mitrovica and other areas, outbursts, we have seen woundings, we have seen deaths.

That was not a situation we anticipated would take place if there had been a timely sequencing of the military actions and the placing of a civilian police force, infrastructure adjustments, and all the other things needed to bring together Kosovo as an operating society.

Our troops engaged in a high-risk mission, along with others. Their courage, their professional work, as I said, was witnessed by the Presiding Officer and myself, on my trip, and by many others in the Senate. I credit the large number of Senators for taking the time to go over and visit with our troops to see for themselves the complexity of the situation and the risks that are being taken.

As I said, our troops accept that risk. Indeed, the American people thus far have accepted that risk. But it is now incumbent upon the Congress of the United States to begin to exercise its authority and to show some leadership, hopefully in partnership with the administration. We need to show leadership to make certain, regarding the commitment made by our allies and other organizations—whether it be the United Nations, the E.U., the OSCE, or many others who are working in governmental organizations—that we are pulling on the oars together. I am proud to say our country, as best I can determine, has met in a timely fashion its obligations. But the purpose of this amendment is to draw the attention of our allies to the fact the record does not show that they are likewise fulfilling their commitments in a timely way.

We braved those 78 days of combat. Along with other nations that participated we laid the foundation for peace in Kosovo. What we cannot and must not allow to happen is for the risk to our troops to endlessly drift on because of the failure of our allies to live up to their share of the commitments. This is the bottom line of this amendment.

The amendment is simple and straightforward. Half of the funding included in the supplemental for the U.S. military operations in Kosovo—over $1 billion; that is one-half; it is a total of $2 billion—would be provided up front, ready for prompt disbursal to stop the drawdown of the readiness accounts. This would pay for the expenses accrued by our military in Kosovo since the start of the current fiscal year, way back on October 1, 1999.

The remainder of the money, roughly another $1 billion, would be available only—and I underline ''only''—after the President of the United States certifies to the Congress that the European Commission, the member nations of the European Union, and the European member nations of NATO have provided a substantial percentage of the assistance and personnel which they themselves have committed to the various civil implementation efforts in Kosovo.

This is an important point that needs to be emphasized. In this legislation we are not seeking an arbitrary or unachievable standard. We are holding the Europeans accountable for the pledges and commitments which they have made. Recognizing that nations have different fiscal years and different procedures, we are not asking for full compliance within the context of this legislation. We expect eventually full compliance.

In the critical areas of humanitarian assistance, support for the Kosovo Consolidated Budget—the money needed by Dr. Kouchner, to whom I will refer later; he is the head of the U.N. mission—to run Kosovo and the police for the U.N. international police force, the Europeans must provide 75 percent of the money or personnel which they committed to provide before additional U.S. taxpayer dollars for military operations in Kosovo would be disbursed.

That is a formula I devised along with the others who worked with me on this, and the intention is to lay down the figures of who has done what, when they did it, and what is left to be done. Unless our President, through his leadership, and other world leaders, can bring this rough formula into play, then we have the triggering mechanism by which the President, if he desires not to certify, or cannot because the facts do not justify a certification. Then I will spell out what happens to the balance of that money.

As I mentioned, on the reconstruction side—I wish to repeat that; it is important—it is a more long-term endeavor. We are requiring the Europeans

to provide a third of the money they pledged for the 1999 and 2000 period.

I will readily admit I do not know if a third of the reconstruction money is a good benchmark because that is the category of aid for which I am having the most problem getting accurate data. I cannot tell you the hours and hours involved in consultation, trips and travel to the U.N. and elsewhere, to the Departments of our Federal Government, indeed, consultations with the White House. I found everyone trying to be constructive.

We had a meeting at the White House with the Secretaries of State, Defense, the chairman of the Budget Office, the National Security Adviser. Trying to assemble the data is an awesome task. This amendment forces that task to be undertaken by that individual best qualified to do it, and that is the President of the United States, working in concert with these organizations and the other allies.

It is so difficult to get the data, but we have plowed ahead as best we could. We know, for example, that billions have been pledged at two international donor conferences for Kosovo reconstruction, but I have not been able to find within the administration, at the U.N. or at the E.U., anyone or any document or fact that could advise me and inform the Senate on how much of that money has actually been disbursed.

To put it in the vernacular, where are the canceled checks for what has come in already? It is as simple as that. The American people understand there has to be a record. That is part of the body of fact this Congress needs—and that is required by this legislation—as we decide whether or not to support a continuation of our military deployment, the U.S. troops which are part of the KFOR military structure.

Again, I compliment that KFOR structure. It is working. It is meeting unanticipated problems. It is doing the best it can. There have been some problems recently. Our committee has had General Clark in, just a week or so ago. We went over this, carefully provided oversight about every 3 months or less on this situation.

What happens, I ask, if our allies do not fulfill their commitments and the President is not able to make the certification required by this amendment? If the President cannot make the required certification by June 1, then the remaining $1 billion contained in the supplemental for military operations in Kosovo may be used only for the purpose of conducting a safe and orderly and phased withdrawal of U.S. military personnel from Kosovo.

There it is. That is the bottom line. It has to be said. Someone has to say it. And I said it. I am very pleased with the support I have gotten from a number of individuals to step up and take on this responsibility.

Further, no other funding previously appropriated for the Department of Defense may be used to continue the deployment of U.S. military personnel in Kosovo. We have to seal that up. It had to be said. I thought long and hard on the time and the moment I would come to this floor and state it. But I did it.

We are not setting a deadline for the withdrawal of our troops. It is up to the President and his military advisers to decide how best a safe, orderly, and phased withdrawal should be done. Under this legislation, the President would have to submit his plan for the withdrawal to the Congress by June 30. In my opinion, that withdrawal should not take more than 18 months.

The bottom line is it is not fair to our troops, to their families at home, to the other troops, to remain indefinitely in Kosovo with the political structure, be it our President, the Congress of the United States, the legislatures of the other nations and their leaders, not to take some strong, positive action now to ensure this peace.

We cannot ask those people in uniform and, indeed, many civilians who are associated in this effort—there are a lot of volunteer organizations there—we cannot ask them to take the ever-increasing share of this burden and the risks, personal risks, simply because the nations are not willing, in a timely way, to provide the funding or personnel they promised for civil implementation in Kosovo.

Some will criticize this legislation. That is all right. I am prepared to receive it. But what is a better solution than what we have devised? If there is a better one, please come forward and give it to us. I invite constructive criticism. I invite suggestions. Those who worked with me on this join me.

Some may claim it holds the U.S. military deployment in Kosovo hostage to the actions of our allies; that we are in effect letting others decide whether or not our troop presence in Kosovo will continue by their inaction. I address that allegation now and say, quite respectfully, that our President has already made that connection. The exit strategy for our troops in Kosovo—as it is for our troops in Bosnia—is directly linked to the actions of the U.N., the E.U., the OSCE and others in achieving their goals on the civil implementation side.

Our President said on October 15 in a letter to the Congress:

> The duration of the requirement for U.S. military presence (in Kosovo) will depend upon the course of events. . . . The military force will be progressively reduced based on an assessment of progress in civil implementation and the security situation.

This legislation uses the same link, the same tie to the actions of others already adopted in concept by this administration.

In Kosovo, the U.N., E.U., and OSCE are the groups charged with the civil implementation responsibilities. Up to this point, I must say quite plainly, these organizations are not doing the job they committed to do in a timely manner in Kosovo. The successful NATO-led military operation in Kosovo was undertaken—at personal risk to our troops and those of other nations, and with billions of dollars in costs to the American taxpayers and the taxpayers of other nations—with the understanding in America and, indeed, throughout Europe that the U.N. and other organizations would promptly move in behind and consolidate the military achievements. Now, as a result of little progress in that consolidation, U.S. troops and troops from over 30 nations, are required to perform almost all the tasks and are facing an indefinite deployment and indefinite risk in Kosovo.

Personal bravery, international bonds of commitment, and prudent NATO leadership won the war in Kosovo, but will the slow pace of follow-on actions result in the loss of the peace? That is what we are facing.

Recent events in Mitrovica show how fragile the peace is in Kosovo and how time and unfulfilled commitments play into the hands of those who oppose the peace, and there are several factions that oppose this peace.

During a hearing in the Senate Armed Services Committee on February 2 with NATO commander General Clark as the witness, I and other Members signaled our intention to take legislative action in connection with the upcoming Kosovo supplemental to be proposed by President Clinton. It has not as yet arrived in the Senate. It is to revitalize the near stagnant situation in Kosovo. That is the purpose of this amendment.

Congress has a coequal responsibility with the executive branch, and we now must exercise leadership, again I say, hopefully in partnership with the administration. This is not a political document. Many went in with the best of intentions, but it is time we recognize that no matter how sincere those intentions may have been, we are not collectively, as a group of nations, fulfilling our responsibilities.

We, a growing number of Senators, state:

> Other nations and organizations must follow through on their commitments if U.S. troops are to remain a part of the Kosovo military force.

The United States has far too many commitments around the world. Our military is stretched too thin as it is. We cannot have an open-ended, possibly decades-long military deployment in the Balkans.

We, together with other nations, went into Kosovo with the best of intentions—to stop the slaughter of tens of thousands of innocent people, to restore peace and stability to that region, and to help the people of Kosovo rebuild lives shattered by war and ethnic cleansing. But what has the situation achieved? What has this coalition

really achieved? Clearly, the military has fulfilled its mission. To the extent possible, given the continued ethnic animosities—and how extraordinarily they persist—the military has stopped the large-scale fighting and created a relatively safe and secure environment, from a military perspective. However, unacceptable dangerous levels of criminal activity continue and put our troops and many others at risk. Therefore, we have little time left in which to address this problem. We have to figure out, given the precious little progress that has taken place to date, what we can do in the future. This is one idea by a very conscientious and thoughtful group of Senators.

We must recognize the U.N. bears its share of the responsibility. We only say that because the U.N. cannot share all the blame or accept all the blame for the slow pace of progress in Kosovo. But we are mindful of the fact that international organizations are dependent on timely contributions of money and personnel from member nations. In other words, the U.N. acts as a funneling of these funds as they are contributed pursuant to commitments by the various nations. These contributions have been severely lacking, severely delayed in the case of Kosovo.

When I was in Pristina in January, I had the opportunity to meet with Dr. Kouchner—an extraordinary man—the head of the UNMIK, the U.N. mission in Kosovo. He is a very dedicated and committed individual. He has given up much of his private life to go into that area to do the very best he can.

We conducted that meeting with General Reinhardt at the KFOR headquarters, the headquarters, I might add, which on that particular night did not even have running water and the electricity was flickering. It is just an example of the inability to deliver the very basic necessities.

I remember Dr. Kouchner said that night—he was bitterly cold—that there were people literally huddled in their homes without adequate food, heat, shelter, and the like, and it could have been alleviated, to some degree, had these nations stepped up and met their commitments.

As I said, I was impressed with the professionalism and dedication of the general and Dr. Kouchner.

Dr. Kouchner sounded a consistent and urgent theme. He desperately needed money if the U.N. was to achieve its goals in Kosovo. Dr. Kouchner has been going from capital to capital across Europe and, indeed, in this hemisphere—he visited here just a few days ago—urging nations to live up to the commitments they made, to send the money for his mission. General Reinhardt has been supporting Dr. Kouchner in his efforts, since the general understands the KFOR troops continue to bear the full burden if the U.N. mission does not succeed and the missions of all the organizations. According to General Reinhardt:

> The problem for Bernard Kouchner is that he doesn't get the money to pay for what he knows he needs and wants for Kosovo. . . . The international community—the same governments that decided to get us here—doesn't give him what . . . he needs, and it has a direct impact on my soldiers.

On Monday, March 6, Dr. Kouchner and General Reinhardt, as I said, were at the U.N. to report to the Security Council on the situation in Kosovo. Dr. Kouchner told the Security Council:

> If we hope to build democracy in Kosovo, we must do more than ensure the safety of its residents. We must allocate the necessary resources to accomplish the job.

I agree. Foreign donors must deliver immediately, as the United States has done, on their commitments and promises.

My greatest concern is with the international police. The U.N. has said it needs an international police force of 4,718. To date, only 2,359 police have arrived in Kosovo. It is interesting, just about half of what was projected. The United States has done its share. We have already deployed 481 police, and the remaining police pledged by the U.S.—for a total of 550—will arrive in Kosovo shortly. Others, particularly Europeans, have to do their share by providing the necessary police forces. Overall, nations have pledged over 4,400 police. They must now deliver on these pledges. Pledges do not help with the current violence. We need to put it in words that Americans understand: ''Cops on the beat.''

I commend my distinguished ranking member, Senator LEVIN, who has constantly hit that theme in open sessions over and over again. To a large measure, he joins me in the purport of this amendment. Hopefully, in the weeks to come, with his advice, and with others advice, we can, to the extent necessary—maybe not necessary—reconfigure some of the language of this amendment.

We had a meeting today with officials of our administration in the Armed Services hearing, again, to show the amendment and to urge them to come forward and give us such suggestions as they wish to make.

I spoke, by phone, with Secretary Cohen and National Security Adviser Berger. It is not as if we are out here operating on our own. We are trying to do our best. But remember, Congress has coequal responsibility and must exercise its best leadership.

NATO's soldiers must get out of the business of policing. That will not happen until enough police arrive. Our troops are not policemen. They were not specifically trained, as I said, to perform these tasks. It should not be a part of their continuing indefinite mission.

Since the air war began almost a year ago, the United States has spent over $5 billion for our military operations in Kosovo—$5 billion. It was for a good cause. But $5 billion is desperately needed by our military today for its modernization. The distinguished chairman of the Appropriations Committee, at lunch—and the Presiding Officer was there—recounted program after program in terms of the airlift, the aging C–5, the aging C–41, the need to up the buy of the C–17. That is where these needed dollars are required.

The annual price tag for the military commitment is over $2 billion in Kosovo. This is a heavy burden on the defense budget, but we are going to, hopefully, get it in the supplemental so that we do not take it, as we say, out of their operating accounts. That is the importance of this supplemental. Plus, it is a heavy burden on the American taxpayer.

In addition to these significant sums of money, I am concerned, again, about the safety and welfare of the men and women in uniform. I will come back to that on every single pace. Each day that I am privileged to be a member of the Armed Services Committee—and now as its chairman—I think and begin every day asking myself: What is my obligation to work with this committee to better the lot of the men and women of the Armed Forces and their families?

They are patrolling these towns and villages—as you and I are in this Chamber, and others—subjecting themselves to substantial personal risk while performing their duties. They are taking the risks. The American people take the risks.

I believe we have reached a point in time where it is the responsibility of the Congress to take action to ensure that others step up and fulfill their commitments—other nations and organizations—and that the U.S. military commitment to Kosovo not remain an endless commitment.

I place this draft in the Senate RECORD of today, rather than formally filing the amendment, to show our determination to put forth a constructive approach, not a ''cut and run''—there is never any intention to do that—but accountability for all trying to secure a lasting peace in Kosovo. That is the bottom line. I did not file it, so that, if necessary—if we get a good set of suggestions—we can change this document and improve it.

I believe the American people will continue to support the U.S. involvement in Kosovo. I know they will if they know that our President and their Congress are acting in partnership, in concert, to get this job done that is fair to all. They want to see our allies also step up and be accountable and to do their part.

I think—and I say this humbly—this proposal will help do just this. We invite the comments and suggestions of all.

I thank the Presiding Officer, and others, for joining me in this effort.

I yield the floor.

EXHIBIT NO. 1

AMENDMENT NO.—

(Purpose: To limit the use of funds for support of military operations in Kosovo)

At the appropriate place, insert:

SEC. ____. (a) Of the amounts appropriated in this Act under the heading ''OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND'' for military operations in Kosovo, not more than 50 percent may be obligated until the President certifies in writing to Congress that the European Commission, the member nations of the European Union, and the European member nations of the North Atlantic Treaty Organization have provided at least 33 percent of the amount of assistance committed by these organizations and nations for 1999 and 2000 for reconstruction in Kosovo, at least 75 percent of the amount of assistance committed by them for 1999 and 2000 for humanitarian assistance in Kosovo, at least 75 percent of the amount of assistance committed by them for 1999 and 2000 for the Kosovo Consolidated Budget, and at least 75 percent of the number of police, including special police, pledged by them for the United Nations international police force for Kosovo.

(b) The President shall submit to Congress, with any certification submitted by the President under subsection (a), a report containing detailed information on—

(1) the commitments and pledges made by each organization and nation referred to in subsection (a) for reconstruction assistance in Kosovo, humanitarian assistance in Kosovo, the Kosovo Consolidated Budget, and police (including special police) for the United Nations international police force for Kosovo;

(2) the amount of assistance that has been provided in each category, and the number of police that have been deployed to Kosovo, by each such organization or nation; and

(3) the full range of commitments and responsibilities that have been undertaken for Kosovo by the United Nations, the European Union, and the Organization for Security and Cooperation in Europe (OSCE), the progress made by those organizations in fulfilling those commitments and responsibilities, an assessment of the tasks that remain to be accomplished, and an anticipated schedule for completing those tasks.

(c) If the President does not submit to Congress a certification and report under subsections (a) and (b) on or before June 1, 2000, then, beginning on June 2, 2000, the 50 percent of the amounts appropriated in this Act under the heading ''OVERSEAS CONTINGENCY OPERATIONS TRANSFER FUND'' for military operations in Kosovo that remain unobligated (as required by subsection (a)) shall be available only for the purpose of conducting a safe, orderly, and phased withdrawal of United States military personnel from Kosovo, and no other amounts appropriated for the Department of Defense in this Act or any Act enacted before the date of the enactment of this Act may be obligated to continue the deployment of United States military personnel in Kosovo. In that case, the President shall submit to Congress, not later than June 30, 2000, a report on the plan for the withdrawal.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. LAUTENBERG. Mr. President, I understand that we are in morning business and that Senators may be recognized for 5 minutes.

The PRESIDING OFFICER. The Senator is correct.

Mr. LAUTENBERG. I ask unanimous consent that I be given up to 10 minutes to make my remarks in morning business.

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

THE NEED TO CLOSE THE GUN SHOW LOOPHOLE

Mr. LAUTENBERG. Mr. President, I want to discuss a subject that is not terribly different than the remarks made by the distinguished Senator from Virginia just now. He talks about our responsibilities, what we have to do to protect our citizens. He talked about it in a slightly different way than I am going to discuss it now.

But we are at a point in time, Mr. President, when there are 43 days on the calendar left until the 1-year anniversary of the shootings at Columbine High School in Colorado. On April 20, 2000, it will be 1 year since the country listened, in shock, to the news that two high school students, Eric Harris and Dylan Klebold, had stormed into Columbine and systematically shot and killed 12 classmates and a teacher.

When we talk about 43 days to go, those are calendar days. If we talked about the number of days left for us to enact legislation, there are somewhere around 23 days left.

In addition to those 12 classmates and a teacher killed, 23 other students and teachers were wounded in the assault.

It pains me—and I am sure it is true for all Americans—when I think back to the picture of that carnage: Young people running in a high school, fearful that their lives may be taken away, many weeping with terror as they fled. Who could ever forget the picture of that young man hanging out of a window to try to protect himself?

But even in some ways more shocking is to see how quickly this Congress can dismiss those images. The American people must be wondering: What we have been doing since that tragic day almost a year ago? What have we done to reassure parents across the country that we are working to prevent it from happening again? We have shown no evidence of that. As a matter of fact, the evidence is quite to the contrary. The evidence says: Congress had a chance to do it, but we chose not to. We have not done anything, and it is a disgrace. I heard yesterday that there was a shooting. I have recounted several incidents in the past year when I have heard news of a shooting here and news of a shooting there. My first question is, Is it a school? Is it a schoolyard that has become another killing field? Yesterday's shooting was not in a schoolyard. But when that 6-year-old child was killed by another 6-year-old child, it was in a schoolyard. It was an adult's fault more than that child's fault—the 6-year-old didn't know any better—the man whose gun was lying casually around when this boy picked it up and took it to kill his classmate. We have not dealt with that. We have not dealt with the problem of adult responsibility, keeping guns out of the hands of children. There is no doubt in my mind that the responsibility should fall directly on the adult and have them pay, and pay dearly, for their role in the crime.

On Tuesday, the President tried to help. He met with leaders of the conference committee, where gun safety measures are stalled, to try to move this issue to the front burner. I salute his efforts. He understands the need for action. He recalls routinely the vote we took in this Chamber to pass my gun show loophole amendment. It did pass, 51–50, with the help of Vice President Gore, who voted to break the tie.

But nothing happened. The legislation passed the Senate. But the House passed a juvenile justice bill without gun safety measures. While the President tried to make positive progress, the NRA, the National Rifle Association—I name them clearly—and the gun lobby continued to obstruct every single effort to pass commonsense gun safety measures. They do it by spreading false information about what these measures are designed to do. They distort the record to achieve their goal: no gun safety laws. That is what they want.

They said my amendment was intended to shut down gun shows. It was a lie. It was an untruth. They also misquoted my remarks at a press conference. But when the video of my speech is reviewed, you see what I said. I said, ''Close the gun show loophole.'' These folks don't respect the truth.

My amendment would simply shut out criminals who use gun shows as convenience stores to buy the firearms they will use to rob and commit violent crimes, to kill people. That includes our police officers, law enforcement people.

The American people support criminal background checks on all gun sales at gun shows. It has to be hard for people across the country to understand that you have to get a permit, you have to get a bill of sale, to buy a car, in many cases, to buy an appliance. Why in the world would we not insist that people who are buying a gun identify themselves in some way?

The support for identification is overwhelming. We saw it in an ABC news poll. Ninety percent of the people said they want to close the gun show loophole, the loophole that says unlicensed dealers, private dealers, can go ahead and sell guns to anybody who has the money. No need to ask the question: What are you going to do

with it? They ask if you are 18. If you say you are 18, that takes care of it; then they just sell them.

If you are a member of the Ten Most Wanted list, the most wanted criminals in the country, you can step up there and buy a gun. No one will ask you a question.

What about the gun owners the NRA claims to represent? In a poll that was conducted by the Center for Gun Policy and Research at Johns Hopkins University, two-thirds—66 percent—of gun owners said they favor background checks at gun show sales. Last year, the FBI issued a report which noted that between November 30, 1998, and June 15, 1999—less than a year, 6 months—the FBI failed to block about 1,700 gun sales to prohibited purchasers—in other words, people unfit, unable to meet basic standards—because it didn't have enough time to complete the background check. The FBI had to allow the gun sales to go through.

Those transactions were completed because the FBI didn't have enough time to complete the background check. So consequently, they had to issue gun retrieval notices and law enforcement had to try to track down the criminals who got the guns.

So we must not permit weakening of our criminal background check system. We should strengthen it, a system that has stopped more than 470,000 guns from being purchased in 6 years. Half a million people, almost, who wanted to buy guns, who were unfit to buy those guns—criminals, fugitives, other prohibited purchasers—tried to buy a gun and were stopped by Federal law from doing so. I think that is a good thing for people in our country to hear. It includes 33,000 spousal abusers who were denied a gun because of a domestic violence gun ban I wrote only 4 years ago.

The NRA makes another outrageous claim, that my gun show loophole closing bill won't make any difference; in other words, if there are guns out there bought by unknown people, that it doesn't matter. They say my legislation won't make it tougher for people to buy a gun to commit a crime. That is also nonsense.

But don't take my word for it. Look at what Robyn Anderson told the Colorado State Legislature recently. She is the woman who went with Eric Harris and Dylan Klebold to the Tanner gun show in Adams County, CO. She said:

> Eric Harris and Dylan Klebold had gone to the Tanner gun show on Saturday and they took me back with them on Sunday. . . . While we were walking around, Eric and Dylan kept asking sellers if they were private or licensed. They wanted to buy their guns from someone who was private—and not licensed—because there would be no paperwork or background check.

They needed Anderson's help because she was 18 and they were too young to buy guns. So Robyn Anderson bought 3 guns for them at the gun show, 2 shotguns and a rifle—3 guns that Harris and Klebold would use to murder 13 young people at Columbine High School.

Here is what she said. You read it and you will understand it, I hope. She said:

> It was too easy. I wish it had been more difficult. I wouldn't have helped them buy the guns if I had faced a background check.

How much clearer could it be? Closing the gun show loophole will make a difference. I plead with all of my colleagues in this Chamber—I don't understand how we can ignore the cries of our people—I plead with them: Follow your conscience. Let's do the right thing. Whom are we hurting if we say you have to identify yourself when you buy a weapon? We are not hurting anybody.

By not demanding it, we permit this kind of thing to take place, unidentified gun buyers. That ought to shock everybody in America. Let's do what the people of this country expect us to do. Ten months ago, the Senate passed my amendment to close the gun show loophole. Now that bill is being held hostage in a conference committee.

For those who are not aware of what it is, a conference committee is a committee of the House and a committee of the Senate. They join together—it is called a conference committee—to iron out differences in legislation they want to see passed in both Houses.

Nothing has happened. The committee has met only one time, last year. They have not debated the issues. We are asking: Please, let that legislation go free. Don't let the gun lobby prevail over the families across this country who want to stop the gun violence.

Don't let the gun lobby rule what takes place in this Senate or in the House of Representatives. We have to do it now, before April 20, before the anniversary of that terrible day at Columbine High School. No one will forget it. No one who is alive and old enough to understand what took place will forget it. One year is time enough to act. April 20.

People across this country are asking: What has Congress done? What will they do? If one thinks they will be satisfied to hear that we have done nothing at all, I urge them to think again. And I urge people within the range of my voice to listen to what some are saying—that Congress will do nothing about it, even though children die across this country and adults die across this country. Over 33,000 a year die from gunshot wounds. We wound 134,000. In Vietnam, we lost 58,000 over the whole 10-year period that war was fought. But we lose 33,000 Americans a year—young, old, black, white, Christian, Jewish, it doesn't matter.

So I plead with my colleagues, give our people a safer country. They are entitled to that. If we have an enemy outside our borders, we are prepared to fight that enemy. We have service personnel and airplanes with the latest equipment. We try to provide our law enforcement people—the police departments, FBI, drug enforcement agents, and border patrol people—with the weapons to fight crime. But each year, 33,000 people die from gunshots in this country. We ought not to permit that. I plead with my colleagues to help our people. Let's try to move forward with gun safety legislation as quickly as we can when we return the week after next.

I yield the floor.

Mr. GRAMS. I ask unanimous consent to speak in morning business up to 10 minutes.

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

FEDERAL DAIRY POLICY

Mr. GRAMS. Recently, I came to the floor to address Federal dairy policy, specifically focusing on an erroneous but often repeated claim that dairy compacts are necessary today to guarantee a supply of fresh, locally produced milk to consumers. During that time, I dealt with how this is a myth similar to urban legends that are assumed to be true because they are repeated so often. Another dairy myth that you may hear a great deal is that dairy compacts preserve small dairy farms. Mr. President, this is simply not true, and this afternoon I want to point out the reasons why it is untrue.

The Northeast Dairy Compact sets a floor price that processors must pay for fluid milk in the region. Ostensibly, this is supposed to provide small farmers with the additional income necessary to help them survive during hard times. In its practical effect, it doesn't work that way at all. In fact, It has provided financial incentives for big dairy farms to get even bigger.

Consider the cases of Vermont and Pennsylvania. Vermont is in the Northeast Dairy Compact and Pennsylvania is not. Before the formation of the compact in 1997, Vermont had 2,100 dairy farms with an average herd size of 74 cows per farm. By 1998, the number of farms had fallen nearly 10 percent to 1900 dairy farms, but the average herd size had increased to 85 cows per farm. That is a 15-percent increase.

Meanwhile, during the same period of time in Pennsylvania—again, without the compact—the number of dairy farms fell 3 percent, from 11,300 to 10,900, but the average herd size increased only from 56 cows to 57 cows. Thus, in a compact State such as Vermont, the number of dairy farms fell significantly while the average herd size per farm increased significantly. And then compare that to the noncompact State of Pennsylvania during the same period. Their number of dairy farms dropped by a smaller number, and farm herd sizes increased by

an even smaller percentage. So this does not appear in any way to be a compact to protect small dairy farms.

The extra income that the compact provides to large farms accelerates their domination of the industry by helping them get larger and stronger. Since the amount of compact premium a producer receives is based entirely on the volume of production, the small amount of additional income a small farmer receives is often inconsequential and does nothing to keep small farms from exiting the industry. In fact, during the first year of the compact, dairy farms in New England declined at a 25 percent faster rate than the average rate of decline during the previous 2-year period.

The assertion that dairy compacts do not protect small farmers is not just something that this Minnesota Senator claims but compact supporters themselves have acknowledged as much. In the latter part of 1998, the Massachusetts commissioner of agriculture declared that the compact, after 16 months, had not protected small dairy farms. The commissioner consequently proposed a new method for distributing the compact premium to class I milk, capping the amount of premium any one dairy farm could receive and redistributing the surplus. Farms of average size or smaller would have seen their incomes increase by as much as 80 percent. However, large farm dairy interests were predictably able to kill this proposal because the assistance to small dairy farmers would have come, of course, out of their pockets. So while compact supporters perpetuate a sentimental picture of compacts enabling small family farmers to continue to work the land, the bottom line is that compacts hasten the demise of the small farmer while enriching the bigger producers.

This claim that compacts save small dairy operations is often made in conjunction with the claim that compacts are being unfairly opposed by large-scale Midwest dairy farms that want to dominate the market. Well, this, too, is untrue because the average herd size for a Vermont dairy farm is 85 cows per herd, while the average herd size for a Minnesota dairy farm is only 57 head. Thus, Vermont dairy farms average in size almost 50 percent larger than Minnesota dairy farms.

Similarly, the South, which has also sought to have its own compact, also has larger farms than the Midwest. The average herd size of a Florida dairy farm is 246 head. That is almost four times larger than the upper-Midwest average. Incidentally, Minnesota producers would love to be getting the mailbox price that farmers in Florida and the Northeast are getting.

In November of last year, the mailbox price—which is the actual price farmers receive for their milk—in the upper-Midwest was $12.09 per hundredweight. In the Northeast, it was $15.02. And in Florida, due to the milk marketing order system, it was $18.72 per hundredweight. So in the Midwest it was $12; in the Northeast it was $15—that is $3 per hundredweight more—and again, in Florida, it was $18.72, or nearly $7 a hundredweight more, or 50 percent more for milk produced in Florida than in Minnesota. How are you going to compete against this type of unfairness in the compact system and in the milk marketing orders?

So the Northeast price is 24 percent higher than Minnesota's, and Florida's price is almost 55 percent higher. Again, Minnesota farmers would love to get those kinds of mailbox prices, but our Government program—and again, the larger farmers in these areas unfairly benefit from this program—ensures that they don't and that these other regions do.

While dairy compacts are again not saving small dairy farms in compact States, they are impacting the bottom line of small-scale producers in non-compact States; in other words, those dairy farmers outside the compact. Compacts are a zero-sum game that shifts producer markets and income from one region of the country to competing regions. They don't have small family farms, and they certainly don't deserve the continuing sanction and the support of the Congress.

Again, there are other dairy myths that must be exposed, and the truth must be told. I will be back on the floor soon to take another look at a misleading claim, try to dissect it a little bit, and put some fairness into what we often hear in the dairy debates.

If we look at this system and why it is unfair, again to look at the prices farmers receive for the milk they produce, why is it fair that if you are in the Midwest, you get $12.60 or $12.70 per hundredweight, but if you are in New England in the compact States, you get $15.20, and if you are a farmer in Florida, that somehow you can receive $18.72 per hundredweight? I don't know. We don't sell computers that way. We don't sell oranges that way. We don't sell automobiles that way. Why is it milk is different? Why is the Government picking winners and losers among those who are in the dairy industry?

If you are in the Midwest, the Government says, well, you are going to be a loser, and if you are in Florida or in the compact States, our Government programs say you are going to get more so you can be a winner. I don't think we should have this type of competition and unfair playing field with the Government picking dairy winners and losers.

I hope we bring some sanity into our dairy program. I will be back on the floor to take on another misleading claim we often hear in these dairy debates.

Thank you, Mr. President. 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.

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

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

U.S. ENERGY DEPENDENCE

Mr. MURKOWSKI. Mr. President, I think I understand more than many the anger many Americans feel when they see gasoline pump prices at $1.80 a gallon or higher. But I also think it is unfortunate that the Clinton-Gore administration has, for 8 years, kind of lulled Americans into believing that an unlimited supply of relatively cheap gasoline will be available from our so-called friends in OPEC.

As a consequence of that false sense of security, America's soccer moms, with the idea of running the kids here and there, have gone out and spent tens of millions of dollars on sport utility vehicles that barely get 15 miles a gallon. With today's gas prices, they find when they fill up one of those SUVs that it can put a big hole in a $100 bill. It will cost $70 or $80. It is almost certain that gasoline will hit $2 a gallon this summer because our refineries are not refining gasoline because they are still refining heating oil. Since they have not shut down for the conversion, we won't have on hand the reserves necessary to meet the requirements for the families in this country who are used to driving long distances in the summertime. It is going to happen. We are going to get $2-a-gallon gasoline.

Americans I don't think should blame OPEC when the fault lies clearly with the Clinton-Gore administration and their energy policy, which is really no policy. They have no policy on coal, they have no policy on oil, and they have no policy on hydro other than it is nonrenewable, and they have no policy on natural gas. They say that is the savior. But they won't open up public land for oil and gas exploration, particularly in the upper belt of the Rocky Mountains, my State of Alaska, and the OCS areas.

What they propose is to put the Secretary of Energy on an airplane and send him over to Saudi Arabia with his hand out begging the Saudis to produce more oil. They made that trip; they made that request. And the Saudis said: We have a meeting of OPEC March 27. He said: No, you don't understand. There is an emergency in the United States. We need you to produce more oil. They said: You don't understand, Mr. Secretary. Our meeting is March 27.

That is hardly an adequate response to a nation that went over there and

fought a war so that Saddam Hussein could not take over Kuwait. That war was about oil.

We sought relief from the non-OPEC nations of Mexico and Venezuela. The Mexicans said: Well, isn't it rather ironic, when oil was $11, 12, and $13 a barrel and the Mexican economy was in the tank and in shambles, where were the Americans? Was the administration trying to help us out? We weren't there. So we got stiffed. We got poked in the eye.

Now we see oil fluctuating from $34 a barrel a couple of days ago. It dropped $3. It went up again today.

The point is, we are dependent on imports and we are increasing that dependence.

Since the very first day this administration took office in 1993, they declared war on domestic energy producers.

The first proposal they sent to the Congress—this is very important, because some of you do not have a memory of 1993. But the Clinton administration proposed to the Congress a new $70 billion tax on fossil fuel produced in this country. That was a tax they planned with inflation indexing so that it would go up every single year. On top of that, they tried to add $8 billion in new motor fuel taxes and $1 billion in taxes on barge fuel.

Do you remember that, Mr. President? This Senator from Alaska does. A lot of folks in the administration would like us to forget that. I hope we will not forget that.

The Democratically-controlled Congress delivered to President Clinton $42 billion in new motor vehicle taxes in the form of a 30-percent gas tax increase. The Democratically-controlled Congress delivered to President Clinton $42 billion in new motor fuel taxes in the form of a 30-percent gas tax increase, and not a single Republican voted for that gas tax hike. We were joined by six Democrats, which resulted in what? A 50–50 tie vote. But the $42 billion gas tax hike became reality for every single American because the Vice President, AL GORE, cast the tie-breaking vote in favor of this tax hike.

That is a fact, and the RECORD will so note.

It will be interesting to hear his explanation. We heard an explanation not so long ago that, if elected, he would cancel the OCS leases. Where does he propose to get energy from, the tooth fairy?

I believe today, when gasoline is selling for more than $2 a gallon in some parts of the country, we should suspend the 30-percent Clinton/Gore tax increase. That is the least we can do to help the American motorist. We can make sure the highway trust fund is reimbursed for any lost revenue so we can ensure that all highway construction that is authorized will be constructed and that we don't jeopardize that.

I believe it is appropriate for this payback to the trust fund because the Clinton/Gore gas tax was not used for highway construction. It was used for government spending until Republicans took over Congress and authorized the tax to be restored for highway construction.

That is a short-term fix, but I think a realistic and achievable one.

Mr. President, barely a month ago, when heating oil prices were at their peak, what did the President propose? another $2.5 billion tax increase on the oil industry. Let me assure everyone in this chamber that those proposals are dead on arrival, as they should be.

It is not just higher energy taxes that the President demands. What has he done on the supply side? In a word, nothing. This administration has done nothing to open federal lands for exploration and development of oil and gas.

We should develop the overthrust belt of the Rocky Mountains and some of the OCS areas. The administration refuses to budge on the most promising oil field in America, ANWR. It is simply off limits. And they demand moratoriums on offshore, and on and on.

There is the story. Petroleum demands go up, and crude production goes down. That is where we are. It is as simple at that.

Mr. President, some people say that the administration does not have an energy policy. I would disagree with that statement. The Clinton-Gore administration does have an energy policy. It's goal is simply to stop energy production in the United States and make this country completely dependent on foreign oil. When Bill Clinton took office, we imported 43 percent of our oil. Today, foreign oil accounts for 56 percent of domestic consumption.

This isn't going to come as a surprise to the Department of Energy. The Department of Energy says the U.S. will be 65 percent in the year 2020—somewhere between 2010, 2015, and 2020.

That seems to be the goal of this administration rather than trying to do something about it.

And the predictable result of this irrational policy: We send the Secretary of Energy with hat in hand begging OPEC to raise production. The Sheiks in the Middle East must be laughing all the way to the bank as they contemplate how this administration has turned America into a dependent of OPEC.

They must view with mild amusement the irrational pie-in-the sky policies that this administration has tried to sell to the American people. Would this administration support building more nuclear facilities to reduce our dependence on OPEC? NO!

Would they support building new non-polluting hydro-electric facilities to reduce our dependence on OPEC? No. In fact, in what must be one of the most naive proposals from this Administration, they have been proposing tearing down dams that have been providing power for decades. Tearing down dams at a time when we are 56 percent dependent on imported oil is simply unconscionable. How would we replace this lost source of power? Does the administration support building more coal fired power plants? No. So how do President Clinton and Vice President GORE propose that we generate energy to run our industry and fuel our transportation system? Year in and year out what we hear from this administration is one word: Renewables—solar, wind, and geothermal.

I know the Administration is always emphasizing renewable energy as the best option. They are all important, but they constitute less than 4 percent of U.S. energy production and for the foreseeable future are not going to make a dent in our energy production.

I hope someday renewables will play a bigger role. We have to face reality. In 25 years, if there are technological breakthroughs, they may play a more important role, but today they have almost no role.

Face it: Today there are no solar airplanes; there are no economically feasible solar automobiles; there are no wind-powered, solar-powered trains. it gets dark in Alaska in the winter. None of these concepts is on the drawing board. The fact that the administration does not want to face up to this is evident up to now and in the foreseeable future.

This administration hopes they can get out of town before the crisis hits, the calamity of the American public asking: What have you done? You sold our energy security to the Saudis and some of the other Third World nations.

For 8 years, this administration has been blind to the facts and lived in a renewable dream world. Today, the American consumer is paying the price for the failed energy policies of the Clinton-Gore administration.

Today's gas prices may wake us up and call the country to the recognition that we have to begin to address, with long-term solutions, our energy security issues. If we don't do that, we may look back on March 2000 as the good old days when gasoline was only $1.70 a gallon. As we propose taking off this 4.3 percent, I look forward to the administration's response as to how the Vice President broke that tie. He and the administration are responsible for the tax costing the American consumer $43 billion.

PARDON ATTORNEY REFORM AND INTEGRITY ACT

Mr. ABRAHAM. Mr. President, a few weeks ago Senator HATCH, Senator NICKLES, and I, along with other Senators, introduced S. 2042, the Pardon

Attorney Reform and Integrity Act. The Judiciary Committee has now reported this legislation to the floor. I wanted to say just a few words about why I believe this legislation is needed and why I hope the Senate will act quickly.

Last September, President Clinton decided to grant clemency to 11 members of the Puerto Rican terrorist groups FALN and Los Macheteros. When this decision became known, it was greeted with virtually universal shock and disbelief, followed by calls for the President to reconsider and ultimately by near universal condemnation. The FALN had been involved in numerous terrorist acts. The most heinous of these acts was the bombing of Fraunces Tavern in New York City. In the middle of the lunch time rush at this Wall Street tavern, FALN members planted a bomb. The explosion killed four people and left 55 people wounded. In addition, FALN has taken credit for more than 130 bombings, attempted bombings, bomb threats and kidnapings. They took credit for the bombing of office buildings in New York and Chicago where at least one other person was killed and several more injured.

Although it has been suggested that the individuals the President pardoned were not convicted of direct involvement in these acts, the conduct that they were convicted of made clear that they all played important roles in facilitating the activities of the organization, fully aware that the entity in question engaged in just this kind of conduct. Despite this, there is no evidence that any of them are seriously remorseful about their serious wrongdoing. Singling them out for the extraordinary favor of Presidential clemency is, under these circumstances, frankly inexplicable.

Both this body and the House of Representatives passed resolutions stating our disapproval of the President's action. Following these events, the Committee on the Judiciary held two hearings on how the President had made his decision. In the first of these hearings, it was discovered that Reverend Ikuta, a supporter of clemency for the terrorists, had several meetings with the Department of Justice concerning the potential grant of clemency. At the same time, law enforcement officials, who attempted to contact the President and the Department of Justice concerning the clemency, received no response from the administration. Nor were the victims consulted in any way. The son of one of the victims of the Fraunces Tavern bombing was told in 1998 by the FBI that they were still searching for the FALN member thought to have planted the bomb. Meanwhile, the President was considering granting clemency to individuals who not only were members of the group responsible for the bomb in the first place, but also who may have had information about the whereabouts of this primary suspect. The victims of the terrorists' acts were never even informed of the President's grant of clemency. They had to read it in the newspaper. Perhaps the gravest oversight of all is that the terrorists were never asked to provide any information about other FALN members who are still on the FBI most wanted list.

The goal of this bill is to try to do what Congress can to prevent this situation from recurring. The bill would require the Department of Justice, if asked to investigate a pardon request, to make all reasonable efforts to inform the victims that a pardon request is being reviewed and give the victims an opportunity to present their views. The Department is also required to notify the victims of a decision to grant clemency as soon as practical after it is made and, if it will result in the release of someone, before release of that person if practicable. The bill also requires that the Department of Justice make all reasonable efforts to determine the views of law enforcement on whether the person has accepted responsibility for his or her actions and whether the person is a danger to any person or society. Finally the Department must determine from federal, state and local law enforcement whether the person may have information relevant to any ongoing investigation, prosecution, or effort to apprehend a fugitive, and to determine the effect of a grant of clemency on the threat of terrorism or future criminal activity.

Opponents of this bill argue that it is an unconstitutional infringement on the Presidential pardon power. This is not so. This bill dictates a process to be used when the President delegates investigatory power to the Department of Justice. Accordingly, this bill is not a usurpation of the President's pardon power, but within the legitimate exercise of Congress's power, in establishing the Department of Justice, to "make all laws which are necessary and proper for carrying into Execution" not only the powers vested in Congress but also "all other powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof." The President's own freedom to exercise the pardon power however he sees fit is in no way infringed by this bill. In fact, this bill only acts to ensure that the President has the information before him to make a well rounded and informed decision. The President can ignore the information provided by the victims and the law enforcement officers if he chooses to do so. I would hope that he would not. But while requirements that would force him to give particular weight to their views would most likely be unconstitutional, requiring the Department to make this information available to him, for whatever use he chooses to make of it, surely is not. Indeed, the President and the Department of Justice should be supportive of this bill as it should help return to the American people confidence in the clemency process that may have been lost following the release of the FALN and Los Macheteros terrorists.

It is unconscionable that in this instance, the views of the victims and law enforcement officers, the parties most affected by both the criminal act and the clemency, were ignored in the decision making process. This bill goes a long way in helping to prevent a recurrence of the defects in process in President Clinton's grant of clemency last September to the 11 terrorists. It will enhance the quality of information available so as to ensure a more balanced basis for the President's decisions regarding clemency. I am, therefore, pleased the committee has reported this legislation to the floor of the Senate, and I urge its prompt enactment.

ACTS OF BRUTALITY

Mr. FRIST. Mr. President, for the second time in one week, I come to the floor of the Senate to bring attention to an atrocious and despicable act of brutality against innocent men, women, and children.

Just 8 days ago, the Government of Sudan bombed nine towns, hospitals and feeding centers in the areas of the vast country outside of their control. As I said a week ago, they did not hit key rebel facilities or strongholds. However, they did bomb the town of Lui and the only rudimentary hospital and a TB clinic for a hundred mile radius.

They killed, maimed, and injured dozens of innocent and infirmed civilians.

As I said last week, I know this "target" well. It is the very hospital where I served as a volunteer surgeon and medical missionary just two years ago.

One of the worst aspects of the bombings is that the Government of Sudan knew exactly what these targets were. There was no mistaking it. Rebel forces had even caught government army agents attempting to mine the airstrip earlier in the year.

Last Sunday, 4 days after the bombing, the old Soviet cargo planes, which have been converted into bombers, returned. They dropped no bombs, but inspected the damage of the earlier raid and, we suspect, continued selecting targets.

On Tuesday morning, just past 10 a.m. local time, the bomber returned. It dropped 15 more bombs on the Samaritan's Purse hospital it targeted last week.

The sad part of the story is that it is not surprising. For years the Government of Sudan has targeted the relief facilities of organizations it deems

friendly toward the rebels. That is, those who operate exclusively in areas outside of government control or those who criticize the regime in Khartoum.

In the town of Yei, the hospital has been bombed so many times, bombings of the facility no longer necessary even makes it to wire reports.

On February 8 of this year, one of those routine bombings of civilian targets was especially horrific, when school children in the Nuba Mountains region—an isolated area especially devastated by government bombings and offensive—were killed as they took their lessons under a tree. At least a dozen students and two adults were killed by antipersonnel bombs pushed out the cargo doors of the converted cargo planes. These were schoolchildren. They were not rebels nor child soldiers, but children learning to read.

In that case, we have good reason to believe that the strike was retribution for the local Roman Catholic Bishop, who has been charged with treason for coming to the United States in an effort to publicize the atrocities of his government against its own people. It was a school run by his church and a location that he was known to frequent.

In general, the United States policy is pointed in the right direction with respect to Sudan: its primary focus is on ending the war through multilateral negotiations, and on aiding the areas of greatest food insecurity.

But the United States policy is not without serious flaws, the greatest of which is failing to use our full diplomatic and economic weight to change the political environment where the Government of Sudan can repeatedly and intentionally bomb civilian targets, including schools and hospitals, and not face a single substantial objection from any member of the United Nations Security Council—nor any member of the United Nations.

That includes the United States. We do not sufficiently use the international body to promote peace to even raise objections about the murder of innocent civilians.

This failure of the international community to forcefully act or to raise even routine objections in international fora in an effort to stop the most brutal and devastating war since the Second World War is as inexplicable as it is tragic.

It is also hypocritical when compared to any number of United Nations sponsored peace missions.

Why is the United Nations so unwilling or unable to act? Because it lacks the necessary leadership among its members. It lacks the type public exposure to the truth of the horrors in Sudan to cause sufficient shame and embarrassment to change inaction into action.

The United Nations and its members do not suffer from a lack of information about the war I have described as lurking on the edge of the world's conscience. The United Nations own Special Rapporteur for Sudan has submitted an extensive report detailing the atrocities and some common sense recommendations for the body to act upon. But nothing has happened.

It is behind this veil of obscurity that some of our closest allies' inaction has somehow instead become the United States ''isolation'' on the issue. It is behind this veil of obscurity and sense of this being an esoteric American issue that inaction has hidden and thrived.

That failure, that veil of obscurity, is the greatest tragedy of them all. The United Nations was formed to stop or prevent injustice such as what is happening in Sudan. But it has instead become a vehicle for obfuscation of responsibility. it has become the chosen forum for denial and the Sudanese government's charm offensive: a concerted and effective public relations effort which portrays them as simply ''misunderstood'' and the victim of undeserved American vilification.

The United Nations should be the forum to pull the war in Sudan from the edge of the world's consciousness, to the center of the world's attention. To fail to take every reasonable opportunity to use the United Nations to generate the necessary embarrassment and shame to drive our complicity and compel nations to act to end the war would be the greatest failure of our policy and a tragic loss of potential for good. It is our failure to fully use the United Nations as an effective instrument to end the war in Sudan which must become a major focus of the United States policy.

If the United Nations is not used as a forum for resolution of a conflict like this, and if we are not willing to assert American leadership within that forum, the unavoidable question becomes what, then, is the purpose of United Nations and our membership therein?

CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN

Mr. BIDEN. Mr. President, nearly two decades ago, President Carter submitted to the Senate the Convention on the Elimination of All Forms of Discrimination Against Women, known in shorthand as the ''Womens' Convention.''

In the two decades since then, the Committee on Foreign Relations has acted on the Convention only once. In 1994, the Committee voted to report the treaty by a strong majority of 13 to 5. Unfortunately, the 103rd Congress ended before the full Senate could act on the Convention.

Since then, not one hearing has been held in the Committee on Foreign Relations. Not one.

It is a great mystery to me that a treaty that calls for the international promotion of civil and human rights for women would not be considered by the Senate.

Over 160 nations have become party to this treaty, which entered into force in 1981. To its great discredit, the United States stands outside this treaty with a just handful of other nations.

There is hardly anything revolutionary about this treaty. It contains a specific set of obligations calling on member states to enact legal prohibitions on discrimination against women—prohibitions which, in large part, the United States has already enacted.

In fact, if the United States becomes a party to the treaty, we would not need to make any changes to U.S. law in order to comply with the treaty.

So what are the opponents of this treaty supposedly concerned about?

In 1994, the five Senators who voted against the Convention in the Committee filed ''minority views.'' In it they expressed two concerns.

First, the dissenting Senators expressed concern that, in ratifying the Convention, several nations had taken reservations to the treaty, and thereby ''cheapened the coin'' of the treaty and the human rights norms that it embodies.

To this objection there are two answers. First, no treaty signed by dozens of nations will ever be perfect. It will be the product of numerous compromises, some of which will not always be acceptable.

That's why the Senate thinks it so important that we retain the right, whenever possible, to offer reservations to treaties—to attempt to remedy, or if necessary, opt-out, of any bad deals agreed to by our negotiators.

Second, this Senate has frequently entered reservations in ratifying human rights treaties in the 1980s and 1990s—such as the Convention on Torture, the Convention on Racial Discrimination, and the International Covenant on Civil and Political Rights.

In unanimously approving each of these treaties, the Senate imposed numerous reservations and understandings on U.S. ratification. In approving the Race Convention, for example, the Senate added three reservations, one understanding, and one condition.

Did we ''cheapen the coin'' of the Race Convention in doing so? The answer is no, because in entering these reservations we did not undermine the central purpose of the treaty—to require nations to outlaw racial discrimination.

The second objection registered by the five senators who voted against the Convention in 1994 is that joining the treaty was not the ''best use'' of our government's ''energies'' in promoting the human rights of women around the world.

This is a rather remarkable objection. What this group of senators was saying, in short, is that we should reserve our resources—and only promote human rights for women at certain times and in certain places.

I would hope that every senator would agree that we should promote equal rights for women at every opportunity—not when it suits us or when where it is the ''best use'' of our ''energies.'' Advancing human rights and human liberty—for women and for everyone else—is a never-ending struggle.

Of course, the United States has a powerful voice, and we do not need to be a party to this Convention in order to speak out on womens' rights. But we should join this Convention so we can be heard within the councils of the treaty.

Now the Senator from California stepped forward with a simple resolution which calls on the Senate to have hearings on the treaty, and for the Senate to act on the Convention by March 8, International Womens' Day.

Unfortunately, the effort to call up this resolution yesterday was objected to. So we are here on the floor today simply to try to raise the profile of this treaty. I hope that our colleagues are listening.

I urge the other members—whether on the Foreign Relations Committee or not—to step forward and join with us in urging support for this treaty.

MIDDLE EAST PEACE PROCESS

Mr. BROWNBACK. Mr. President, there is a lot of information swirling about concerning the Middle East Peace Process, specifically the so called ''Syrian track.'' Facts and figures are being bandied about freely and there is little to indicate which are fact and which are fiction. Therefore I rise today to lay down a marker for the coming year and to express the hope that the administration will consult with Congress on a continual basis as this process picks up again.

Last year, Congress and the American people were presented with a bill for the Middle East peace process that was in excess of $1 billion—that is $1 billion more than the $5 billion plus we already spend in the Middle East. And this extra bill was compiled without any congressional input. It was approved, but this is no way to do business.

The peace process is ongoing, but the President and the Department of State should consider themselves on notice from this moment on: This Congress will not rubber stamp another Wye Plantation Accord, we will not cough up another check without consultation and due consideration; we will not be left out of our Constitutionally assigned role.

I am a strong believer in the Middle East peace process. The Governments of Egypt, Jordan and Israel have shown enormous character and courage in making peace, and they deserve our support. The nations of Egypt and Jordan, like Israel, need economic and military security in a bad neighborhood. They have made real sacrifices to do the right thing, and they have the backing of the United States.

However, ultimately, peace is not something that can be bought. Both Israel and its Arab partners, be they the Palestinians, the Lebanese or the Syrians, must make peace on their own terms without regard to sweeteners or inducements from the United States. The US has always played a historical role in promoting peace, but ultimately, peace only works when it is in the interests of the parties directly involved. Should we help? I believe we can. Should that help be the sole basis of an agreement? Unreservedly, no.

All of us who follow foreign policy issues are well aware that in this, the last year of the Clinton Administration, the President would like to preside over an historic peace between Israel and its remaining enemies in the Arab world. Perhaps we shouldn't blame President Clinton too much for yearning for a place in the history books. But President Clinton and his entire foreign policy team need to remember a few important points: 1: Congress has the power of the purse; 2: We are not the Syrian parliament: We will not rubber stamp any agreement with any price tag; 3: Notwithstanding rumors to the contrary, we are interested and wish to be kept apprised of important developments in American diplomacy. In other words, Mr. President, come and talk to us. Keep us in the loop.

I have read in the newspapers that Israel is looking at the security implications of returning the Golan Heights and is also considering requesting a security package from the United States which will be very costly. There are ongoing discussions between Israel and the Defense Department on this matter. But Congress has not been briefed. Syria too, has visions of sugar plum fairies dancing into Damascus with billions in aid; and I am sure the Lebanese will not be too far behind.

There will be many reasons to support a peace in the Middle East, but much will depend upon exactly what commitments will be expected of the United States. The President must not again make the mistake of signing IOUs which, this time, the Congress may have no intention of covering. We are willing partners in peace, but we will not accept the presentation of another fait accompli. Mr. President, we look forward to hearing from you—often.

WOMEN'S HISTORY MONTH

Mr. SARBANES. Mr. President, today I rise in recognition of Women's History Month—a time to honor the many great women leaders from our past and present who have served our Nation so well. These women have worked diligently to achieve social change and personal triumph often against incredible odds. As scientists, writers, doctors, teachers, and mothers, they have shaped our world and guided us down the road to prosperity and peace. For far too long, however, their contributions to the strength and character of our society went unrecognized and undervalued.

It is also important to recognize the countless American women whose names and great works are known only to their families. They too have played critical roles in the development of our State and National heritage.

Women have led efforts to secure not only their own rights, but have also been the guiding force behind many of the other major social movements of our time—the abolitionist movement, the industrial labor movement, and the civil rights movement, to name a few. We also have women to thank for the establishment of many of our early charitable, philanthropic, and cultural institutions.

I am proud of the many women from Maryland whose bravery, hard work, and dedication have earned them a place in our Nation's history. They include Margaret Brent, America's first woman lawyer and landholder. In 1648, she went before the Maryland General Assembly demanding the right to vote. Another brave Maryland woman was Harriet Tubman, hero of the Underground Railroad, who was personally responsible for freeing over 300 slaves. Dr. Helen Taussig, another great Marylander, in 1945, developed the first successful medical procedure to save ''blue babies'' by repairing heart birth defects in children whose blood was starved of oxygen, turning their skin a bluish hue. This breakthrough laid the foundation for modern heart surgery.

I would also like to recognize my colleague, another great Maryland woman, Senator BARBARA A. MIKULSKI. One of only nine female Members of the Senate, she has forged a path for women legislators into the Federal political arena and has tirelessly fought for recognition of the right of women to equal treatment and opportunities in our society. Through her leadership, the effort to designate March as Women's History Month has been a resounding success.

Other Maryland women leaders include Dr. Lillie Jackson and Enolia McMillan, two great champions of the Civil Rights Movement, and Henrietta Szold, the founder of Hadassah, the Women's Zionist Organization of America. Hattie Alexander, a native of Baltimore, was a microbiologist and pediatrician who won international recognition for deriving a serum to combat influenzal meningitis. Rachel Carson,

founder of the environmental movement, Billie Holiday, the renowned jazz singer, and Elizabeth Seton, the first American canonized as a saint were also all from Maryland. The achievements and dedication of these women are a source of inspiration to us all.

Now more than ever, women are a guiding force in Maryland and a major presence in our business sector. As of 1996, there were over 167,000 women-owned businesses in our State—that amounts to 39 percent of all firms in Maryland. Maryland's women-owned businesses employ over 301,000 people and generate over $39 billion in sales. Between 1987 and 1996, the number of women-owned firms in Maryland is estimated to have increased by 88 percent.

During Women's History month we have the opportunity to remember and praise great women leaders who have opened doors for today's young women in ways that are often overlooked. Their legacy has enriched our lives and deserves prominence in the annals of American history.

With this in mind, I have co-sponsored legislation again this Congress to establish a National Museum of Women's History Advisory Committee. This Committee would be charged with identifying a site for the National Museum of Women's History and developing strategies for raising private funding for the development and maintenance of the museum. Ultimately, the museum will enlighten the young and old about the key roles women have played in our Nation's history and the many contributions they have made to our culture.

However, we must do more than merely recognize the outstanding accomplishments women have made. Women's History Month also is a time to recognize that women still face substantial obstacles and inequities. At every age, women are more likely than their male contemporaries to be poor. A working woman still earns on average only 74 cents for every dollar earned by a man. A female physician only earns about 58 cents to her male counterpart's dollar, and female business executives earn about 65 cents for every dollar paid to a male executive. The average personal income of men over 65 is nearly double that of their female peers. Access to capital for female entrepreneurs is still a significant stumbling block, and women business owners of color are even less likely than white women entrepreneurs to have financial backing from a bank.

To address some of these discrepancies, I have co-sponsored the Paycheck Fairness Act which would provide more effective remedies to victims of wage discrimination on the basis of sex. It would enhance enforcement of the existing Equal Pay Act and protect employees who discuss wages with coworkers from employer retaliation.

On the other hand, we have made great strides toward ensuring a fairer place for women in our society. The college-educated proportion of women, although still smaller than the comparable proportion of men, has been increasing rapidly. In 1995, women represented 55 percent of the people awarded bachelor's degrees, 55 percent of people awarded masters', 39 percent of the doctorates, 39 percent of the M.D.'s, and 43 percent of the law degrees. As recently as the early 1970s, the respective percentages were 43 percent, 40 percent, 14 percent, 8 percent, and 5 percent. Women are now the majority in some professional and managerial occupations that were largely male until relatively recently.

The future does not look so bright for women in many other countries where women not only lack access to equal opportunities, but even worse are subject to dehumanizing social practices and abominable human rights violations. For this reason, I have added my name to a resolution calling on the Senate to act on the Convention on the Elimination of All Forms of Discrimination Against Women.

Mr. President, in the dawn of this new millennium, we must renew our efforts to ensure that gender no longer predetermines a person's opportunities or station in life. It is my hope that we can accelerate our progress in securing women's rights. As we celebrate Women's History Month, let us reaffirm our commitment to the women of this Nation and to insuring full equality for all of our citizens.

A PARENT'S PLEA

Mr. LEVIN. Mr. President, a week ago, Veronica McQueen didn't have the slightest idea she would be the latest parent thrust into a tragic spotlight. Now, the mother of Kayla Rolland, the six-year-old girl who was shot and killed in Mount Morris Township, Michigan, is very much the focus of public attention and empathy.

Kayla's mother and parents across the country are heartsick. Parents too often fear sending their children to school in the morning. They are joining the fight against gun violence and demanding that Congress make this country safer for their own children and the nation's children. As Kayla's mother said, ''I just don't want to see another parent have to bury another baby over this, over something that is preventable, something that is very, very preventable.''

I would like to share some of the thoughts and feelings of mothers across the country. They have written to the Million Mom March, an organization fighting for commonsense gun legislation, asking Congress to listen to their pleas for safety. I urge Congress to stop listening to the NRA and heed the words of parents: pass legislation before more children's voices are silenced by gunshots.

Victoria of Pittsburgh, PA writes: ''It is 4 a.m. and my daughter had that terrifying dream again—the one about the man with the gun—'he'd already shot you and Dad, Mom—and now he's coming for me.' Was my daughter affected by Columbine? I was!''

Cindy of Bridgewater, NJ: ''Our children look to their parents for protection. What are we suppose to tell them when we can't? Who are we suppose to go to for help? It is the job of EVERY citizen in this country and EVERY government official to make sure our children are safe. Stricter gun laws are only meant to do ONE thing. . . . PROTECT OUR CHILDREN! I am asking the government to please step up to the plate and protect them . . . after all aren't some of you parents too?''

Julie of Hamilton, VA: ''I want to protect my two remaining children and grandchild from the horror of gun violence. I was not able to protect my precious son Jesse, who was a victim of a self-inflicted gunshot wound to the head on June 11, 1999.''

Leslie of Philadelphia, PA: ''On February 2 ,2000, my son, Songha Thomas Willis, was fatally shot in a holdup while visiting me in Philadelphia . . . Needless to say, this has been a very difficult time for me and my family over the past few weeks. We are still in shock, and as a family of law enforcers, we are doubly affected by this event . . . I support not only changing gun control laws but changing the hearts of those who are against our efforts, because the heart is the fountainhead of all things moral.''

Deborah of Walled Lake, MI: ''. . . A few months ago someone I love lost a child to violence and a hand gun. His son who had just turned 17 a few weeks before was shot sitting on his own front porch. Someone thought he was someone else and walked up to him and ended his life his dreams his families dreams for him in an instant. He is gone and the world is a sadder place because of that loss. We have to stop this senseless killing the loss of our children. Our best chance of making Washington listen to us is if our voices are one. I will be with those who march in Washington on Mothers day. We have to stop the killing of our children.''

B. Adams of Littleton, CO: ''My daughter survived Columbine, but looking into the faces of the parents that night who had not found their children was the hardest thing I've ever done. Although guns were not the only equation, how can we not do what we can to prevent this from happening again?! How can gun commerce be more important than the lives and safety of our children? How can we face them and not say that we have done all we can to protect them?''

Eileen of Palm Beach Gardens, FL: ''My 19 yr. old son Michael was murdered on March 21, 1996 along with his

best friend. Both were shot in the head execution style by two teens who had been involved in an attempted murder 13 hours before using a hand gun. These last four years have been a living hell and if I can stop just one mother from living the nightmare I have had to live, then I will be happy.''

Suzy of Raleigh, NC: ''Last April, my growing lanky 10 yr. old sat on my lap the day after Columbine and asked me—'Why?' I had no answer. I simply held him and cried with him. I still have no answer. But I don't ever want him to ask me why I didn't do something. I will link hands with all of you on Mothers Day. Its time to take back our precious babies' childhoods.''

Lori of Troy, MI: ''I am scared and outraged for our children. In Michigan there is an effort to allow concealed weapons. I have had enough of the NRA and the pro gun lobby. They say the hand that rocks the cradle rules the world. I hope we can change it.''

Angelique of Imperial Beach, CA: ''A close friend of mine once found a little boy that had been accidentally shot in the head by a friends' dads' gun. To this day she will never in a million years forget what it felt like to have that little boy tug and pull at her shirt during his last few moments alive. Had there been a trigger-lock on that firearm his life could've been saved . . . As well as so many others . . .''

RECOGNIZING THE FIRST BUY BACK OF NATIONAL DEBT IN 70 YEARS

Mr. ROBB. Mr. President, I take a moment to recognize a milestone we reached today that was simply unthinkable eight short years ago. While it has gone largely unnoticed, in my view it represents real hope for our children's future.

Today, for the first time in 70 years, we bought back part of our Nation's debt. It was a relatively small amount—$1 billion—compared to our $5.7 trillion debt. But at least it shows that we are willing to pay down the mortgage the federal government took out on our children's future over the last 30 years.

We hear a great deal about wasteful spending, and we need to remain vigilant to root out wasted taxpayer dollars. But in my view, the most wasteful federal spending is the money we are forced to spend on interest to support our publicly held debt—debt which represents all the tough choices we did not make. Last year, we spent nearly $230 billion on interest payments on the debt. That compares with the roughly $38 billion the federal government spent last year on education.

Those of us who care deeply about keeping government from spending more than it takes in need to continue to make fiscally responsible choices so we can remove the millstone of debt from the necks of our children as quickly and responsibly as possible.

THE AFFORDABLE EDUCATION ACT

Mr. KOHL. Mr. President, I rise today as a proud cosponsor of ''The Public Education Reinvestment, Reinvention, and Responsibility Act of 2000''—better known as ''Three R's.'' I have been pleased to work with the education community in Wisconsin, as well as Senator LIEBERMAN and our other cosponsors, on this important piece of legislation. I believe that this bill represents a realistic, effective approach to improving public education—where 90% of students are educated.

We have made great strides in the past six years toward improving public education. Nearly all States now have academic standards in place. More students are taking more challenging courses. Test scores have risen slightly. Dropout rates have decreased.

In Wisconsin, educators have worked hard to help students achieve. Fourth-graders and eighth-graders are showing continued improvement on State tests in nearly every subject, particularly in science and math. Third-graders are scoring higher on reading tests. Test results show some improvement across all groups, including African American, disabled, and economically disadvantaged groups.

Unfortunately, despite all of our best efforts, we still face huge challenges in improving public schools. The most recent TIMSS study of students from 41 different countries found that many American students score far behind those in other countries. In Wisconsin, scores in math, science and writing are getting better but still need improvement. And test scores of students from low-income families, while showing some improvement, are still too low.

I strongly support the notion that the Federal government must continue to be a partner with States and local educators as we strive to improve public schools. As a nation, it is in all of our best interests to ensure that our children receive the best education possible. It is vital to their future success, and the success of our country.

However, addressing problems in education is going to take more than cosmetic reform. We are going to have to take a fresh look at the structure of Federal education programs. We need to let go of the tired partisan fighting over more spending versus block grants and take a middle ground approach that will truly help our States, school districts—and most importantly, our students.

Our ''Three R's'' bill does just that. It makes raising student achievement for all students—and eliminating the achievement gap between low-income and more affluent students—our top priorities. To accomplish this, our bill centers around three principles.

First, we believe that we must continue to make a stronger investment in education, and that Federal dollars must be targeted to the neediest students. A recent GAO study found that Federal education dollars are significantly more targeted to poor districts than money spent by States. Although Federal funds make up only 6–7% of all money spent on education, it is essential that we target those funds where they are needed the most.

Second, we believe that States and local school districts are in the best position to know what their educational needs are. They should be given more flexibility to determine how they will use Federal dollars to meet those needs.

Finally—and I believe this is the key component of our approach—we believe that in exchange for this increased flexibility, there must also be accountability for results. These principles are a pyramid, with accountability being the base that supports the federal government's grant of flexibility and funds.

For too long, we have seen a steady stream of Federal dollars flow to States and school districts—regardless of how well they educated their students. This has to stop. We need to reward schools that do a good job. We need to provide assistance and support to schools that are struggling to do a better job. And we need to stop subsidizing failure. Our highest priority must be educating children—not perpetuating broken systems.

I believe the ''Three R's bill is a strong starting point for taking a fresh look at public education. We need to build upon all the progress we've made, and work to address the problems we still face. This bill—by using the concepts of increased funding, targeting, flexibility—and most importantly, accountability—demonstrates how we can work with our State and local partners to make sure every child receives the highest quality education—a chance to live a successful productive life. I look forward to working with all of my colleagues on both sides of the aisle, as well as education groups in my State, as Congress debates ESEA in the coming months.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, March 8, 2000, the Federal debt stood at $5,745,125,070,490.06 (Five trillion, seven hundred forty-five billion, one hundred twenty-five million, seventy thousand, four hundred ninety dollars and six cents).

One year ago, March 8, 1999, the Federal debt stood at $5,651,493,000,000 (Five trillion, six hundred fifty-one billion, four hundred ninety-three million).

Five years ago, March 8, 1995, the Federal debt stood at $4,848,282,000,000

(Four trillion, eight hundred forty-eight billion, two hundred eighty-two million).

Ten years ago, March 8, 1990, the Federal debt stood at $3,023,842,000,000 (Three trillion, twenty-three billion, eight hundred forty-two million).

Fifteen years ago, March 8, 1985, the Federal debt stood at $1,704,823,000,000 (One trillion, seven hundred four billion, eight hundred twenty-three million) which reflects a debt increase of more than $4 trillion—$4,040,302,070,490.06 (Four trillion, forty billion, three hundred two million, seventy thousand, four hundred ninety dollars and six cents) during the past 15 years.

ADDITIONAL STATEMENTS

RECOGNITION OF CAMP FIRE BOYS AND GIRLS BIRTHDAY WEEK

• Mr. GRAMS. Mr. President, I rise today to honor the Camp Fire Boys and Girls as it celebrates its 90th birthday. Founded in 1910 as the Camp Fire Girls, it focuses on educational and leadership programs to mentor America's young women, and at the time was the nation's only organization specifically for girls. My own state of Minnesota was one of the first states to develop a local chapter for Camp Fire Girls, with a small group of eight and their 21-year-old leader.

Minnesota Governor John Lind purchased 63 acres on Lake Minnewashta in 1924 to provide Camp Fire members with a permanent campground. This concept caught on, as two years later, 1000 feet of shoreline on Green Lake was purchased for the St. Paul council. Many of the early camping ventures were for girls in high school. But many councils, like Minnesota, developed a Blue Bird program to provide younger girls with activities all their own. This additional age group completed the support Camp Fire brought to girls up to age 18. To better serve all of America's youth, Camp Fire opened its doors and allowed boys to become members in 1975. In 1994, the St. Paul and Minneapolis councils merged and now serve not only the cities of Minneapolis and St. Paul, but most of Southern Minnesota. This partnership has provided Camp Fire the opportunity to maintain its flexibility and remain responsive to the changing needs of children.

That Camp Fire has consistently adapted to the changes necessitated by changing times is perhaps the organization's strongest asset in reaching out to America's youth.

Camp Fire was not intended to solve the problems of the world, but rather provide the right tools to the children who will. From the beginning, Camp Fire has used the ideals behind Work, Health, and Love (Wohelo) to guide our youth in developing self-esteem and responsibility. Wohelo was the name of the organization's first camp in Vermont and more than 50 years later, in 1962, the Wohelo medallion was created to bestow the highest honor to those who personify the meaning of the Camp Fire organization.

Today, there are 125 local councils in 41 States serving some 629,000 young Americans. Camp Fire provides direct access to youth through development programs in three areas: club programs, self-reliance programs, and outdoor programs.

Club programs provide children with regular, informal educational meetings in local communities led by volunteers or paid leaders. In elementary schools, self-reliance courses are led by trained, certified teachers who educate children about personal safety and self-care. Last year, more than 6,000 children were involved in this program in Minneapolis alone. And in St. Paul, teens are involved in the teaching process to broaden their community involvement. The outdoor programs provide an outdoor setting for children to better understand the world we live in while developing vision, commitment, and participation skills in team and individual activities.

I am honored to wish the Camp Fire Boys and Girls across America a happy 90th birthday. I wish it continued success in reaching our youth by inspiring individual potential while having fun.•

HONORING SISTER AGNES CLARE

• Mr. DURBIN. Mr. President, in my hometown of Springfield, IL, we have extraordinary people who have made noteworthy contributions in service to others.

Julie Cellini, a freelance writer and community activist, has written many profiles which highlight the lives of these fine neighbors in our state capital.

Recently, Julie shared the life story of such a person: Sister Agnes Clare, O.P.

At 103 years of age with a sharp mind, an enduring will to savor each day of her life and an irresistible Irish charm, Sister Agnes Clare is more than a living legend. She is an eyewitness to a century of history in Springfield; a young observer of Washington, D.C., as the daughter of a U.S. Congressman; and most of all, a vivid illustration of the legacy of a life of giving as a member of the Dominican Sisters of Springfield.

In this week before the celebration of St. Patrick's birthday, I would like to share with the Senate Julie Cellini's recent feature story on Sister Agnes Clare from the Springfield State Journal-Register. As you read it, you will learn of the Grahams, a great Irish-American family, and a woman who has touched so many lives with so much goodness.

Mr. President, I ask that this article be printed in the CONGRESSIONAL RECORD.

[From the State Journal-Register, March 5, 2000]

GOLDEN OPPORTUNITIES—SISTER AGNES CLARE

(By Julie Cellini)

Agnes Graham was 11 years old when the race riot of 1908 broke out in Springfield.

''I remember the smashed dishes and glass from the windows of Loper's Restaurant strewn across South Fifth Street,'' she says. ''My mother tried to keep me from reading the newspapers so I wouldn't know all that happened. She always thought children should be trouble free, but it wasn't possible to avoid what was going on.''

Now at 103 years old, Agnes Graham has been Sister Agnes Clare O.P. of the Cominican Sisters of Springfield for 80 years. She has lived during three centuries of Springfield history, but her voice still carries a hint of the same incredulousness she might have felt some 92 years ago when she watched her hometown erupt into violence that culminated in the lynching of two black men.

''There was a mob. They became very angry when they couldn't get to the black prisoners in the county jail. They said a black man raped a white woman, but it wasn't true. The town was just torn apart.''

By the time the two-day upheaval ended, seven people, blacks and whites, were dead, and 40 black homes and 15 black-owned businesses were destroyed.

Whether the race riot is her worst memory from more than a century of living, Sister Agnes Clare won't say. Her voice is steady, but she moves quickly to other events, often telling stories about her childhood in the leafy confines of what once was called ''Aristocracy Hill.''

Born in 1897 in a handsome, Lincoln-era house that sill stands at 413 S. Seventh St., Agnes Graham was the youngest of seven children—three girls and four boys. She grew up in an adoring, achieving family headed by James M. Graham, an Irish immigrant who co-founded the family law firm of Graham & Graham. James M. Graham served in the Illinois General Assembly and as Sangamon County state's attorney before being elected to Congress, where he served from 1908 to 1914.

Sister Agnes Clare's earliest memories are of life in the Victorian-style, painted-brick house, where water came from a backyard pump and transportation meant hitching up a horse and buggy. She frames them from the perspective of a much loved child who appears to have been the favorite of her older siblings.

She recalls the Christmas she was 5 years old (''about the age when I started doubting Santa Clause'') and too sick with the flu to walk downstairs to open gifts. Her brother Hugh, a law student at the University of Illinois, wrapped her in a blanket and carried her in his arms down the long, curved staircase with its polished walnut banister.

''My father had given me a big dollar bill to buy eight presents, she says, ''I spent 30 cents for three bottles of perfume for my mother and sisters, and the place smelled to high heaven. I bought my father two bow ties for 10 cents. I think they were made of paper, and they fastened with safety pins. When I got downstairs, I saw a cup of tea for Santa Claus.

''When I was very young, my father went on a ship to Ireland to visit. I asked him to

bring me back a leprechaun, but he said he didn't want me to be disappointed if the leprechauns were too fast for him to catch. What he did bring back was a leprechaun doll in a box, with gray socks and a pipe and bat. He told me it was a dead leprechaun, and that the salt water had killed him. I think I half-believed him, and I went around the neighborhood showing my dead leprechaun to my friends. One of their mothers told my mother, 'Agnes' imagination is growing up faster than she is.''

''The leprechaun went back into a box,'' she says, ''but he'd get to come out on my birthdays and special occasions.''

Now a family heirloom, the doll resides with her great-niece, Sallie Graham.

Sister Agnes Clare says the Springfield she grew up in wasn't a small town. There were 50,000 people living here at the beginning of the 20th century. Downtown was populated with family-owned businesses, and people tended to stay at the same job all of their lives.

The streets were paved with bricks that popped up without warning. People waited all year for the biggest event on the calendar: the Illinois State Fair.

''My mother baked hams and fried chickens so we had safe food to take to the fair. Lots of people got sick from eating at the fairgrounds because there was no refrigeration. At night, the area around the Old Capitol would be filled with fair performers who put on shows. Acrobats, singers and actors would perform on one side of the square. Then we would rush to the other side to get a front row seat on the ground. Everyone in town seemed to come out, and all the stores stayed open late so people could shop.''

A rare treat was a little cash for ice cream, usually provided by big brother Hugh because there was an ice cream shop across from the Graham law office.

A chance meeting with Supreme Court Justice Louis Brandeis was a highlight of the years Sister Agnes Clare spent in Washington as the young daughter of an Illinois congressman. She tells how Brandeis and her father worked together to investigate and remove corrupt agents who were swindling the residents of Indian reservations.

''Justice Brandeis came to our home because he was leaving Washington and he wanted to tell my father goodbye. I happened to be hanging on the fence in the front yard, so he gave me his business card and told me to give it to my father. He said my father was a great man.''

''Indians would show up at my father's office in full native dress. My father spent a lot of time away from Washington inspecting the reservations. He told me stories of Indians so badly cared for (that) their feet left bloody footprints in the snow. One agent my father got removed gave an Indian a broken sewing machine for land that had oil and timber on it. The Indians were so grateful, a tribe in South Dakota made my father an honorary member with the title Chief Stand Up Straight.''

Years later, when the Graham family home in Springfield was sold, she says, relatives donated her father's papers from that period to Brandeis University in Waltham, Mass.

In adulthood, Sister Agnes Clare attended college and was a librarian and a founding teacher at a mission and school in Duluth, Minn. However, her long lifetime often has been attached to a small geographic area bounded by the neighborhood where she was born and extending a few blocks west to the places where she attended school, spent much of her working career and retired to the Sacred Heart Convent in 1983.

Within those confines, she has lived most of a full, rich life that shows few signs of diminishing.

''Sister Agnes' bones don't support her, so she moves around in a wheel chair,'' says Sister Beth Murphy, communication coordinator for the Springfield Dominican order.

''Other than that, she has no illnesses, and her mind is sharp and clear.''

The order has had other nuns who lived to be 100, but Sister Agnes Clare holds the longevity record.

''She's amazing,'' says Sister Murphy. ''She continues to live every day with interest and curiosity. She listens to classical music and follows politics and current events on public radio. She reads the large-print edition of The New York Times every day. Recently I dropped by her room to visit and couldn't find her. She had wheeled herself off to art appreciation class.''

Sister Agnes Clare's gaze is steady and assured and her face is remarkably unlined. She occupies a sunny room filled with photos and religious keepsakes. Less than a block away is the former Sacred Heart Academy (now Sacred Heart-Griffin High School), where she worked as a librarian for nearly 60 years.

''No, I didn't plan on becoming a nun,'' she says matter-of-factly. ''I always thought I'd have a lot of children and live in a fairy-tale house. No one lives that way, of course.

''I always loved books, so when I graduated I went across the street from my family's home and got a job at Lincoln Library. The librarians were patient and put up with me while I learned how to do the work. One day I was alone when a man with a gruff voice and a face that looked like leather came in and asked to see the books written by Jack London. Of course, we had 'Sea Wolf' and 'Call of the Wild' and all the popular London books. I showed him, and then I asked who he was.

''He said he was Jack London. I was so astonished, I forgot to ask for his autograph.''

Sister Agnes Clare brushes aside any suggestion that she was a writer, despite her essays published in Catholic Digest and other publications. She once sold an article to The Atlantic Monthly. The piece was a rebuttal to one written by a nun critical of convent life. The editors asked for more of Sister Agnes Clare's work but World War II intervened and life became too busy for writing articles.

She has been a prolific letter writer to four generations of Grahams. Carolyn Graham, another grand-niece says each of her four adult children treasures letters from their Aunt Agnes.

''Whenever my kids come home,'' she says, ''they always check in with her. They think she's extraordinary and she is.''

After a lifetime that has seen wars and sweeping societal changes and the invention of everything from airplanes to the Internet, Sister Agnes Clare isn't offering any advice on how to live longer than 100 years.

An academically engaged life with good health habits probably has helped, and so has genetics. She comes from a long-lived family. Her father lived to age 93 and her brother Huge died at 95. A nephew, Dr. James Graham, continues to practice medicine at age 91.

There are, she admits, perks attached to being among the rare triple-digit individuals called centenarians.

''People ask you questions when you get to be my age,'' she says, smiling. ''They even listen to my answers.''●

LEGISLATION CONCERNING DR. MARTIN LUTHER KING, JR.

● Mr. COVERDELL. Mr. President, Dr. Martin Luther King, Jr. was an extraordinary man who left a legacy for each of us as Americans and also as Georgians. On a hot summer day, August 28, 1963, Dr. King delivered his now famous and unforgettable ''I Have A Dream'' speech on the steps of the Lincoln Memorial in Washington, D.C. His words will always stay with us and help remind our Nation that we must look to our own home and family, friends and community, to see what we can do to make a better world for all. As Dr. King himself said, ''When we let freedom ring, when we let it ring from every village and every hamlet, from every state and every city, we will be able to speed up that day when all of God's children, Black men and White men, Jews and Gentiles, Protestants and Catholics will be able to join hands and sing in the words of that old Negro spiritual, 'Free at last, Free at last, Thank God Almighty, We are free at last.' ''

Thousands of visitors come to our Nation's capital to see where Martin Luther King delivered the ''I Have A Dream'' speech. Unfortunately, there is not a marker or words to show where he helped change the course of our country's history. To commemorate this historic event and truly honor Dr. King, today I am introducing legislation which directs the Secretary of the Interior to insert a plaque at the exact site of the speech on the steps of the LINCOLN Memorial. It is my hope that this marker will preserve Dr. King's legacy for generations to come. The Secretary of the Interior may accept contributions to help defray the costs of preparing and inserting the plaque on the steps. This legislation is noncontroversial and is consistent with what has been done previously at the Memorial to commemorate similar events. The bill is a Senate companion to legislation introduced by Representative ANN NORTHUP of Kentucky. I look forward to working with her on securing its enactment.●

RETIREMENT OF KEITH McCARTY

● Mr. BAUCUS. Mr. President, 2½ years ago, when the Balanced Budget Act (BBA) was enacted, few Members of Congress paid much attention to a small section in the BBA that created a new program for hospitals in frontier and rural communities.

This program, called the Critical Access Hospital, was buried among hundreds of provisions affecting Medicare. Yet, in many ways, it may well be one of the most lasting achievements of that session of Congress.

The Critical Access Hospital idea is based on a very successful demonstration project in Montana. This project, called the Medical Assistance Facility

Demonstration Project, was coordinated by the Montana Health Research and Education Foundation (MHREF). This foundation is affiliated with MHA, an Association of Montana Health Care Providers, formerly the Montana Hospital Association.

As is usually the case, many people can claim at least some of the credit for the huge success of the MAF demonstration project. But the person who should claim the lion's share of the credit has never chosen to do so. It is that person—Keith McCarty—who I would like to recognize today.

Keith McCarty joined MHREF in 1989. At that time, even the concept of an MAF was vague. Several years earlier, a citizens' task force had dreamed up the idea of a limited service hospital to provide access to primary hospital and health care services in rural and frontier communities. Acting on the recommendations of the task force, the Montana Legislature had created a special licensure category for these hospitals.

MHA, the state department of health and others seized the opportunity created by the Legislature and, working with the regional office of the Department of Health and Human Services, developed a demonstration project aimed at determining whether MAFs would actually work. Keith was hired with the unenviable task of transforming this amorphous concept into reality, a job few gave him much hope of performing successfully.

Keith brought a broad range of skills to his job. Trained as a psychologist, from 1968 to 1975, he worked with the developmentally disabled in a variety of positions, including serving as the Superintendent of the Boulder, Montana School and Hospital, the state's school for developmentally disabled children. Beginning in 1975, he provided professional contract services for a wide variety of health care and social service organizations.

By the time he joined MHREF, Keith was skilled at managing projects, preparing grant applications, coordinating and supervising grant-funded projects, program development and evaluation, research and data analysis, facilitating community decision-making and interagency cooperation. All these were skills he would use in developing the MAF demonstration project.

The MAF demonstration project brought its share of challenges. Among Keith's toughest challenges was convincing communities that the quality of their health care would not decline if they converted to MAF status. Once beyond that hurdle, Keith worked tirelessly with the state's peer review organization, fiscal intermediary, facility licensure and certification bureau and HHS officials to remove other potential roadblocks.

First one facility made the conversion, then another and before long there were more than twice as many as the project thought might convert to MAF status. I pushed for the Medicare waiver in the early 1990s, and the Medical Assistance Facility became a reality.

As the demonstration neared completion, Keith worked closely with my staff to draft the Critical Access Hospital legislation that I introduced in 1997 and saw through to final passage as part of the BBA. His insights about how Critical Access Hospitals might function, in practical terms, proved invaluable. And the model embodied in the Balanced Budget Act of 1997 closely parallels the experience Montana's MAFs enjoyed.

Keith McCarty retired on December 31, 1999. He retired only after ensuring that Montana's MAFs were able to seamlessly transition into the new Critical Access Hospital program.

His departure from MHREF marks a fitting transition for the Critical Access Hospital program. Once only a dream in the minds of a few people in the sparsely-populated areas of central Montana, the Critical Access Hospital has already become an institution in many communities across America.

Keith is far too modest to take credit for his labors. So, what he won't say, we should. Keith's efforts—and the MAF demonstration project—have been recognized in special awards from the National Rural Health Association and the American Hospital Association.

But perhaps the most fitting tribute that can be paid is to note that today, in 15 communities in Montana, routine health care services are provided in Critical Access Hospitals. If there had been no MAF demonstration project, health care services in at least half of these towns would no longer be available.

I want to acknowledge and thank Keith McCarty for the service he has provided to so many Montanans.●

TRIBUTE TO KEN SULLIVAN

● Mr. GRASSLEY. Mr. President, on March 18th there will be a retirement party in Shueyville, IA for one of Iowa's most highly-regarded journalists.

Ken Sullivan left *The Cedar Rapids Gazette* on February 10th, after 36½ years on the job. He started his career as a radio news reporter a few months after high school and reported for the *Oelwein Daily Register* for three years before joining Iowa's second-largest newspaper.

I have known Ken as one of the leading political reporters in a state where political dialogue is healthy and rigorous. Ken's many years of public service have greatly enriched this political landscape, as well as the civic life of metropolitan Cedar Rapids. He brought to his work tremendous dedication and demonstrated through his commentary the common sense and independence that characterizes the people of Iowa.

Mr. President, I salute the contribution that Ken Sullivan has made to our democracy by letting the sun shine in to the processes of government and encouraging public dialogue on the issues through his news reports, editorials and columns. His keen insights and energetic coverage of the issues important to Iowa and the country have well-served his readers and the public good. He will be missed, and I congratulate him on his many years of fine service.●

THE VOLUNTEERS OF AMERICA FOUNDERS' WEEK

● Mr. GRAMS. Mr. President, I rise today to recognize and honor the Volunteers of America on the occasion of its Founders' Week Celebration.

Volunteers of America was founded in 1896 by Christian social reformers Ballington and Maud Booth in New York with the mission of ''reaching and uplifting'' the American people. Soon afterwards, more than 140 ''posts'' were established across the nation. One of these posts sprang to life in my home state of Minnesota.

Volunteers of America serves people in many ways, with a special emphasis on human services, housing, and health services. The organization is noted for being the nation's largest nonprofit provider of quality, affordable housing for low-income families and the elderly. Currently, more than 30,000 people reside in Volunteers of America housing. Along with its commitment to providing homes, Volunteers of America also focuses on helping the homeless, through emergency shelters, transitional housing, jobs training, and counseling.

In Minnesota, Volunteers of America is one of the most important providers of social services and workers with children, adults, and seniors. Children are provided residential treatment, shelter, and foster care. Adult services include help filling housing needs and skills training for individuals with developmental disabilities. Senior services include home-delivered meals and home health care assistance.

None of this would be possible without the more than 11,000 employees and 300,000 volunteers who work with the Volunteers of America. Volunteers of America of Minnesota is home to more than 350 employees and over 1,000 volunteers. Volunteerism is a community necessity, and I extend my utmost thanks and appreciation to those who are providing our country and my state with such an invaluable resource through their participation in Volunteers of America.

I again applaud the Volunteers of America during this Founders' Week for its extraordinary record of service. For more than 100 years, Volunteers of

America has been there for countless Minnesotans; given its good work and record of success, I am confident this vital organization will be with us for many years to come.●

MS. TINA NOBLE, WINNER OF THE ''POWER OF ONE'' AWARD

● Mr. GORTON. Mr. President, I am delighted to recognize the extraordinary efforts of one of my constituents, Ms. Tina Noble, to help women in her community market themselves to potential employers through the 'Dress for Success' program. For her efforts, Tina Noble is one of the Washington Women 2000 ''Power of One'' Award recipients.

Dress for Success provides professional clothing for low-income women as they transition into the workplace. Many times these women are single mothers, trying to gain financial independence. Tina Noble, together with her small army of volunteers has helped over 500 women in the Seattle area get suited up for new jobs since she began the Seattle Chapter of Dress for Success in 1998.

In addition to her community service, Tina is also a hero to her family as a wife and mother of three children. Tina is a wonderful example of the tremendous difference that one person can make in her community. I applaud Tina's efforts to help other women dress for and find success in the workplace. She is a most deserving recipient of the ''Power of One'' award.●

TIME HONORS DELAWAREAN

● Mr. BIDEN. Mr. President, I rise today to make special note of the national honor bestowed upon one of the leading citizens in the central part of my State, in historic Kent County, Delaware. At the very heart of this national recognition for his business excellence is the story of a strong, close family, which makes this award all the more special.

TIME Magazine has named John W. Whitby, Jr., President of Kent County Motor Sales Company, as its recipient of the 2000 Quality Dealer Award. The competition was formidable—Whitby won over 63 other dealers nominated for the 31st annual award, from more than 20,500 auto dealers nationwide. And make no mistake—this is a coveted award for auto dealers. It's the equivalent of TIME's ''Man of the Year'' award for automobile dealers.

John operates Kent County Motor Sales in Dover, building on the successful business his dad, Jack Whitby founded. Upon accepting the award at the National Auto Dealers Association Convention, John readily gave credit to his father for the extensive training he received and to his employees and colleagues for their dedication and commitment to excellence.

American philosopher and poet, George Santayana, wrote that: ''The family is one of nature's masterpieces.'' To extend that metaphor: The Whitby family is one of Kent County's masterpieces. Not only is John a top business owner, he is a community leader as well. John is a member of the Delaware Business Roundtable Greater Dover Committee; the Central Delaware Chamber of Commerce; the Quarterback Club of Kent County; and, Friends of Capitol Theatre among many other civic contributions. John is continuing the strong Whitby family tradition. He lives in his native Dover, with his wife Diane and two children, Emily and Jay.

Mr. President, it is with great pride that I commend John Whitby, Jr. and his family for this outstanding national award.●

IDAHO TEACHER OF THE YEAR

● Mr. CRAIG. Mr. President, I rise today to recognize teachers across America for the vital work they do. I come from a family of educators, so I have seen firsthand the impact teachers have on children. They do this because they care about each and every child they teach. These public servants deserve our gratitude and thanks.

While I believe this can be said of all teachers, I would like to recognize one particular teacher today who embodies this sentiment. She is Nancy Larsen, of Coeur d'Alene, Idaho, and she was chosen by my state as Educator of the Year.

One look at her career shows why she was chosen as the Educator of the Year. She has dedicated eight years of her life to teaching the second grade, and these eight years have been full of innovation and a real love for education. Not only has she been busy in the classroom, she has also found time for activities which broaden her knowledge and make her a better teacher. For example, she has published articles in magazines such as Learning and Portals: A Journal of the Idaho Council International Reading Association. She has also designed and presented numerous workshops in the past five years, and participates in many professional organizations, including serving as President of the Panhandle Reading Council.

While these activities are important, her classroom work is what truly sets her apart. For example, she actively seeks to involve parents in her students' education, realizing that parental involvement is key for scholastic success. Her weekly letters on students' activities, her project, ''Family Math Night,'' are further examples of her commitment to parents as computer and classroom helpers. There have been many studies which show that parental involvement increases children's ability to learn. Nancy know this from her first day on the job, and has worked to make this involvement a reality.

Her students adore her and her peers respect her. This is what every teacher strives for, and Nancy has earned this respect. As one of her students said, ''I'm really glad to have such a nice teacher.''

As you can see, Nancy Larsen is truly a treasure for her school, for Idaho, and indeed for the Nation in general. Teachers like Nancy make education a rewarding experience for students and parents alike. I am proud that the state of Idaho chose her as its Teacher of the Year. She is a great example for the rest of the state and the Nation, and I hope this award gives her a platform so she can help other teachers to have the same success she has.●

RECOGNIZING THE 44TH ANNIVERSARY OF TUNISIAN INDEPENDENCE

● Mr. ABRAHAM. Mr. President, I rise today in celebration of the 44th anniversary of Tunisian independence. On March 20, Tunisia—one of America's oldest allies—will mark its 44th year of independence, but our two nations have been sharing the ideals of freedom and democracy for a much longer time.

In 1797, our two nations signed a treaty calling for ''perpetual and constant peace.'' Indeed, for the past 200 years, our two nations have enjoyed such a friendship. Whether protecting Mediterranean shipping lanes against Barbary pirates, opposing the Nazi war machine in North Africa, or supporting Western interests during the Cold War, the U.S. could count on Tunisia. More recently, Tunisia displayed great courage in urging other Arab nations to seek an accord with Israel. Tunisia has built on that pioneering stand by playing an important role as an honest and fair broker at delicate points in the Middle East peace process.

By adopting progressive social policies that feature tolerance for minorities, equal rights for women, universal education, a modern health system, and avoiding the pitfall of religious extremism that has tormented so many other developing countries, Tunisia has built a stable, middle-class society. In stark contrast to its two neighbors (Algeria, which has been racked by civil war and persecution for many years, and Libya, whose dictator has supported the most nefarious and subversive kinds of terrorism), Tunisia has been a quiet and wonderful success. In fact, Tunisia became the first nation south of the Mediterranean to formally associate itself with the European Union.

Mr. President, Tunisia has been a model for developing countries. It has sustained remarkable economic growth, and undertaken reforms toward political pluralism. It has been a steadfast ally of the United States and has consistently fought for democratic goals and ideals. Tunisia has responded

to President Dwight D. Eisenhower's request to consider the U.S. as ''friends and partner'' in the most effective way—by its actions.

In commemoration of 44 years of independence for Tunisia, I urge my colleagues to reflect on our strong commitment to Tunisian people, who are still our friends and partners in North Africa.●

VI HILBERT, WINNER OF THE ''POWER OF ONE'' AWARD

● Mr. GORTON. Mr. President, today I am delighted to honor the achievements of a remarkable Washingtonian for her work in preserving the culture and traditions of the Pacific Northwest. For all her efforts, Upper Skagit elder Vi Hilbert is one of the Washington Women 2000 ''Power of One'' Award recipients.

A native speaker of Lushootseed, Vi has worked tirelessly to preserve the indigenous language of the Puget Sound area as well as the stories and history of the Pacific Northwest tribes.

In 1983, Vi founded Lushootseed Research which is a non-profit organization to preserve the Lushootseed language through audio and printed materials as well as education. Vi taught Lushootseed language and literature classes at the University of Washington for 15 years.

In addition to preserving her own native tongue, Vi has served to preserve art, artifacts and cultural heritage of tribes from all of the Pacific Northwest. She serves on the advisory board for the Burke Museum and the Seattle Art Museum and is an active board member of United Indians of All Tribes and Tillicum Village.

On behalf of all of us who treasure the heritage of the Pacific Northwest, I thank Vi for all her efforts. She is a tremendous example of the ''Power of One.''●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Wanda Evans, 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.)

THE ANNUAL REPORT ON FEDERAL ADVISORY COMMITTEES—MESSAGE FROM THE PRESIDENT—PM 92

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Governmental Affairs.

To the Congress of the United States:

As provided by the Federal Advisory Committee Act (FACA), as amended (Public Law 92–463; 5 U.S.C., App. 2, 6(c)), I hereby submit the *Twenty-seventh Annual Report on Federal Advisory Committees*, covering fiscal year 1998.

In keeping with my commitment to create a more responsive government, the executive branch continues to implement my policy of maintaining the number of advisory committees within the ceiling of 534 required by Executive Order 12838 of February 10, 1993. Accordingly, the number of discretionary advisory committees (established under general congressional authorizations) was again held to substantially below that number. During fiscal year 1998, 460 discretionary committees advised executive branch officials. The number of discretionary committees supported represents a 43 percent reduction in the 801 in existence at the beginning of my Administration.

Through the planning process required by Executive Order 12838, the total number of advisory committees specified mandated by statute also continues to decline. The 388 such groups supported at the end of fiscal year 1998 represents a modest decrease from the 391 in existence at the end of fiscal year 1997. However, compared to the 439 advisory committees mandated by statute at the beginning of my Administration, the net total for fiscal year 1998 reflects nearly a 12 percent decrease since 1993.

The executive branch has worked jointly with the Congress to establish a partnership whereby all advisory committees that are required by statute are regularly reviewed through the legislative reauthorization process and that any such new committees proposed through legislation are closely linked to compelling national interests. Furthermore, my Administration will continue to direct the estimated costs to fund required statutory groups in fiscal year 1999, or $45.8 million, toward supporting initiatives that reflect the highest priority public involvement efforts.

Combined savings achieved through actions taken during fiscal year 1998 to eliminate all advisory committees that are no longer needed, or that have completed their missions, totaled $7.6 million. This reflects the termination of 47 committees, originally established under both congressional authorities or implemented by executive agency decisions. Agencies will continue to review and eliminate advisory committees that are obsolete, duplicative, or of a lesser priority than those that would serve a well-defined national interest. New committees will be established only when they are essential to the conduct of necessary business, are clearly in the public's best interests, and when they serve to enhance Federal decisionmaking through an open and collaborative process with the American people.

I urge the Congress to work closely with the General Services Administration and each department and agency to examine additional opportunities for strengthening the contributions made by Federal advisory committees.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *March 9, 2000*.

MESSAGE FROM THE HOUSE

At 11:42 a.m., a message from the House of Representatives, delivered by Mr. Hanrahan, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 91. Concurrent resolution congratulating the Republic of Lithuania on the tenth anniversary of the establishment of its independence from the rule of the former Soviet Union.

The message also announced that the House has passed the following bills and joint resolution, in which it requests the concurrence of the Senate:

H.R. 1827. An act to improve the economy and efficiency of Government operations by requiring the use of recovery audits by Federal agencies.

H.R. 2952. An act to redesignate the facility of the United States Postal Service located at 100 Orchard Park Drive in Greenville, South Carolina, as the ''Keith D. Oglesby Station.''

H.R. 3018. An act to designate the United States Post Office located at 557 East Bay Street in Charleston, South Carolina, as the ''Marybelle H. Howe Post Office.''

H.J. Res. 86. A joint resolution recognizing the 50th anniversary of the Korean War and the service by members of the Armed Forces during such war, and for other purposes.

MEASURES REFERRED

The following bills and joint resolution were read the first and second times by unanimous consent and referred as indicated:

H.R. 1827. An act to improve the economy and efficiency of Government operations by requiring the use of recovery audits by Federal agencies; to the Committee on Governmental Affairs.

H.R. 2952. An act to redesignate the facility of the United States Postal Service located at 100 Orchard Park Drive in Greenville, South Carolina, as the ''Keith D. Oglesby Station''; to the Committee on Governmental Affairs.

H.R. 3018. An act to designate the United States Post Office located at 557 East Bay Street in Charleston, South Carolina, as the ''Marybelle H. Howe Post Office''; to the Committee on Governmental Affairs.

H.J. Res. 86. A joint resolution recognizing the 50th anniversary of the Korean War and the service by members of the Armed Forces during such war, and for other purposes; to the Committee on the Judiciary.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–7933. A communication from the Acting Assistant Secretary, Fish and Wildlife and Parks, Department of the Interior, transmitting a draft of proposed legislation relative to Hawaiian National Parks and for other purposes; to the Committee on Energy and Natural Resources.

EC–7934. A communication from the Acting Assistant Secretary, Fish and Wildlife and Parks, Department of the Interior, transmitting a draft of proposed legislation relative to the National Historic Trails System; to the Committee on Energy and Natural Resources.

EC–7935. A communication from the Assistant Secretary, Policy, Management and Budget, Department of the Interior transmitting, pursuant to law, the report of a rule entitled ''Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations'' (RIN1090–AA71), received March 7, 2000; to the Committee on Energy and Natural Resources.

EC–7936. A communication from the Chief, Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, a report relative to a cost comparison conducted at Tinker Air Force Base, OK; to the Committee on Armed Services.

EC–7937. A communication from the Secretary of Defense, transmitting, pursuant to law, a report relative to Operation Stabilise; to the Committee on Armed Services.

EC–7938. A communication from the Secretary of Defense, transmitting, pursuant to law, a report relative to plans for establishing and deploying Rapid Assessment and Initial Detection teams; to the Committee on Armed Services.

EC–7939. A communication from the Chief, Regulations Branch, U.S. Customs Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Application of Producers' Good Versus Consumers' Good Test in Determining Country of Origin Marking'' (T.D. 00–15) , received March 7, 2000; to the Committee on Finance.

EC–7940. A communication from the Legislative and Regulatory Activities Division, Comptroller of the Currency, Administrator of National Banks, transmitting, pursuant to law, the report of a rule entitled ''Financial Subsidiaries and Operating Subsidiaries'', received March 8, 2000; to the Committee on Banking, Housing, and Urban Affairs.

EC–7941. A communication from the Deputy Administrator, General Services Administration, transmitting, pursuant to law, a report relative to the building project survey for the Food and Drug Administration consolidation in suburban Maryland; to the Committee on Governmental Affairs.

EC–7942. A communication from the Assistant General Counsel for Regulations, Office of Educational Research and Improvement, Department of Education, transmitting, pursuant to law, the report of a rule entitled ''NIDRR–NFP–Model Spinal Cord Injury Center and Rehabilitation Engineering Research Centers'' (84.133), received March 8, 2000; to the Committee on Health, Education, Labor, and Pensions.

EC–7943. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency transmitting, pursuant to law, the report of a rule entitled ''Standards of Performance for New Stationary Sources: Industrial-Commercial-Institutional Steam Generating Units; Final Rule Correction'' (FRL # 6549–3), received March 7, 2000; to the Committee on Environment and Public Works.

EC–7944. A communication from the Director, Office of Regulatory Management and Information, Office of Policy, Planning and Evaluation, Environmental Protection Agency transmitting, pursuant to law, the report of a rule entitled ''Amendments to the List of Regulated Substances and Thresholds for Accidental Release Prevention; Flammable Substances Used as Fuel or Held for Sale as Fuel at Retail Facilities'' (FRL # 6550–1), received March 8, 2000; to the Committee on Environment and Public Works.

EC–7945. A communication from the Special Assistant to Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations: Pleasanton, Bandera, Hondo, and Schertz, TX'' (MM Docket No. 98–55, RM–9255, RM–9237), received March 8, 2000; to the Committee on Commerce, Science, and Transportation.

EC–7946. A communication from the Special Assistant to Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations: Denmark and Kaukana, WI'' (MM Docket No. 99–36), received March 8, 2000; to the Committee on Commerce, Science, and Transportation.

EC–7947. A communication from the Special Assistant to Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations: Colony and Weatherford, OK'' (MM Docket No. 99–190, RM–9631, RM–9689), received March 8, 2000; to the Committee on Commerce, Science, and Transportation.

EC–7948. A communication from the Special Assistant to Bureau Chief, Mass Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled ''Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations: Paxton, Overton, Hershey, Sutherland, and Ravenna, NE'' (MM Docket Nos. 99–159, RM–9616, MM99–160, RM–9617, MM99–161 RM–9565, MM99–162, RM–9566, MM99–192, and RM–9633), received March 8, 2000; to the Committee on Commerce, Science, and Transportation.

EC–7949. A communication from the Legal Adviser, Cable Services Bureau, Federal Communications Commission transmitting, pursuant to law, the report of a rule entitled ''Horizontal Ownership Limits, Third Report and Order'' (MM Docket No. 92–964, FCC 99–289), received March 8, 2000; to the Committee on Commerce, Science, and Transportation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary, with amendments:

S. 2042. A bill to reform the process by which the Office of the Pardon Attorney investigates and reviews potential exercises of executive clemency (Rept. No. 106–231).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

S. 397. A bill to authorize the Secretary of energy to establish a multiagency program in support of the Materials Corridor Partnership Initiative to promote energy efficient, environmentally sound economic development along the border with Mexico through the research, development, and use of new materials (Rept. No. 106–232).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment:

S. 503. A bill designating certain land in the San Isabel National Forest in the State of Colorado as the ''Spanish Peaks Wilderness'' (Rept. No. 106–233).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment:

S. 1694. A bill 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 (Rept. No. 106–234).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment

S. 1167. A bill to amend the Pacific Northwest Electric Power Planning and Conservation Act to provide for expanding the scope of the Independent Scientific Review Panel (Rept. No. 106–235).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

H.R. 150. A bill to amend the Act popularly known as the Recreation and Public Purposes Act to authorize disposal of certain public lands or national forest lands to local education agencies for use for elementary or secondary schools, including public charter schools, and for other purposes (Rept. No. 106–236).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

H.R. 834. A bill to extend the authorization for the National Historic Preservation Fund, and for other purposes (Rept. No. 106–237).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment

H.R. 1231. A bill to direct the Secretary of Agriculture to convey certain National Forest Lands to Elko County, Nevada, for continued use as a cemetery (Rept. No. 106–238).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute and an amendment to the title:

H.R. 1444. A bill to authorize the Secretary of the Army to develop and implement projects for fish screens, fish passage devices, and other similar measures to mitigate adverse impacts associated with irrigation system water diversions by local governmental entities in the States of Oregon, Washington, Montana, and Idaho (Rept. No. 106–239).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

H.R. 2368. A bill to assist in the resettlement and relocation of the people of Bikini Atoll by amending the terms of the trust fund established during the United States administration of the Trust Territory of the Pacific Islands (Rept. No. 106–240).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

H.R. 2862. A bill to direct the Secretary of the Interior to release reversionary interests held by the United States in certain parcels of land in Washington County, Utah, to facilitate an anticipated land exchange (Rept. No. 106–241).

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources, without amendment:

H.R. 2863. A bill to clarify the legal effect on the United States of the acquisition of a parcel of land in the Red Cliffs Desert Reserve in the State of Utah (Rept. No. 106–242).

By Mr. HELMS, from the Committee on Foreign Relations, without amendment and with a preamble:

S. Res. 87. A resolution commemorating the 60th Anniversary of the International Visitors Program.

By Mr. HATCH, from the Committee on the Judiciary, without amendment and with a preamble:

S. Res. 258. A resolution designating the week beginning March 12, 2000 as ''National Safe Place Week.''

By Mr. HELMS, from the Committee on Foreign Relations, with an amendment in the nature of a substitute and with a preamble:

S. Res. 263. A resolution expressing the sense of the Senate that the President should communicate to the members of the Organization of Petroleum Exporting Countries (''OPEC'') cartel and non-OPEC countries that participate in the cartel of crude oil producing countries, before the meeting of the OPEC nations in March 2000, the position of the United States in favor of increasing world crude oil supplies so as to achieve stable crude oil prices.

By Mr. HELMS, from the Committee on Foreign Relations, without amendment:

S. Res. 267. An original executive resolution directing the return of certain treaties to the President.

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. Res. 270. An original resolution designating the week beginning March 11, 2000, as ''National Girl Scout Week.''

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. 1796. A bill to modify the enforcement of certain anti-terrorism judgements, and for other purposes.

By Mr. HATCH, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 39. A joint resolution recognizing the 50th anniversary of the Korean War and the service by members of the Armed forces during such war, and for other purposes.

By Mr. HELMS, from the Committee on Foreign Relations, without amendment and with a preamble:

S. Con. Res. 87. A concurrent resolution commending the Holy See for making significant contributions to international peace and human rights, and objecting to efforts to expel the Holy See from the United Nations by removing the Holy See's Permanent Observer status in the United Nations, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HELMS for the Committee on Foreign Relations.

N. Cinnamon Dornsife, of the District of Columbia, to be United States Director of the Asian Development Bank, with the rank of Ambassador.

Earl Anthony Wayne, of Maryland, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be an Assistant Secretary of State (Economic and Business Affairs).

Alan Philip Larson, of Iowa, to be United States Alternate Governor of the International Bank for Reconstruction and Development for a term of five years; United States Alternate Governor of the Inter-American Development Bank for a term of five years; United States Alternate Governor of the African Development Bank for a term of five years; United States Alternate Governor of the African Development Fund; United States Alternate Governor of the Asian Development Bank; and United States Alternate Governor of the European Bank for Reconstruction and Development.

(The above nominations were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. HELMS. Mr. President, for the Committee on Foreign Relations, I report favorably a nomination list which was printed in the RECORD on the date indicated, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that the nomination lie at the Secretary's desk for the information of Senators.

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

Foreign Service nominations beginning John Patrice Groarke and ending James Curtis Struble, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on May 11, 1999.

By Mr. JEFFORDS for the Committee on Health, Education, Labor, and Pensions.

Bobby L. Roberts, of Arkansas, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 2003. (Reappointment)

Michael G. Rossmann, of Indiana, to be a Member of the National Science Board, National Science Foundation for a term expiring May 10, 2006.

Daniel Simberloff, of Tennessee, to be a Member of the National Science Board, National Science Foundation for a term expiring May 10, 2006.

Leslie Lenkowsky, of Indiana, to be a Member of the Board of Directors of the Corporation for National and Community Service for a term expiring February 8, 2004.

Juanita Sims Doty, of Mississippi, to be a Member of the Board of Directors of the Corporation for National and Community Service for a term expiring June 10, 2004.

Joan R. Challinor, of the District of Columbia, to be a Member of the National Commission on Libraries and Information Science for a term expiring July 19, 2004. (Reappointment)

Jerome F. Kever, of Illinois, to be a member of the Railroad Retirement Board for a term expiring August 28. 2003. (Reappointment)

Virgil M. Speakman, Jr., of Ohio, to be a member of the Railroad Retirement Board for a term expiring August 28, 2004. (Reappointment)

(The above nominations were reported with the recommendation that they be confirmed subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. JEFFORDS. Mr. President, for the Committee on Health, Education, Labor, and Pensions, I report favorably nomination lists which were printed in the RECORDS of the dates indicated, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

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

Public Health Service nominations beginning Edwin L. Jones III and ending Colleen E. White, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on November 19, 1999.

Public Health Service nominations beginning Susan J. Blumenthal and ending William Tool, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on November 19, 1999.

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 Mr. GRASSLEY (for himself and Mr. GRAHAM):

S. 2225. A bill to amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long-term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a credit for individuals with long-term care needs; to the Committee on Finance.

By Mr. BAUCUS:

S. 2226. A bill to establish a Congressional Trade Office; to the Committee on Finance.

By Mr. BOND (for himself, Ms. LANDRIEU, Mr. CRAIG, Mrs. LINCOLN, Mr. JOHNSON, Mr. LIEBERMAN, Mr. JEFFORDS, Mr. ROBB, Mr. STEVENS, and Mr. WARNER):

S. 2227. A bill to amend chapter 79 of title 5, United States Code, to allow Federal agencies to reimburse their employees for certain adoption expenses, and for other purposes; to the Committee on Governmental Affairs.

By Mrs. MURRAY (for herself and Mr. GORTON):

S. 2228. A bill to require the Secretary of the Army to conduct studies and to carry out ecosystem restoration and other protective measures within Puget Sound, Washington, and adjacent waters, and for other purposes; to the Committee on Environment and Public Works.

By Ms. MIKULSKI (for herself, Mr. KENNEDY, Mr. BINGAMAN, Mr. LEVIN, Mr. SARBANES, Mrs. MURRAY, Mrs. LINCOLN, Mrs. BOXER, Mr. JOHNSON, Mr. KERRY, Mr. DURBIN, Mr. HOLLINGS, Mr. REID, Mr. ROCKEFELLER, Mr. BREAUX, Mr. DORGAN, Mr. TORRICELLI, Mr. BAUCUS, Mr. DODD, Mr. CLELAND, and Mrs. FEINSTEIN):

S. 2229. A bill to provide for digital empowerment, and for other purposes; to the Committee on Finance.

By Mr. GRAMS:

S. 2230. A bill to provide tax relief in relation to, and modify the treatment of, members of a reserve component of the Armed

Forces, and for other purposes; to the Committee on Finance.

By Mr. COVERDELL:

S. 2231. A bill to provide for the placement at the Lincoln Memorial of a plaque commemorating the speech of Martin Luther King, Jr., known as the ''I Have A Dream'' speech; to the Committee on Energy and Natural Resources.

By Mr. GRAHAM (for himself, Mr. JEFFORDS, Mr. BINGAMAN, Mr. BRYAN, Mr. L. CHAFEE, Mr. KERRY, Mr. ROCKEFELLER, Mr. MOYNIHAN, Mrs. MURRAY, Mr. LUGAR, and Ms. SNOWE):

S. 2232. A bill to promote primary and secondary health promotion and disease prevention services and activities among the elderly, to amend title XVIII of the Social Security Act to add preventive benefits, and for other purpose; to the Committee on Finance.

By Mr. FITZGERALD (for himself, Mr. BAYH, Mr. ABRAHAM, Mr. KOHL, Mr. GRASSLEY, Mr. DURBIN, Mr. BROWNBACK, and Mr. GRAMS):

S. 2233. A bill to prohibit the use of, and provide for remediation of water contaminated by, methyl tertiary butyl ether; to the Committee on Environment and Public Works.

By Mr. WARNER:

S. 2234. A bill to designate certain facilities of the United States Postal Service; to the Committee on Governmental Affairs.

By Ms. COLLINS (for herself, Mr. MURKOWSKI, Mr. DODD, Mr. TORRICELLI, and Mr. HUTCHINSON):

S. 2235. A bill to amend the Public Health Act to revise the performance standards and certification process for organ procurement organizations; to the Committee on Health, Education, Labor, and Pensions.

By Mr. FRIST (for himself and Mr. DODD):

S. 2236. A bill to establish programs to improve the health and safety of children receiving child care outside the home, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. CRAIG:

S. 2237. A bill to amend the Internal Revenue Code of 1986 to provide for the deductibility of premiums for any medigap insurance policy or Medicare+Choice plan which contains an outpatient prescription drug benefit, and to amend title XVIII of the Social Security Act to provide authority to expand existing medigap insurance policies; to the Committee on Finance.

By Mr. BAUCUS:

S. 2238. A bill to designate 3 counties in the State of Montana as High Intensity Drug Trafficking Areas and authorize funding for drug control activities in those areas; to the Committee on the Judiciary.

By Mr. ALLARD (for himself, Mr. CAMPBELL, Mr. HATCH, Mr. BENNETT, and Mr. BINGAMAN):

S. 2239. A bill to authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado River and San Juan River basins; to the Committee on Energy and Natural Resources.

By Mr. BUNNING:

S. 2240. A bill to suspend temporarily the duty on certain polyamides; to the Committee on Finance.

By Mr. CRAPO:

S. 2241. A bill to amend title XVIII of the Social Security Act to adjust wages and wage-related costs for certain items and services furnished in geographically reclassified hospitals; to the Committee on Finance.

By Mr. THOMAS:

S. 2242. A bill to amend the Federal Activities Inventory Reform Act of 1998 to improve the process for identifying the functions of the Federal Government that are not inherently governmental functions, for determining the appropriate organizations for the performance of such functions on the basis of competition, and for other purposes; to the Committee on Governmental Affairs.

By Ms. LANDRIEU (for herself, Ms. SNOWE, Mr. KERRY, Mr. CLELAND, Mrs. MURRAY, Ms. MIKULSKI, Mr. ABRAHAM, and Mr. JEFFORDS):

S. 2243. A bill to reauthorize certain programs of the Small Business Administration, and for other purposes; to the Committee on Small Business.

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

S. 2244. A bill to increase participation in employee stock purchase plans and individual retirement plans so that American workers may share in the growth in the United States economy attributable to international trade agreements; to the Committee on Finance.

By Mr. GRASSLEY:

S. 2245. A bill to amend the Harmonized Tariff Schedule of the United States to modify the article description with respect to certain hand-woven fabrics; to the Committee on Finance.

By Mr. BOND (for himself and Mr. GRASSLEY):

S. 2246. A bill to amend the Internal Revenue code of 1986 to clarify that certain small businesses are permitted to use the cash method of accounting even if they use merchandise or inventory; to the Committee on Finance.

By Mr. BYRD:

S. 2247. A bill to establish the Wheeling National Heritage Area in the State of West Virginia, and for other purposes; to the Committee on Energy and Natural Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. HELMS:

S. Res. 267. An original executive resolution directing the return of certain treaties to the President; placed on the Executive Calendar.

By Mr. EDWARDS (for himself, Mr. HAGEL, Mr. ROBB, Mrs. BOXER, and Mr. KERREY):

S. Res. 268. A resolution designating July 17 through July 23 as ''National Fragile X Awareness Week''; to the Committee on the Judiciary.

By Mr. HELMS:

S. Res. 269. A resolution expressing the sense of the Senate with respect to United States relations with the Russian Federation, given the Russian Federation's conduct in Chechnya, and for other purposes; to the Committee on Foreign Relations.

By Mr. HATCH:

S. Res. 270. An original resolution designating the week beginning March 11, 2000, as ''National Girl Scout Week''; placed on the calendar.

By Mr. WELLSTONE (for himself, Mr. TORRICELLI, Mr. LEAHY, Mr. FEINGOLD, and Mr. BROWNBACK):

S. Res. 271. A resolution regarding the human rights situation in the People's Republic of China; to the Committee on Foreign Relations.

By Mr. VOINOVICH:

S. Res. 272. A resolution expressing the sense of the Senate that the United States should remain actively engaged in southeastern Europe to promote long-term peace, stability, and prosperity; continue to vigorously oppose the brutal regime of Slobodan Milosevic while supporting the efforts of the democratic opposition; and fully implement the Stability Pact; to the Committee on Foreign Relations.

By Mrs. HUTCHISON (for herself, Ms. MIKULSKI, Mr. HATCH, Ms. SNOWE, Mr. WARNER, Mr. BUNNING, Mr. BOND, Mr. ASHCROFT, Mr. SMITH of Oregon, Mr. HELMS, Mr. MURKOWSKI, Mr. CRAIG, Mr. DOMENICI, and Ms. COLLINS):

S. Res. 273. A resolution designating the week beginning March 11, 2000, as ''National Girl Scout Week''; considered and agreed to.

By Mr. REED:

S. Con. Res. 93. A concurrent resolution expressing the support of Congress for activities to increase public awareness of multiple sclerosis; to the Committee on Health, Education, Labor, and Pensions.

By Mr. LOTT:

S. Con. Res. 94. A concurrent resolution providing for a conditional adjournment or recess of the Senate; considered and agreed to.

By Mr. LOTT: (for himself, Mr. BROWNBACK, Mr. KERREY, and Mr. SHELBY):

S. Con. Res. 95. A concurrent resolution commemorating the twelfth anniversary of the Halabja massacre; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRASSLEY (for himself and Mr. GRAHAM):

S. 2225. A bill to amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long-term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a credit for individuals with long-term care needs; to the Committee on Finance.

THE LONG-TERM CARE AND RETIREMENT SECURITY ACT OF 2000

Mr. GRASSLEY. Mr. President, long-term tax credits may seem like a dull topic. But the expenses of caring for an ailing family member are shocking. Millions of people bear these expenses every day, without any help.

Here's a typical example: A state legislator from Ohio named Barbara Boyd testified before my Special Committee on Aging last year. Ms. Boyd cared at home for her mother who had Alzheimer's disease and breast cancer. Her mother had $20,000 in savings and a monthly Social Security check. That went quickly. Prescription drugs alone ran $400 a month.

Antibiotics, ointments to prevent skin breakdown, incontinence supplies and other expenses cost hundreds of dollars a month. Ms. Boyd exhausted her own savings to care for her mother, and exhausted herself. She isn't complaining. Family caregivers don't complain. But we can and should use the tax code to ease their burden.

Yesterday a bipartisan group of legislators, and two prominent groups—

AARP and the Health Insurance Association of America, announced a consensus agreement on a legislative package to help people with a variety of long-term care needs. Our bill contains a tax deduction to encourage individuals to buy long-term care insurance. We want to help people to prepare for their health needs in retirement.

The bill also contains a $3,000 tax credit for family caregivers caring for a disabled relative at home. Under this legislation, Ms. Boyd's mother could have purchased long-term care insurance long before she developed Alzheimer's. In addition, Ms. Boyd could have used the tax credit to help with the costs of the medications and medical supplies for her mother.

I'm pleased that we have so much agreement in Washington about helping people with long-term care expenses. The legislators sponsoring this legislation have pushed for long-term care relief for years. Today, my colleagues and I will introduce this bill. We'll work to get it passed into law as soon as possible. An aging nation has no time to waste in preparing for long-term care. Family caregivers need immediate relief from their expensive and exhausting work.

Joining me in introducing this bill is Senator BOB GRAHAM of Florida, Representative NANCY JOHNSON, and Representative KAREN THURMAN.

By Mr. BAUCUS:

S. 2226. A bill to establish a Congressional Trade Office; to the Committee on Finance.

TO CREATE A CONGRESSIONAL TRADE OFFICE

• Mr. BAUCUS. Mr. President, last year I introduced a bill to create a Congressional Trade Office. That bill was designed to provide the Congress with new and additional trade expertise that would be independent, non-partisan, and neutral. Today, I am introducing the same bill with several small changes.

The role of Congress in trade policy has expanded in the few short months since I introduced my bill in September. We went through Seattle and the failure to launch a new multilateral trade round. The public is more interested in trade issues than ever before. There is a new urgency to reconcile labor and environmental issues with trade. We are on the cusp of seeing China enter the WTO with permanent Normal Trade Relations with the United States. The General Accounting Office has told us of the deficiencies in the Executive Branch in following trade agreements and monitoring compliance. And, for the first time, trade will be an issue in the Presidential campaign, as well as in Senate and House races.

Congress needs to be much better prepared. And that means we need access to more and better information, independently arrived at from people whose commitment is to the Congress, and only to the Congress.

Congress has the Constitutional authority to provide more effective and active oversight of our Nation's trade policy. We must use that authority. Congress should be more active in setting the direction of trade policy. I believe strongly that we must re-assert Congress' constitutionally defined responsibility for international commerce.

A Congressional Trade Office would provide the entire Congress, through the Senate Finance Committee and the House Ways and Means Committee, with this additional trade expertise. It would have three sets of responsibilities.

First, it will monitor compliance with major bilateral, regional, and multilateral trade agreements. Last week, along with Senator MURKOWSKI and several other Senators, I introduced the China WTO Compliance Act. That bill is designed to ensure continuing and comprehensive monitoring of China's WTO commitments. It is also designed to ensure aggressive Administration action to ensure compliance with those commitments. But that bill deals only with China. Congress needs the independent ability to look more closely at agreements with other countries. The Congressional Trade Office will analyze the performance under key agreements and evaluate success based on commercial results. It will do this in close consultation with the affected industries. The Congressional Trade Office will recommend to the Congress actions necessary to ensure that commitments made to the United States are fully implemented. It will also provide annual assessments about the agreements' compliance with labor and environmental goals.

Second, the Congressional Trade Office will have an analytic function. For example, after the Administration delivers its annual National Trade Estimates report, the NTE, to Congress, it will analyze the major outstanding trade barriers based on the cost to the U.S. economy. It will also provide an analysis of the Administration's Trade Policy Agenda.

The Congressional Trade Office will analyze proposed trade agreements, including agreements that do not require legislation to enter into effect. It will examine the impact of Administration trade policy actions, including an assessment of the Administration's argument for not accepting an unfair trade practices case. And it will analyze the trade accounts every quarter, including the global current account, the global trade account, and key bilateral trade accounts.

Third, the Congressional Trade Office will be active in dispute settlement deliberations. It will evaluate each WTO decision where the U.S. is a participant. In the case of a U.S. loss, it will explain why it lost. In the case of a U.S. win, it will measure the commercial results from that decision. It will do a similar evaluation for NAFTA disputes. Congressional Trade Office staff should participate as observers on the U.S. delegation at dispute settlement panel meetings at the WTO.

The Congressional Trade Office is designed to service the Congress. Its Director will report to the Senate Finance Committee and the House Ways and Means Committee. It will also advise other committees on the impact of trade negotiations and the impact of the Administration's trade policy on those committees' areas of jurisdiction.

The staff will consist of professionals who have a mix of expertise in economics and trade law, plus in various industries and geographic regions. My expectation is that staff members will see this as a career position, thus, providing the Congress with long-term institutional memory.

The Congressional Trade Office will work closely with other government entities involved in trade policy assessment, including the Congressional Research Service, the General Accounting Office, and the International Trade Commission. The Congressional Trade Office will not replace those agencies. Rather, the Congressional Trade Office will supplement their work, and leverage the work of those entities to provide the Congress with timely analysis, information, and advice.

Dispute resolution and compliance with trade agreements are central elements of U.S. trade policy. The credibility of the global trading system, and the integrity of American trade law, depend on the belief, held by trade professionals, political leaders, industry representatives, workers, farmers, and the public at large, that agreements made are agreements followed. They must be fully implemented. There must be effective enforcement. Dispute settlement must be rapid and effective.

Often more energy goes into negotiating new agreements than into ensuring that existing agreements work. The Administration has increased the resources it devotes to compliance, and I support that. But an independent and neutral assessment in the Congress of compliance is necessary. It is unrealistic to expect an agency that negotiated an agreement to provide a totally objective and dispassionate assessment of that agreement's success or failure.

Looking at the WTO dispute settlement process, I don't think we even know whether it has been successful or not from the perspective of U.S. commercial interests. A count of wins versus losses tells us nothing. The Congressional Trade Office will give us the facts we need to evaluate this process properly.

Article I, Section 8, of the U.S. Constitution says: ''The Congress shall have power . . . To regulate commerce with foreign nations.'' It is our responsibility to provide oversight and direction on U.S. trade policy. The Congressional Trade Office, as I have outlined it today, will provide us in the Congress with the means to do so.●

By Mr. BOND (for himself Ms. LANDRIEU, Mr. CRAIG, Mrs. LINCOLN, Mr. JOHNSON, Mr. LIEBERMAN, Mr. JEFFORDS, Mr. ROBB, Mr. STEVENS, and Mr. WARNER):

S. 2227. A bill to amend chapter 79 of title 5, United States Code, to allow Federal agencies to reimburse their employees for certain adoption expenses, and for other purposes; to the Committee on Governmental Affairs.

THE FEDERAL EMPLOYEES ADOPTION ASSISTANCE ACT

Mr. BOND. Mr. President, today I join my colleagues in the House, Congressmen BLILEY and OBERSTAR and 42 other House Members, as well as Senators LANDRIEU, CRAIG, JEFFORDS, LINCOLN, JOHNSON, LIEBERMAN, JEFFORDS, ROBB, STEVENS, and WARNER, in introducing a bill to reimburse all federal employees up to $2,000 for qualified expenses associated with the adoption of a child and for special-needs adoptions—the Federal Employees Adoption Assistance Act of 2000.

Every year, couples who are unable to have children of their own spend literally thousands of dollars to adopt a child. Statistics show that approximately 2.1 million couples in the Unites States are infertile. One of the main reasons for this is because couples are waiting longer to start a family in order to focus on careers. Many seek treatment to conceive a child, but are unsuccessful. For them, their only hope of having a child of their own is through adoption.

The adoption process demands an incredible amount of time and money and creates stress that can affect job performance. For this reason many private-sector businesses, such as Microsoft, Hewlett-Packard, Sprint, Prudential, Home Depot, and Freddie Mac, now provide financial assistance to employees adopting a child, thus increasing employee satisfaction, productivity, and loyalty and commitment to the employer. Unfortunately, the largest employer in the U.S.—the federal government—currently provides no financial assistance for adoption expenses to its employees. That is why I am introducing the Federal Employees Adoption Assistance Act.

This legislation would allow federal agencies to reimburse employees up to $2,000 for all qualified expenses associated with the adoption of a child, including special-needs children. Any benefit paid by this legislation would come out of funds available for salaries and expenses of the relevant agencies. Currently, active-duty armed services personnel receive this adoption benefit, $2,000 per adoption; however, no other branch of the federal government covers this expense.

A key aspect of adoption that is frequently overlooked, and that I have made sure is addressed in this legislation, is that of special-needs children. Recent estimates show there are currently around 110,000 special-needs children in foster care who are eligible for adoption. Many of these children have physical or mental disabilities and need extensive care and therapy. Another common situation is two or more siblings in need of a family willing to take on the responsibility of more than one child. Most of these children are currently in foster care waiting to find a permanent home and family of their own, and are less likely to be adopted than non-special-needs children.

Often, couples who may already have children of their own are interested in opening their home and their hearts to adopt a child or children with special needs, but are hesitant to do so due to the costs involved. By providing an adoption reimbursement benefit, many couples already considering adopting special-needs children decide to go ahead with the process. The Federal Employees Adoption Assistance Act broadens the adoption benefits package to include the costs associated with special-needs adoptions.

Mr. President, this is why I, along with numerous colleagues on both sides of the aisle and in both chambers, are introducing and advocating the passage of this legislation. Additionally, this bipartisan and bicameral bill has the endorsement of numerous adoption advocacy groups, including:

Bethany Christian Services in Grand Rapids, Michigan, Covenant House, The Dave Thomas Foundation for Adoption, The Edgewood Children's Center in St. Louis, Missouri, Family Voices, The National Adoption Center, The National Council for Adoption, The National Treasury Employees Union, and Voice for Adoption.

As a member of the Congressional Coalition on Adoption, I believe we should provide incentives to make sure that more children find loving parents. I thank my colleagues, Senators LANDRIEU, CRAIG, JEFFORDS, LINCOLN, JOHNSON, LIEBERMAN, JEFFORDS, ROBB, STEVENS, and WARNER, Congressmen BLILEY and OBERSTAR, and the numerous other House and Senate sponsors, as well as the many adoption advocacy groups, for joining me in promoting adoption and supporting our civil servants by cosponsoring and endorsing this legislation.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

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

BETHANY CHRISTIAN SERVICES,
Grand Rapids, MI, March 3, 2000.

Hon. CHRISTOPHER BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND, I have read the draft of the Federal Employees Adoptions Assistance Act that you have proposed. On behalf of Bethany Christian Services, I express my support for this legislation.

Bethany is a national child welfare 501(c)3 organization and is located in 31 states. We place close to 1500 children for adoption each year and most of them have some form of ''special need.'' The families that choose to adopt are typically in need of some form of financial assistance.

Thank you for your efforts to promote adoption with this proposed legislation.

Sincerely,

GLENN DE MOTS,
President.

DAVE THOMAS FOUNDATION FOR ADOPTION,
Dublin, OH, March 8, 2000.

Hon. CHRISTOPHER BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND: As you know, adoption is a personal thing for me. I was adopted when I was six weeks old, and If I hadn't had a family to care for me, I know, I wouldn't be where I am now. Today over 110,000 children in the United States foster care system are waiting to be adopted. I'd like to see them have the same chance that I had for a loving home and family. I support your efforts to help these children and the families who adopt them through the introduction of the Federal Employees Adoption Assistance Act of 2000.

Wendy's began to offer adoption assistance to our employees in 1990, and since then thirty-six employees have adopted. We discovered many advantages to offering adoption benefits. They are a highly valued part of employees' benefits and they make the process of building a family more fair. When a company offers adoptive parents financial assistance and leave comparable to maternity benefits, they are doing what is best for families—and employees appreciate it. Adoption benefits also provide an opportunity to give back to the community. By offering employers adoption benefits we are making it possible for more children to be adopted from the child welfare system. Through our work at Wendy's, we are reminded that building and supporting families is the right thing to do. It costs so little to make a tremendous difference in the lives of families and children.

We appreciate your hard work to ensure that this legislation covers a broader range of adoption related expenses. This is especially important because of the unique costs that families who adopt children with special needs incur.

Again, thank you for your efforts to encourage the federal government to join the growing number of employers who agree that adoption benefits make good business sense. We commend you for your leadership in this area and hope your fellow Members of Congress will support it.

Warm regards,

DAVE THOMAS,
Founder.

COVENANT HOUSE,
New York, NY, March 8, 2000.

Hon. CHRISTOPHER BOND,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR BOND: Covenant House is proud to be a supporter of the Federal Employees Adoption Assistance Act of 2000. I would like to have joined you for the actual announcement of this legislation but am unable to do so due to a previous commitment.

Each year, thousands of youth come to Covenant House lacking the support of a stable family and desperately in need of love and protection. This legislation will encourage federal employees to adopt youth who have this great need and hopefully set an example for employers throughout the nation to provide similar encouragement to their employees who want to adopt a youth. We know so many young people whose lives would have been turned around if only adoption could have been possible for them.

Thank you so much for drafting and sponsoring this important legislation.

Sincerely,

Sister MARY ROSE MCGEADY, D.C.,
President.

EDGEWOOD CHILDREN CENTER,
St. Louis, MO, February 16, 2000.

Hon. CHRISTOPHER S. BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND: As you know, at Edgewood Children's Center we often work with children whose own families are unable to care for them. Finding permanent families for those children is usually more of a priority than anything else we do.

The ''Federal Employees Adoption Assistance Act'' will support an important group of potential parents in their desire to parent these and other children. Easing the financial burden of adoption will increase the pool of available families and make the way easier for those who choose this important step.

Thank for, once again, leading the way on behalf of kids. Know of our strong support of this bill and please let me know of anything we can do to be of assistance.

Most sincerely,

SUSAN S. STEPLETON,
Executive Director.

FAMILY VOICES,
Algodones, NM, February 9, 2000.

Senator CHRISTOPHER BOND,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR BOND: Family Voices is pleased to write in support of the ''Federal Employees Adoption Assistance Act'' you have proposed. Family Voices, 30,000 members understand the delicate nature of our children with special needs have a loving home to grow up in and a nurturing family to support them.

We believe that any assistance that can be provided to help families adopt children with special needs is crucial. Today's changing health care environment and families concerns about growing costs may provide barriers to the adoption of our children with special needs. Your bill simply equals the playing field for our children with special needs and the families who wish to be apart of their lives. Our children deserve a nurturing environment and this bill will encourage adopting families to take a second look at our kids. You have truly addressed a need our children and their future families have and Family Voices stands behind your efforts.

Sincerely,

JULIE BECKETT,
National Policy Coordinator,
Family Voices, Inc.

MISSOURI COALITION OF
CHILDREN'S AGENCIES,
Jefferson City, MO, March 4, 2000.

Hon. CHRISTOPHER S. BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND: As you know, the Missouri Coalition of Children's Agencies is the professional association representing sixty-five private child caring agencies in Missouri. The vast majority of these agencies spend a considerable portion of their time attempting to find permanent homes for the abused and neglected children in their care. This function is second only to providing a safe and caring environment for these children.

The ''Federal Employees Adoption Assistance Act'' is a great step in providing an important potential group of adoptive parents for children in need of permanent homes. Anything we can do to increase the pool of potential adoptive families can only help increase the chances for the children who most need the love and stability of a permanent home. Reducing the financial burden of adoption is a great step forward for these potential families.

We truly appreciate your strong support of children. If there is anything our association or its individual members can do to help in this effort, please let me know.

Sincerely,

JOE KETTERLIN,
Executive Director.

NATIONAL ADOPTION CENTER,
Philadelphia, PA.

Hon. CHRISTOPHER S. BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND: For the past four years, the National Adoption Center has been in the forefront of encouraging employers to offer adoption benefits through its Adoption and the Workplace project. During this time, more than 125 employers have implemented benefits' policies, including financial reimbursement for adoption expenses. This support allows families to consider adoption as a viable option and to provide loving homes to children who need permanence.

The reaction of adoptive families who receive adoption benefits has been overwhelmingly positive. Many have spoken of their appreciation of their employer's efforts to provide fairness in relation to those who create families biologically and often express their gratitude through greater loyalty and commitment to their workplace.

We support the Federal Employees Adoption Assistance Act you are proposing as an effective way of providing financial reimbursement to employees interested in adopting and as a means of encouraging families to consider adoption as a family-building alternative. We feel that this legislation addresses the need for equity, recognizing that families who adopt have traditionally had no employer-supported financial benefits, unlike those who receive maternity coverage.

We commend you for this farsighted bill and urge your fellow legislators to support it.

Sincerely,

CAROLYN L. JOHNSON,
Executive Director.

NATIONAL COUNCIL FOR ADOPTION,
Washington, DC, February 8, 2000.

Hon. CHRISTOPHER S. BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND: I reviewed the draft version of the Federal Employees Adoption Assistance Act that you have proposed and am in support of this legislation. As you know, the National Council For Adoption has taken the position of promoting adoption for the past 20 years. The Federal Employees Adoption Assistance Act provides families with much needed financial assistance to defray the cost of certain adoption expenses. By providing this assistance, hopefully a number of strong families that would not otherwise have the financial ability to adopt a child will have the opportunity to provide a loving home to a child in need of a family.

As a supporter of companion legislation sponsored by Representative Tom Bliley and Representative James Oberstar, the National Council for Adoption supports your efforts to enact the Federal Employees Adoption Assistance Act into law this year.

Sincerely,

DAVID M. MALUTINOK,
President.

STATEMENT OF COLLEEN M. KELLEY, NATIONAL PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION, IN SUPPORT OF THE FEDERAL ADOPTION ASSISTANCE ACT

The National Treasury Employees Union, which represents over 155,000 federal workers in the Department of the Treasury, Department of Energy, Federal Communications Commission, Nuclear Regulatory Commission, Patent and Trademark Office and other agencies announces its strong support for the bipartisan legislation introduced by Senator Kit Bond and Representative Tom Bliley to provide adoption assistance for federal employees.

Many federal employees are ready and willing to provide a loving home for a child in need. Sadly, significant financial barriers often exist particularly for the lower and middle grade public servants that make up the membership of our union. This legislation would lessen the financial burden these hopeful parents would bear as they take on the duties of providing love and care for a child in need of a home.

The federal government should set the example for employers everywhere in developing compassionate and socially responsible employment and benefit policies. NTEU asks that Congress move quickly on this important legislation.

VOICE FOR ADOPTION,
Washington, DC, February 9, 2000.

Hon. CHRISTOPHER BOND,
U.S. Senate,
Washington, DC.

DEAR SENATOR BOND: On behalf of Voice for Adoption (VFA), I applaud your efforts to help special needs children move from foster care to permanent loving homes. VFA supports the Federal Employees Adoption Assistance Act.

Founded in 1996, VFA has more than 70 national and local special needs adoption organizations as members. VFA participants include professionals, parents, and advocates committed to securing adoptive families for America's waiting children.

Our distinguished board of directors has more than two hundred years combined experience in the adoption field. VFA's board includes: North American Council on Adoptable Children (NACAC), the National Adoption Center, Adoption Exchange Association

(AEA) Child Welfare League of America (CWLA), Children Awaiting Parents (CAP), the Institute for Black Parenting, Three River Adoption Council, Spaulding for Children, Family Builders Adoption Network and The Evan B. Donaldson Adoption Institute. Our aim is to ensure permanent, nurturing families for our nation's most vulnerable children and to strengthen support for families who adopt.

In 1998, approximately 520,000 children were in out-of-home, foster, kinship, or residential care. The average age of these children in foster care is 9.5 year old. These children can expect to spend on average more than three years in the foster care system and be moved more than three different times during their stays.

The Federal Employees Adoption Assistance Act, which allows up to $2,000 reimbursement for adoption expenses, would encourage employees of the federal government to adopt who would not have been able to afford it otherwise.

Again, VFA applauds your leadership with this important piece of legislation.

Sincerely,

COURTENEY ANNE HOLDEN,
Executive Director.

Mr. CRAIG. Mr. President, I am pleased to join my colleagues and to acknowledge the leadership of Senator BOND in introducing the Federal Employees Adoption Assistance Act of 2000.

Congress has repeatedly demonstrated strong support for adoption. I think there is a clear consensus here that adoption is a positive experience—for children needing homes, for birth parents, and for adoptive parents, not to mention for society at large. In recent years, we have shaped federal policies so that they do more to help waiting children find permanent, loving families.

Now we have an opportunity to bring home our advocacy for adoption.

The Federal Employees Adoption Assistance Act follows the lead of a growing number of private sector businesses in establishing an adoption benefit for employees. It is well known that family-friendly workforce policies help attract and retain qualified workers. While adoption benefits generate considerable good will and loyalty among employees, they cost little for employers, because they are relatively rarely used. Yet in view of what continues to be a huge price tag for adoption—in the tens of thousands of dollars—these benefits can truly make a difference in helping an employee choose this option for creating or expanding a family.

By implementing these policies for federal workers, we can underscore our strong message of support for adoption and encourage more private sector employers to do likewise. At the same time, we will be improving the competitiveness of the federal government in recruiting good workers and helping to increase current workers' job satisfaction and commitment.

The benefit that could be provided by the Federal Employees Adoption Assistance Act is by no means lavish, but it compares favorably with similar benefits in the private sector. This policy will be good for workers, good for the federal government, good for taxpayers, and—most important—good for the more than 100,000 children in this country who are eligible for adoption today but still awaiting a permanent, loving family.

I congratulate Senator BOND for bringing this initiative to the Senate and encourage all our colleagues to join us in working to pass this important legislation.

Mr. JEFFORDS. Mr. President, I rise today in support of the legislation that is being introduced by my friend and colleague from Missouri, Senator BOND. As Chairman of the Committee on Health, Education, Labor, and Pensions and a member of the Congressional Coalition on Adoption, I have been a long-standing supporter of legislation to make adoption easier. This bill does exactly that by requiring federal agencies to reimburse their employees up to $2,000 for all qualified expenses associated with the adoption of a child. Both this bill and its House companion, introduced by Representatives TOM BLILEY and JAMES OBERSTAR last August, have gathered the support of a bipartisan group of legislators and numerous groups in the adoption community.

Currently, many private sector businesses provide financial assistance to employees who wish to adopt a child. These businesses understand that adoption can be a very time-consuming, exhausting, and expensive process for parents. Relieving the financial burden on their employees will not only help encourage adoption, but also produce a happier and more productive work force.

The legislation being introduced today provides a benefit for our own hard-working federal employees. In the process, it brings the federal government up to par with those private-sector businesses that already provide financial assistance to employees adopting a child. Even further, it establishes a leadership role for the federal government in this area. This hopefully will encourage even more businesses to assist their employees financially should they wish to adopt a child.

I am proud to stand today with several of my colleagues as co-sponsors of the Federal Employees Adoption Assistance Act of 2000. I hope the Senate will proceed quickly to pass this legislation. It makes sense, both for the approximately 110,000 children currently awaiting adoption in the United States, and for those federal employees who are willing and able to provide a home for them.

By Mrs. MURRAY (for herself, and Mr. GORTON):

S. 2228. A bill to require the Secretary of the Army to conduct studies and to carry out ecosystem restoration and other protective measures within Puget Sound, Washington, and adjacent waters, and for other purposes; to the Committee on Environment and Public Works.

PUGET SOUND ECOSYSTEM RESTORATION

Mrs. MURRAY. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2228

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

SECTION. 1. PUGET SOUND ECOSYSTEM RESTORATION.

(a) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary of the Army (in this section referred to as the ''Secretary'') shall conduct studies and carry out ecosystem restoration and other protective measurers within Puget Sound, Washington, and adjacent waters and associated estuary and near-shore habitat, including—

(1) the 17 watersheds that drain directly into Puget Sound;

(2) Admiralty Inlet;

(3) Hood Canal;

(4) Rosario Strait; and

(5) the eastern portion of the Strait of Juan de Fuca.

(b) IMPLEMENTATION.—

(1) IN GENERAL.—The Secretary shall use funds made available to carry out this section to carry out ecosystem restoration and other protective measures (including environmental improvements related to facilities of the Corps of Engineers in existence on the date of enactment of this Act) determined by the Secretary to be feasible based on—

(A) the studies conducted under subsection (a); or

(B) analyses conducted before such date of enactment by non-Federal interests.

(2) CRITERIA AND PROCEDURES FOR REVIEW AND APPROVAL.—In consultation with the Secretary of Commerce and the Governor of the State of Washington, the Secretary shall develop criteria and procedures consistent with the National Marine Fisheries Service and State fish restoration goals and objectives for reviewing and approving analyses described in paragraph (1)(B) and the protective measures proposed in those analyses. The Secretary shall use prior studies and plans to identify project needs and priorities wherever practicable.

(3) PRIORITIZATION OF PROJECTS.—In prioritizing projects for implementation under this subsection, the Secretary shall consult with public and private entities active in watershed planning and ecosystem restoration in Puget Sound watersheds, including the Salmon Recovery Funding Board, the Northwest Straits Commission, the Hood Canal Coordinating Council, county watershed planning councils, and salmon enhancement groups, and shall give full consideration to their priorities for projects.

(c) PUBLIC PARTICIPATION.—In developing and implementing protective measures under subsections (a) and (b), the Secretary shall provide for public review and comment in accordance with applicable Federal law, including—

(1) providing advance notice of public meetings;

(2) providing adequate opportunity for public input and comment;

(3) maintaining appropriate records; and

(4) compiling a record of the proceedings of meetings.

(d) COMPLIANCE WITH APPLICABLE LAW.—In developing and implementing protective measures under subsections (a) and (b), the Secretary shall comply with applicable Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(e) COST SHARING.—

(1) IN GENERAL.—Studies and technical assistance provided to determine the feasibility of protective measures under subsections (a) and (b) shall—

(A) be considered to be project costs; and

(B) be shared by non-Federal interests during project implementation in accordance with this subsection.

(2) NON-FEDERAL SHARE.—Subject to paragraph (4), the non-Federal share of the cost of the protective measures shall be 35 percent; except that if a project would otherwise be eligible for cost-sharing under section 1135 of the Water Resources Development Act of 1986 (33 U.S.C. 2294 note), the non-Federal share of the cost of the protective measures for the project shall be 25 percent.

(3) IN-KIND CONTRIBUTIONS.—Not more than 80 percent of the non-Federal share may be provided in the form of services, materials, supplies, or other in-kind contributions necessary to carry out the protective measures.

(4) FEDERAL SHARE.—The Federal share of the cost of any single protective measure shall not exceed $5,000,000.

(5) OPERATION AND MAINTENANCE.—The operation and maintenance of the protective measures shall be a non-Federal responsibility.

(6) TRIBAL COST-SHARING.—The Secretary shall waive the first $200,000 in non-Federal cost share for all studies and projects cosponsored by federally recognized Indian tribes.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to not to exceed $125,000,000 to pay the Federal share of the cost of carrying out this section.

By Ms. MIKULSKI (for herself, Mr. KENNEDY, Mr. BINGAMAN, Mr. LEVIN, Mr. SARBANES, Mrs. MURRAY, Mrs. LINCOLN, Mr. JOHNSON, Mr. KERRY, Mr. DURBIN, Mr. HOLLINGS, Mr. REID, Mr. ROCKEFELLER, Mr. BREAUX, Mr. DORGAN, Mr. TORRICELLI, Mr. BAUCUS, Mr. DODD, Mr. CLELAND, and Mrs. FEINSTEIN):

S. 2229. A bill to provide for digital empowerment, and for other purposes; to the Committee on Finance.

DIGITAL EMPOWERMENT ACT

Ms. MIKULSKI. Today, I introduce the Digital Empowerment Act. The goal of this legislation is to ensure that every child is computer literate by the eighth grade regardless of race, ethnicity, income, gender, geography, or disability.

Yesterday, the Senate's Education Committee voted for my amendment to establish this as our national goal. This vote was taken on a bipartisan basis and was unanimous. Today, I am introducing this legislation to make this goal a reality. This bill has been a team effort. I reached out to the Congressional Hispanic Caucus, the Congressional Black Caucus, to my colleagues, the people throughout Maryland, ministers in Baltimore, business leaders, educators, and political leadership. Why? It is because a digital divide exists in America. Those who have access to technology and know how to use it will be ready for the new digital economy. Those who don't will be left out and left behind.

Low-income urban and rural families are less likely to have access to the Internet and computers. Black and Hispanic families are only two-fifths as likely to have Internet access as their white counterparts. Some schools have 10 computers in every classroom. In other schools, there are 200 students who share one computer. The private sector is doing important and exciting work, such as Power Up from AOL, but technology empowerment can't be limited to a few zip codes. What we need is a national policy and national programs.

Mr. President, I believe the best antipoverty program is an education. If we practice the ABCs, we will ensure that our children have a good education and will cross this digital divide. Crossing the digital divide is about technology and about children having access to technology. It is about teachers knowing how to teach children the tools of technology so they can cross this digital divide.

The ABCs are simply this: Access—each child must have universal access to computers, whether it is in a school, a library, or a community center. Many families cannot afford to buy computers for their homes, but children in America should have access to them through public institutions.

We also need to practice the B—best-trained teachers and, I might add, better-paid teachers.

But C would be computer literacy for all students by the time they finish eighth grade.

My Digital Empowerment Act will, first of all, create a one-stop shop for Federal education technology programs at the Department of Education. Why do we need this? Well, right now, our programs are scattered throughout the Department. School superintendents have to forage to be able to find that information, and when they do, they find the funding is absolutely spartan or skimpy. That is why my legislation also improves our schools in terms of access to technology and teacher training.

Teachers want to help their students cross the digital divide, but they are facing three major problems. One, they need technology. They need hardware and software. They need training to use the technology because without training of the teachers or librarians, it is a hollow opportunity.

In my own home State of Maryland, over 600 teachers from across the State volunteered to participate in a tech-prep academy so they could be ready. But hundreds were turned away. For every one teacher who can sign up for tech-prep training, four or five are standing in line to do so.

My bill addresses these concerns. We are going to double funding for school technology and for teacher training. We now spend less than half a billion dollars on training and technology for our schools. We would double that to $850 million. But we also have to make sure we go where children learn, and that is in the community. Right now, what we find is that the only reliable source of revenue for wiring schools and libraries is the E-rate. But, the E-rate does not go to community centers.

Whether it is an African-American church or a community center in an Appalachian region or rural parts of the South or the upper regions of Alaska, what my legislation would do is help community centers. My legislation would create an E-corps within the AmeriCorps national service program. It would bring AmeriCorps volunteers with special technology training into our schools and into our communities.

I recently had a town hall meeting in an elementary school in Riverdale, MD. The teachers and students told me they need extra pairs of hands to help out in the computer lab to be able to teach the children. Also, we want to create 1,000 community tech centers. Community leaders have told me we need to bring technology to where kids learn, not just where we want them to learn. Our legislation would create 1,000 community-based centers that would be run by community organizations such as the YMCA and YWCA, Urban League, or a faith-based organization, where children could be there for structured afterschool activities, and also adults could be there earlier in the day to develop their job skills.

Government cannot do this alone. We want public-private partnerships. I want to use our Tax Code to encourage public-private partnerships. This bill uses our Tax Code to encourage the donations of technology, technology training, and technology maintenance for schools, libraries and community centers.

Mr. President, that is the core of our program. We are living in exciting times. The opportunities are tremendous to use technology to improve our lives, to use technology to remove the barriers caused by income, race, or ethnicity. Technology could mean the death of distance as a barrier for bringing jobs into the rural areas of our country. We want technology to be the death of discrimination where children have been left out or left aside. Bringing this technology into schools and libraries would enable children to leapfrog into the future.

Technology is the tool, but empowerment is the outcome. We want to be

sure each child in the United States of America, by being computer literate by the time they are in the eighth grade, will be ready for the new economy. We hope that by setting that as a national goal we will get children to stay in school and know that the future lies in working in this new economy.

I thank everybody who worked on this bill with me. I thank everyone on my staff who helped me, including Julia Frifield, Jill Shapiro, and Andrea Vernot. This has truly been a team effort. I am pleased that I have 25 cosponsors from the U.S. Senate on this legislation. I hope that kind of bipartisan support will move this legislation forward.

I will conclude by saying this is a tremendous opportunity. This is not about a laundry list of new Government programs. We are here to make the highest and best use of the programs that exist, a wise and prudent use of taxpayer funds, and also to say to each child in America if you want to learn and get ready for the new economy, your Federal Government is on your side.

I give all praise and thanks to the Dear Lord who has inspired me to do this and gives me the opportunity to serve in the Senate. I truly believe one person can make a difference. I am trying to do that with this legislation. If we can work together, I know we will be able to bring about change—change for our children and change for the better.

Mr. LEVIN. Mr. President, it is my pleasure to join Senator MIKULSKI in introducing the National Digital Empowerment Act, which seeks to close the gap between those who have technology available to them and those who do not. I commend Senator MIKULSKI for her commitment to connect every school and community to the Information Superhighway. The legislation we are introducing will help to achieve this goal. It will enable students and teachers in all communities to have access to computers, as well as the training that is necessary to use this technology effectively.

The widening digital divide falls heaviest on those who can least afford to be left behind. Recent studies show that the Digital divide for the poorest Americans has grown by 29 percent since 1997, and that over 50 percent of schools lack the infrastructure needed to support new technology. In addition, approximately 4 out of 10 teachers report that they have had no training in using the Internet; and a mere 10 percent of new teachers reported that they felt prepared to use technology in their classrooms, while only 13 percent of all public schools reported that technology-related training for teachers was mandated by the school, district, or teacher certification agencies. This legislation will provide the necessary tools to reverse this trend.

It will substantially increase funding for teacher training in technology, including the creation of Teacher Technology Preparation Academies—teachers who are trained by the Academies would be encouraged to return to their schools and act as technology instructors for other teachers; increase funding for school technology; extend the current enhanced deduction for computer technology which is currently due to expire in 2001; require HUD to establish e-Villages in all HUD housing programs; authorize and increase funding for the creation of Community Technology Centers and e-corps within the AmeriCorps; create a one stop shop clearinghouse of public and private technology efforts within the U.S. Department of Education to be headed by an Assistant Secretary for Technology Education. In addition, the legislation directs the Secretary to implement an Internet-based, one-to-one pilot project that specifically targets the educational needs of K–12 students in low-income school districts, including hardware, software and ongoing support and professional development; and improve the e-Rate program.

After two funding cycles the total e-Rate funding that went to our nation's schools and libraries was $3.6 billion nationally, including $137.15 million for Michigan. That is a good investment to help prepare our children and citizens for the information age of the 21st century. But it is still not sufficient to provide all qualified schools and libraries with the e-Rate discounts they have requested. This legislation would improve the Universal Service Fund by making the e-Rate application process simpler, and would increase the current cap of $2.25 billion and expand eligibility to include structured after school programs, Head Start centers and programs receiving federal job training funds. The e-Rate has proven itself to be a successful and popular program and its time to make it available to everyone who needs it.

I am especially pleased to be a part of this legislative effort because it supports some model initiatives that I have established in my home state of Michigan, to create ways in which teachers can become more computer literate and able to integrate technology into the curriculum and to bring technology into every classroom.

About 2 years ago, I convened an education technology summit that brought together over 400 business leaders, school administrators, school board members, foundation representatives, deans of Michigan's colleges of education and others to identify ways in which Michigan could excel in the area of Education technology. What I learned was that one of the biggest obstacles to technologically up-do-date classrooms is the lack of training of our teachers in the use of technology. If teachers don't understand how to integrate computers, the Internet, and other technology into the instructional program, students won't get full advantage of these innovations, no matter how much hardware and wiring have been installed.

Despite impressive achievements in the utilization of education technology in a few localities, Michigan as a whole was below the national average in every measure of the use of technology in our schools. It ranked 44 in teacher training in the use of technology; and 10 percent of teachers reported that they had less than 9 hours of technology training. In addition, Michigan ranked 32 among the states in the ratio of students per computer. I have subsequently hosted a number of working sessions which have resulted in a specific plan of action to advance education technology in Michigan.

Some key elements of the plan of action include the formation of a consortium that will establish the nation's highest standards for training new teachers to use technology in the classroom. Beginning with the 1999–2000 academic year, the Consortium for Outstanding Achievement in Teaching with Technology {COATT} will award certificates of recognition to new teachers who have demonstrated an exceptional ability to use information technology as a teaching tool.

COATT membership includes an impressive slate of higher educational institutions from Michigan: Albion College, Andrews University, Eastern Michigan University, Ferris State University, Lake Superior State University, Michigan State University, Oakland University, University of Detroit-Mercy, University of Michigan, University of Michigan-Dearborn, Wayne State University and Western Michigan University. Neither the education nor the certificate is mandatory. However, new teachers with certificates will have an advantage in the job market and school districts will benefit by knowing which applicants are qualified in using technology effectively in their instruction. The letter of agreement signed by each COATT member in committing their institution to provide the resources to achieve the success of the COATT initiative which is included at the end of my remarks.

Michigan is already recognized as a leader in producing new teachers and if we set our minds to it, I'm convinced we can be the best in the nation when it comes to teaching teachers how to integrate technology in the classroom.

Another key element of my plan of action to advance Michigan's standing in education technology is the establishment of the Teach for Tomorrow Project, TFT, an online delivery system for educational technology training and credentialing of in-service teachers. By using technology to teach the technology, lessons can be accessed statewide and at time and location

which are convenient to the learners. An added bonus, which results in an expansion of the use of technology in the classroom, is that teachers who complete TFT teach other teachers what they have learned. Central Michigan University has approved the use of TFT materials as a professional development course eligible for 3 graduate credit hours when done in conjunction with local onsite training.

The legislation before us, the National Digital Empowerment Act, will speed the closing of the digital divide not only in my state of Michigan, but nationwide. Time is of the essence. We must act responsibly and we must act now!

Mr. President, I ask unanimous consent to print in the RECORD the COATT member agreement signed by higher education institutions in Michigan.

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

CONSORTIUM FOR OUTSTANDING ACHIEVEMENT IN TEACHING WITH TECHNOLOGY LETTER OF AGREEMENT

We, the undersigned, commit our institutions to be members of the Consortium for Outstanding Achievement in Teaching with Technology (COATT). In doing so our institutions accept the following requirements:

(1) Each institution shall designate a facility liaison to COATT. This person will participate in an annual review of the COATT standards and participate in periodic meetings with other core members of the COATT organization.

(2) Each institution shall designate a person to act as a point of contact within the institution for potential COATT candidates.

(3) Each institution shall promote COATT to potential candidates. This might occur through flyers, regular newsletters, publications, placement files, etc.

(4) Each institution shall provide adequate and relevant learning opportunities in the application of educational technology for students who wish to acquire COATT certification.

(5) Each institution shall provide adequate resources for COATT applicants to produce, maintain, and gain access to their COATT digital portfolios.

(6) Each institution shall be responsible for recommending and pre-certifying COATT applicants.

(7) Each institution shall involve its faculty and other qualified personnel in COATT evaluation teams.

By signing below, we understand that we are committing our institutions to provide the personnel, resources, and opportunities described in the above seven points. We recognize that this level of commitment is crucial to the success of the COATT initiative.

Reuben Rubio, Director of the Ferguson Center for Technology-Aided Teaching, Albion College; Dr. Niels-Erik Andreasen, President, Andrews University; Dr. Jerry Robbins, Dean of the School of Education, Eastern Michigan University; Dr. Nancy Cooley, Dean of the College of Education, Ferris State University; Dr. David L. Toppen, Executive Vice President and Provost, Lake Superior State University; Dr. Carole Ames, Dean of the College of Education, Michigan State University; Dr. James Clatworthy, Associate Dean of the School of Education and Human Resources, Oakland University; Aloha Van Camp, Acting Dean of the College of Education and Human Services, University of Detroit-Mercy; Dr. Karen Wixson, Dean of the School of Education, University of Michigan; Dr. Robert Simpson, Provost, University of Michigan-Dearborn; Dr. Paula Wood, Dean of the College of Education, Wayne State University; and Dr. Alonzo Hannaford, Associate Dean of the College of Education, Western Michigan University.

By Mr. GRAMS:

S. 2230. A bill to provide tax relief in relation to, and modify the treatment of, members of a reserve component of the Armed Forces, and for other purposes; to the Committee on Finance.

THE MILITARY GUARD AND RESERVE FAIRNESS ACT OF 2000

Mr. GRAMS. Mr. President, I rise today to introduce legislation addressing a very important issue-fairness for the Guard and Reserve members in our armed forces.

Let me begin with a February 3rd report from the Washington Post titled ''A Tough Goodbye: Guard Members Leave for Nine Months in Bosnia.'' It reads ''Sgt. Deedra Lavoie was alone, after leaving her two young children with her ex-husband. Sgt. Bill Wozniak, hugging his 3-year-old daughter, was worried about not having the same job when he returns in nine months. Staff Sgt. Stephen Smith won't have a home to come back to: Movers have cleared out his Annapolis apartment, which he can't afford to keep while overseas.''

This brings home, Mr. President, the real hardship that thousands of Guards and Reservists, and their families, are facing today.

The traditional duty of the National Guards and reservists was to keep domestic peace or fight in wars. But as the number of our Armed Forces has fallen by more than 1 million personnel since 1988, increasing numbers of our Guards and Reserve members are being pulled out of the private sector and into what amounts to at times to be full-time military service.

They are often called on to carry out overseas peacekeeping, humanitarian and other missions. Their deployment time is longer than ever before in peacetime. Today we rely heavily on our Guardsmen and Reservists to support overseas contingency operations. Since 1990, they have been called to service in Operation RESTORE HOPE in Somalia, Operation UPHOLD DEMOCRACY in Haiti, Operation JOINT ENDEAVOR/JOINT GUARD in Bosnia, Operation STABILIZE in Southeast Asia and Operation TASK FORCE FALCON in Kosovo.

Mr. President, the statistics speak for themselves:

Work days contributed by Guardsmen and Reservists have risen from 1 million days in 1992, to over 13 million days last year. Without the service of these citizen soldiers, we would need an additional force of 35,000 soldiers to do the job.

43,000 Guardsmen and Reservists have served in Bosnia and Kosovo from December 1995 through March 1, 2000. This is 33 percent of the total Armed Forces personnel participating in that region during that period.

Mr. President, Guardsmen and Reservists are willing to do their duty and serve when they are called, but increasingly frequent overseas deployments create tremendous hardship for them, and their families, as well their employers. We need to give our reserve forces fair treatment by improving the quality of life both for them and their dependents. We must help their employers adjust as well.

That's why I am introducing the Military Guard and Reserve Fairness Act of 2000. This bill would do the following:

First, my legislation would exempt federal tax on the base pay for enlisted Guardsmen and Reservists and exempt federal tax on the base pay of Guard and Reserve officers up to the highest level of that if enlisted Guardsmen and Reservists' base pay during their overseas deployment.

The majority of Guardsmen and Reservists take pay cuts when called up for involuntary overseas deployment, and sustain a huge financial loss. Our active duty military personnel enjoy federal tax exemption on their base pay, why not our Guardsmen and Reservists who perform the same duty as full-time military personnel?

Secondly, my legislation would provide a tax credit to employers who employ Guardsmen and Reservists. The tax credit would be equal to 50 percent of the amount of compensation that would have been paid to an employee during the time that the employee participates in contingency operations. However, the credit is capped at $2000 for each individual Reservist employee and a maximum of $30,000 for all employees. This provision would apply to the self-employed as well.

Despite the fact that most businesses are fully supportive of the military obligations of their employees, studies show that the increasingly long overseas deployments have created a new strain on Guard/Reserve-employer relations. One of the reasons is that the unplanned absence of Guard/Reservist-employees creates a variety of problems for employers. Employers have to hire and train temporary employees, budget for overtime, or reschedule work and deadlines. As a result, it increases employer costs, reducing revenue and profits. This is particularly problematic for small business and the self-employed.

The Defense Department acknowledges the increased use of the Guard and Reserve and that unplanned contingency operations do create problems

for employers. DOD suggests that a financial incentive may help to correct some of the problems.

The tax credit included in my bill would offset at least some of the expense that Guard and Reserve employers face, and help reduce tension with employees.

Third, the Military Guard and Reserve Fairness Act would provide federal income tax deductions for transportation, meals and lodging expenses incurred in performance of Guard and Reserve military duty.

Mr. President, many Guardsmen and Reservists have to travel to a Reserve center, such as a National Guard Armory, far away from their home areas for drills or training.

Often Guardsmen and Reservists incur expenses for transportation, meals, lodging and other necessities. Before 1986, members of the Guard and Reserve could deduct these costs as business expenses. But the Tax Reform Act of 1986 eliminated this deduction.

This is not fair. This nation requires our Guard and Reserve members to perform their duty but also expects them to bear the expense. Restoring the deductibility would help restore fairness for Reservists.

The Military Guard and Reserve Fairness Act would also include a number of provisions that would give our Guard and Reserve members fair treatment by improving their quality of life.

It would extend space-available travel (''Space-A'') to Reservists and the National Guard, to travel outside of the United States—the same level as retired military, and gives the Guardsmen and Reservists the same priority status as active duty personnel when traveling for their monthly drills.

It would grant so-called ''gray area retirees'' the right to travel Space-A under the same conditions as the retired military receiving retired pay as well.

In addition, my legislation would provide Guardsmen and Reservists, when traveling to attend monthly military drills, the same billeting privileges as active duty personnel.

The bill would also remove the annual Guard and Reserve retirement point maximum—upon which retirement pensions are based—and allow retirement pensions to be based upon the actual number of points earned annually.

Finally, my legislation would extend free legal services to Guardsmen and Reservists by Judge Advocate General officers for a time equal to twice the length of their last period of active duty service.

Mr. President, our Guard and Reserve members are being called upon to perform more overseas active duty assignments to keep pace with the rising number of U.S. peacekeeping and humanitarian missions. I believe that this increase in overseas active-duty assignments for Guard and Reserve component members merits the extension of military benefits for our Nation's citizen soldiers. It is only fair to close these disparities.

The passage of my Military Guard and Reserve Fairness Act would restore fairness to our Guard and Reserve members, and it would greatly increase morale and the quality of life for our National Guard and Reserves and prevent problems of recruitment and retention in the future. Hence, it would strengthen our national defense and increase our military readiness. I urge my colleagues to join me in support of our military Guard and Reserves.

By Mr. GRAHAM (for himself, Mr. JEFFORDS, Mr. BINGAMAN, Mr. BRYAN, Mr. L. CHAFEE, Mr. KERRY, Mr. ROCKEFELLER, Mr. MOYNIHAN, Mrs. MURRAY, Mr. LUGAR, and Ms. SNOWE):

S. 2232. A bill to promote primary and secondary health promotion and disease prevention services and activities among the elderly, to amend title XVIII of the Social Security Act to add preventive benefits, and for other purpose; to the Committee on Finance.

MEDICARE WELLNESS ACT OF 2000

• Mr. GRAHAM. Mr. President, today, along with my colleagues, Senator JEFFORDS, Senator BINGAMAN, Senator CHAFEE, Senator BRYAN, Senator ROCKEFELLER, Senator KERRY, Senator MURRAY, Senator MOYNIHAN, Senator LUGAR, and Senator SNOWE, I introduce the Medicare Wellness Act of 2000.

The Medicare Wellness Act represents a concerted effort by myself and my distinguished colleagues to change the fundamental focus of the Medicare program.

it changes the program from one that simply treats illness and disability, to one that is also proactive.

Enhancing the focus on health promotion and disease prevention for Medicare beneficiaries.

Mr. President, despite common misperceptions, declines in health status are not inevitable with age. A healthier lifestyle, even one adopted later in life, can increase active life expectancy and decrease disability.

This fact is a major reason why The Medicare Wellness Act has support from a broad range of groups, including the National Council on Aging, Partnership for Prevention, American Heart Association, and the National Osteoporosis Foundation.

The most significant aspect of this bill is its addition of several new preventative screening and counseling benefits to the Medicare program.

The benefits being added focus on some of the most prominent, underlying risk factors for illness that face all Medicare beneficiaries, including: screening for hypertension, counseling for tobacco cessation, screening for glaucoma, counseling for hormone replacement therapy, screening for vision and hearing loss, nutrition therapy, expanding screening and counseling for osteoporosis, and screening for cholesterol.

The new benefits added by The Medicare Wellness Act represent the highest recommendations for Medicare beneficiaries of the Institute of Medicine and the U.S. Preventative Services Task Force—recognized as the gold standard within the prevention community.

Attaching these prominent risk factors will reduce Medicare beneficiaries' risk for health problems such as stroke, diabetes, and osteoporosis, heart disease, and blindness.

The addition of these new benefits would accelerate the fundamental shift, that began in 1997 under the Balanced Budget Act, in the Medicare program from a sickness program to a wellness program.

Prior to 1997, only three preventive benefits were available to beneficiaries, pneumococcal vaccines, pap smears, and mammography. Other major components of our bill include the establishment of the Healthy Seniors Promoting Program.

This program will be led by an interagency workgroup within the Department of Health and Human Services.

It will bring together all the agencies within HHS that address the medical, social and behavioral issues affecting the elderly and instructs them to undertake a series of studies which will increase knowledge about the utilization of prevention services among the elderly.

In addition, The Medicare Wellness Act incorporates an aggressive applied and original research effort that will investigate ways to improve the utilization of current and new preventive benefits and to investigate new methods of improving the health of Medicare beneficiaries.

Mr. President, this latter point is critical. The fact is that there are a number of prevention-related services available to Medicare beneficiaries today, including mammograms and colorectal cancer screening. But those services are seriously underutilized.

In a study published by Dartmouth University this spring (The Dartmouth Atlas of Health Care 1999), it was found that only 28 percent of women age 65–69 receive mammograms and only 12 percent of the beneficiaries were screened for colorectal cancer.

These are disturbing figures and they clearly demonstrate the need to find new and better ways to increase the rates of utilization of proven, demonstrated prevention services.

Our bill would get us the information we need to increase rates of utilization for these services. Further, our bill would establish a health risk appraisal and education program aimed at major behavioral risk factors such as diet, exercise, alcohol and tobacco use, and depression.

This program will target both pre-65 individuals and current Medicare beneficiaries. The main goal of this program is to increase awareness among individuals of major risk factors that impact on health, to change personal health habits, improve health status, and save the Medicare program money. Our bill would require the Medicare Payment Advisory Commission, known as MedPAC, to report to Congress every two years and assess how the program needs to change over time in order to reflect modern benefits and treatment.

Shockingly, this is information that Congress currently does not receive on a routine basis. And this is a contributing factor to why we find ourselves today in a quandary over the outdated nature of the Medicare program. Quite frankly, Medicare hasn't kept up with the rest of the health care world. While a vintage wine from the 1960s may be desirable, a health care system that is vintage 1965 is not. We need to do better.

Our bill would also require the Institute of Medicine (IOM) to conduct a study every five years to assess the scientific validity of the entire preventive benefits package. The study will be presented to Congress in a manner that mirrors The Trade Act of 1974. The IOM's recommendations would be presented to Congress in legislative form. Congress would then have 60 days to review and then either accept or reject the IOM's recommendations for changes to the Medicare program. But Congress could not change the IOM's recommendations.

This ''fast-track'' process is a deliberate effort to get Congress out of the business of micro-managing the Medicare program. While limited to preventive benefits, this will offer a litmus test on a new approach to future Medicare decision making.

In the aggregate, The Medicare Wellness Act represents the most comprehensive legislative proposal in the 106th Congress for the Medicare program focused on health promotion and disease prevention for beneficiaries. It provides new screening and counseling benefits for beneficiaries, it provides critically needed research dollars, and it tests new treatment concepts through demonstration programs.

The Medicare Wellness Act represents sound health policy based on sound science.

Before I conclude, I have a few final thoughts.

There are many here in Congress who argue that at a time when Medicare faces an uncertain financial future, this is the last time to be adding new benefits to a program that can ill afford the benefits it currently offers. Normally I would agree with this assertion. But the issue of prevention is different. The old adage of ''an ounce of prevention is worth a pound of cure'' is very relevant here. Does making preventive benefits available to Medicare beneficiaries ''cost'' money? Sure it does.

But the return on the investment, the avoidance of the pound of cure and the related improvement in quality of life is unmistakable.

Along these lines, a longstanding problem facing lawmakers and advocates of prevention has been the position taken by the Congressional Budget Office, as it evaluates the budgetary impact of all legislative proposals.

Only costs incurred by the Federal Government over the next 10 years can be considered in weighing the ''cost'' of adding new benefits. From a public health and quality of life standpoint, this premise is unacceptable.

Among the problems with this practice is that ''savings'' incurred by increasing the availability and utilization of preventive benefits often occur over a period of time greater than 10 years.

This problem is best illustrated in an examination of the ''compression of morbidity'' theory developed by Dr. James Fries of Stanford University over 20 years ago.

According to Dr. Fries, by delaying the onset of chronic illness among seniors, there is a resulting decrease in the length of time illness or disability is present in the latter stages of life. This ''compression'' improves quality of life and reduces the rate of growth in health care costs.

But, these changes are gradual and occur over an extended period of time—10, 20, even 30 years.

With the average life expectancy of individuals who reach 65 being nearly 20 years—20 years for women and 18 years for men—it only makes sense to look at services and benefits that improve quality of life and reduce costs to the Federal Government for that 20 year lifespan.

In addition to increased lifespan, a 10 year budget scoring window doesn't factor into consideration the impact of such services on the private sector, such as increased productivity and reduced absenteeism, for the many seniors that continue working beyond age 65.

The bottom line is, the most important reason to cover preventive services is to improve health.

While prevention services in isolation won't reduce costs, they will moderate increases in the utilization and spending on more expensive acute and chronic treatment services.

As Congress considers different ways to reform Medicare, two basic questions regarding preventive services and the elderly must be part of the debate.

(1) Is the value of improved quality of life worth the expenditure? And,

(2) How important is if for the Medicare population to be able to maintain healthy, functional and productive lives?

These are just some of the questions we must answer in the coming debate over Medicare reform.

While improving Medicare's financial outlook for future generations is imperative, we must do it in a way that gives our seniors the ability to live longer, healthier and valued lives.

I believe that by pursuing a prevention strategy that addresses some of the most fundamental risk factors for chronic illness and disability that face seniors, we will make an invaluable contribution to the Medicare reform debate and, more importantly, to our children and grandchildren.

Finally, Mr. President, I would be remiss in pointing out that the Medicare Wellness Act represents the first time in this Congress that Republicans and Democrats have gotten together in support of a major piece of Medicare reform legislation.

This bill represents a health care philosophy that bridges political boundaries. It just makes sense. And you see that common sense approach today from myself and my esteemed colleagues who have joined me in the introduction of this bill.

Mr. President, I encourage my colleagues to join us on this important bill and to work with us to ensure that the provisions of this bill are reflected in any Medicare reform legislation that is debated and voted on this year in the Senate.●

● Mr. JEFFORDS. Mr. President, I am pleased to join Senator GRAHAM today in introducing the Medicare Wellness Act of 2000. Our nation's rapidly growing senior population and the ongoing search for cost-effective health care have led to the development of this important bipartisan legislation. The goal of the Medicare Wellness Act is to increase access to preventive health services, improve the quality of life for America's seniors, and increase the cost-effectiveness of the Medicare program.

Congress created the Medicare program in 1965 to provide health insurance for Americans age 65 and over. From the outset, the program has focused on coverage for hospital services needed for an unexpected or intensive illness. In recent years, however, a great escalation in program expenditures and an increase in knowledge about the value of preventive care have forced policy makers to re-evaluate the current Medicare benefit package.

The Medicare Wellness Act adds to the Medicare program those benefits recommended by the Institute of Medicine and the U.S. Preventive Services Task Force. These include: screening for hypertension, counseling for tobacco cessation, screening for glaucoma, counseling for hormone replacement therapy, screening for vision and hearing loss, cholesterol screening, expanded screening and counseling for osteoporosis, and nutrition therapy

counseling. These services address the most prominent risk facing Medicare beneficiaries.

In 1997, Congress added several new preventive benefits to the Medicare program through the Balanced Budget Act. These benefits included annual mammography, diabetes self-management, prostate cancer screening, pelvic examinations, and colorectal cancer screening. Congress's next logical step is to incorporate the nine new screening and counseling benefits in the Medicare Wellness Act. If these symptoms are addressed regularly, beneficiaries will have a head start on fighting the conditions they lead to, such as diabetes, lung cancer, heart disease, blindness, osteoporosis, and many others.

Research suggests that insurance coverage encourages the use of preventive and other health care services. The Medicare Wellness Act also eliminates the cost-sharing requirement for new and current preventive benefits in the program. Because screening services are directed at people without symptoms, this will further encourage the use of services by reducing the cost barrier to care. Increased use of screening services will mean that problems will be caught earlier, which will permit more successful treatment. This will save the Medicare program money because it is cheaper to screen for an illness and treat its early diagnosis than to pay for drastic hospital procedures at a later date.

However, financial access is not the only barrier to the use of preventive care services. Other barriers include low levels of education of information for beneficiaries. That is why the Medicare Wellness Act instructs the Secretary of Health and Human Services to coordinate with the Centers for Disease Control and Prevention and the Health Care Financing Administration to establish a Risk Appraisal and Education Program within Medicare. This program will target both current beneficiaries and individuals with high risk factors below the age of 65. Outreach to these groups will offer questions regarding major behaviorial risk factors, including the lack of proper nutrition, the use of alcohol, the lack of regular exercise, the use of tobacco, and depression. State of the art software, case managers, and nurse hotlines will then identify what conditions beneficiaries are at risk for, based on their individual responses to the questions, then refer them to preventive screening services in their area and inform them of actions they can take to lead a healthier life.

The Medicare Wellness Act also establishes the Healthy Seniors Promotion Program. This program will bring together all the agencies within the Department of Health and Human Services that address the medical, social and behavorial issues affecting the elderly to increase knowledge about and utilization of prevention services among the elderly, and develop better ways to prevent or delay the onset of age-related disease or disability.

Mr. President, now is the time for Medicare to catch up with current health science. We need a Medicare program that will serve the health care needs of America's seniors by utilizing up-to-date knowledge of healthy aging. Effective health care must address the whole health of an individual. A lifestyle that includes proper exercise and nutrition, and access to regular disease screening ensures attention to the whole individual, not just a solitary body part. It is time we reaffirm our commitment to provide our nation's seniors with quality health care.

It is my hope that my colleagues in Congress will examine this legislation and realize the inadequacy of the current package of preventive benefits in the Medicare program. We have the opportunity to transform Medicare from an out-dated sickness program to a modern wellness program. I want to thank Senator BOB GRAHAM and all the other cosponsors of the Medicare Wellness Act who are supporting this bold step towards successful Medicare reform.●

Mr. BINGAMAN. Mr. President, I rise today to join my colleagues, Senator GRAHAM of Florida and Senator JEFFORDS of Vermont, in the introduction of the ''Medicare Wellness Act of 2000.''

This bipartisan, bicameral measure represents a recognition of the role that health promotion and disease prevention should play in the care available to Medicare beneficiaries. The bill adds several new preventative screening and counseling benefits to the Medicare program. Specifically, the act adds screening for hypertension, counseling for tobacco cessation, screening for glaucoma, counseling for hormone replacement therapy, and expanded screening and counseling for osteoporosis.

My colleagues have addressed most of these aspects of the bill so I will focus my remarks on one additional provision that is pivotal in achieving improved health outcomes of beneficiaries with several chronic diseases. Specifically, the Medicare Wellness Act of 2000 provides for coverage under Part B of the Medicare program for medical nutrition therapy services for beneficiaries who have diabetes, cardiovascular disease, or renal disease.

Medical nutrition therapy refers to the comprehensive nutrition services provided by registered dietitians as part of the health care team. Medical nutrition therapy has proven to be a medically necessary and cost effective way of treating and controlling heart disease, stroke, diabetes, high cholesterol, and various renal diseases. Patients who receive this therapy require fewer hospitalizations and medications and have fewer complications.

The treatment of patients with diabetes and cardiovascular disease accounts for a full 60 percent of Medicare expenditures. In my home state of New Mexico, Native Americans are experiencing an epidemic of Type II diabetes. Medical nutrition therapy is integral to their diabetes care and to the prevention of progression of the disease. Information from the Indian Health Service shows that medical nutrition therapy provided by professional dietitians results in significant improvements in medical outcomes in Type II diabetics.

Mr. President, while medical nutrition therapy services are currently covered under Medicare Part A for inpatient services, there is no consistent Part B coverage policy for medical nutrition.

Nutrition counseling is best conducted outside the hospital setting. Today, coverage for nutrition therapy in ambulatory settings is at best inconsistent, but most often, non existent.

Because of the comparatively low treatment costs and the benefits associated with nutrition therapy, expanded coverage will improve the quality of care, outcomes and quality of life for Medicare beneficiaries.

Two years ago, my colleague from Idaho, Senator CRAIG and I requested that the National Academy of Sciences' Institute of Medicine study the issue of medical nutrition therapy as a benefit for Medicare beneficiaries. The Institute of Medicine released this study last December entitled: ''The Role of Nutrition in Maintaining Health in the Nation's Elderly: Evaluating Coverage of Nutrition Services for the Medicare Populations.'' This IOM study reaffirms what I have been working toward the past few years. Namely, it recommended that medical nutrition therapy, ''upon referral by a physician, be a reimbursable benefit for Medicare beneficiaries.'' The study substantiates evidence of improved patient outcomes associated with nutrition care provided by registered dietitians.

Mr. President, I again want to thank my colleagues for including medical nutrition therapy as a key component of the Medicare Wellness Act. I look forward to working with them toward passage of the act this Congress.

By Mr. FITZGERALD (for himself, Mr. BAYH, Mr. ABRAHAM, Mr. KOHL, Mr. GRASSLEY, Mr. DURBIN, Mr. BROWNBACK, and Mr. GRAMS):

S. 2233. A bill to prohibit the use of, and provide for remediation of water contaminated by, methyl tertiary butyl ether; to the Committee on Environment and Public Works.

MTBE ELIMINATION ACT

Mr. FITZGERALD. Mr. President, I rise to introduce legislation called the ''MTBE Elimination Act of 2000.'' As I

so rise, I thank my colleagues who have cosponsored this legislation. They are Senators BAYH, ABRAHAM, KOHL, GRASSLEY, DURBIN, BROWNBACK, and GRAMS. I appreciate their support and I look forward to talking to each of my colleagues about this very important piece of legislation we are introducing today.

Mr. President, the MTBE Elimination Act would ban all across the country, the chemical compound which is termed MTBE for short. Its longer chemical name is methyl tertiary butyl ether.

MTBE is one of the world's most widely used chemicals, and is found anywhere in the United States. In fact, it is added to approximately 30 percent of our Nation's gasoline supplies. Its use in this country dates back at least to about 1979 and was originally added to gasoline to boost the octane. For many years, oil companies had added lead to fuel in order to improve its performance and to boost octane. The Federal Government banned lead in the 1970s, and ultimately it was replaced in many cases by MTBE.

Later on, in 1990, Congress amended the Clean Air Act and President Bush at the time signed those amendments. Those amendments required all the smog filled large cities in this country to have an additive in their gasoline that would make the gasoline approximately 2.7 percent oxygen by weight. This is commonly referred to as the oxygenate requirement in our Nation's Clean Air Act.

The purpose of that oxygenate requirement was to make the oil companies produce, and our cars use, a cleaner burning fuel. The idea was to clean up the smog in some of our Nation's largest and most congested cities. That program has worked very well over the last 10 years in cleaning up the smog all across the country, in cities like New York, Los Angeles, and San Francisco. My home State of Illinois, of course, has a large metropolitan area in Chicago. The reformulated fuel requirements that were implemented by the 1990 amendments to the Clean Air Act have helped greatly in reducing the emissions from our automobiles, in providing cleaner burning fuels, at least as far as our air quality is concerned.

As I said earlier, about 30 percent of the gasoline used in this country is reformulated and has an additive in it, most of which is MTBE. In the parts of this country that are required to use reformulated fuel, over 80 percent of them are using MTBE as their oxygenate. The other areas are using another oxygenate known as ethanol to meet the requirements of the Clean Air Act. In fact, Chicago and Milwaukee both use ethanol as opposed to MTBE.

It turns out now that we have mounting evidence that MTBE, while it works well in cleaning up smog, has a problem we had not anticipated, and one which very regrettably had not been fully investigated before we started down the path that encouraged a dramatic increase in the usage of MTBE. MTBE has, in recent years, been detected in the nation's drinking water all across the country, from the east coast to the west coast. In fact, right now the U.S. Geological Survey is performing an ongoing evaluation of our nation's drinking water, groundwater supplies all across the country. They have not yet completed this survey. If you look at this chart, in the States that are in white, the U.S. Geological Survey analysis has not yet been performed.

But in the States that are in red, those are the States where they have found MTBE in the groundwater. Incidentally, I believe it is somewhere in the neighborhood of 22 States where they have found methyl tertiary butyl ether in the groundwater.

In my home State of Illinois, we do not use much MTBE; ethanol is the oxygenate of choice. But nonetheless, the Illinois Environmental Protection Agency has been finding MTBE in our groundwater. So far, they have found MTBE in at least 25 different cities all across the State, and many Illinois municipalities have not tested the groundwater. Three of these cities have had to switch their source of drinking water and go to other wells because there was a sufficient amount of MTBE in that water to make it undrinkable.

About a month ago, CBS News, in their program ''60 Minutes,'' did a report on how MTBE has been turning up with greater and greater frequency in our Nation's drinking water supplies. During that report, which seemed to me to be very well researched, it was noticed that this chemical, MTBE, has some very interesting properties.

Unlike most of the other components of gasoline which, when it leaks out accidentally from underground storage tanks or out of pipes which carry fuel—there are leaks now and then; we try to prevent them, but they do occur—most of the components of gasoline are absorbed in the soil and do not make it down to the ground water.

MTBE is a pesky substance, however, that resists microbial degrading in the ground and rapidly seeks out the ground water. It resists degrading as it finds its way to the water. Then once it gets into the water, it rapidly spreads. It has properties that, when it is in drinking water in very minute quantities, between 20 to 40 parts per billion, make the drinking water undrinkable. I say undrinkable because it makes the water smell and taste like turpentine.

There have been studies that have shown that a single cup of MTBE renders 5 million gallons of water undrinkable. I say it makes the water undrinkable. The fact is, we do not know exactly what health effects it has on humans who ingest the water. Very few studies have been done on what happens to humans who consume MTBE. There have been studies of laboratory rats that suggest it is a possible carcinogen, and the EPA has recognized MTBE as a possible cause of cancer.

We need to do more research on MTBE's effects on human health. We simply do not know all that much about this chemical. However, we do know that most people, when they smell the turpentine-like smell or taste of it, it inspires an instant revulsion and they do not want to drink the water. It is almost a moot point as to whether it has ill health effects because it makes the water undrinkable. Most humans will recoil at the thought of drinking that type of water.

In the ''60 Minutes'' segment I referred to earlier, they went to a town in California where literally most of the town has left because their water has this MTBE in it. Many of the businesses have closed up, many of the people have left, and for those remaining in that community, the State of California is trucking in fresh water for them to drink. It is a very serious problem.

There have been a few cities around the country—I believe there is one in the Carolinas, and also Santa Barbara, CA—where they had sued oil companies and won judgments to clean up the ground water in which they detected MTBE.

In order to address this alarming trend of finding this pesky, horrible chemical in our drinking water all across the country with increasing frequency, I, with my colleagues, am introducing the MTBE Elimination Act. This act will do four things: First, it will phase MTBE out gradually over 3 years. The way the bill accomplishes that is it amends the Toxic Substances Control Act to add methyl tertiary butyl ether to the list of proscribed toxic substances in this country.

It will eliminate the MTBE over 3 years because it will be hard to simply switch our Nation's gasoline supply overnight. To be realistic, it will take a period of time. The bill allows discretion for the EPA to establish a timetable and a framework for this MTBE phase-out.

Secondly, the bill will require that gasoline which is dispensed at the pump containing MTBE be labeled so people know when they are filling up their car with gasoline that it contains this additive, and this chemical is being used in their community. In many cases, of course, people are not even aware of this chemical. They have never heard of it. We were very surprised in Illinois. We did not think much MTBE was even used in Illinois. Then we found it in our ground water.

Third, the bill authorizes grants for research on MTBE ground water contamination and remediation. It directs resources to do more research on the health effects of this chemical too. We need to know more about this chemical in order to combat it. Right now we do not fully understand the health risks. Most of the studies that have been done, of which I am aware, are on laboratory mice, and there have been very few studies, if any, on the effects to humans who ingest or inhale this chemical.

We also need research on how we remediate the chemical, how we clean it up because, in addition to all of its other properties, it turns out it is very difficult to eliminate. Our normal processes for eliminating hazardous chemicals from ground water, in many cases, according to the literature, do not seem to work on MTBE. EPA needs to research this issue and help the rest of the country have a body of knowledge, so when they find MTBE contamination, they know how to clean it up or remediate it.

The bill contains a section which expresses the sense of the Senate that the EPA, our national Environmental Protection Agency, should provide technical assistance, information, and matching funds to our local communities that are testing their underground water supplies and also trying to remediate and clean up MTBE that has been detected in those water supplies.

Finally, as an afterthought, some of my colleagues may be asking: What will we do about that portion of the Clean Air Act that requires our fuel in this country, at least in the smog-filled large cities, to have an oxygenate in it to reduce smog emissions? There is an answer. We do have an alternative—a renewable source produced from corn or other biomass products. It is called ethanol.

In my judgment, ethanol will allow us to meet the requirements of the Clean Air Act all across the country, and it will not require us to make that terrible choice between clean air and clean water. I want our country to have clean air and clean water and never one at the expense of the other. Ethanol, in my judgment, provides the answer to that problem.

The USDA recently did a study using ethanol to replace MTBE all across the country. It would mean, on average, about $1 billion in added income to our farmers every year.

Mr. DURBIN. Would my colleague yield for a question?

Mr. FITZGERALD. Yes.

Mr. DURBIN. First, I congratulate my colleague for the introduction of this legislation. I am happy to cosponsor it. It is truly bipartisan legislation which is of benefit not only to the farmers in our State of Illinois but to our Nation.

We understand, as most people do in Washington, the benefits of ethanol when it comes to reducing air pollution. We also understand the dangers of MTBE. Where it is used in other States, it has contaminated water supplies.

We are in the process of working with the Environmental Protection Agency to discuss the future of ethanol and hope it will remain strong.

I ask my colleague from Illinois—and I again congratulate him for his leadership in this area—if he can tell me whether his legislation on the elimination of MTBE is done on a phaseout basis or whether it is done to a date certain?

Mr. FITZGERALD. Yes. I thank the Senator and appreciate his support. I appreciate his cosponsorship of this legislation.

My bill would ban MTBE within 3 years after the enactment of this law. It would leave the exact timetable up to the EPA. They could set parameters within that 3 years. But within 3 years after the bill is signed into law, we would expect MTBE to be gone.

Following up on that, as Senator DURBIN said, we have been working very hard, particularly with Senator GRASSLEY, Senator HARKIN, and Senators from all over the country, in trying to clean up MTBE, and also trying to promote renewable sources of fuels, such as ethanol. That discussion about the importance of renewable fuels is made much more important now as we see our dependence on foreign oil and the high prices of oil in recent weeks.

But this is an issue that has bipartisan support. Senator DURBIN is a Democrat; I am a Republican. But the ethanol issue has always been bipartisan. I look forward to working with my friends and colleagues on both sides of the aisle so that we can continue to work on improving our Nation's clean air and water and also our farm economy.

Mr. President, I ask unanimous consent to print the bill in the RECORD.

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

S. 2233

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 ''MTBE Elimination Act''.

SEC. 2. FINDINGS; SENSE OF THE SENATE.

(a) FINDINGS.—Congress finds that—

(1) a single cup of MTBE, equal to the quantity found in 1 gallon of gasoline oxygenated with MTBE, renders all of the water in a 5,000,000-gallon well undrinkable;

(2) the physical properties of MTBE allow MTBE to pass easily from gasoline to air to water, or from gasoline directly to water, but MTBE does not—

(A) readily attach to soil particles; or

(B) naturally degrade;

(3) the development of tumors and nervous system disorders in mice and rats has been linked to exposure to MTBE and tertiary butyl alcohol and formaldehyde, which are 2 metabolic byproducts of MTBE;

(4) reproductive and developmental studies of MTBE indicate that exposure of a pregnant female to MTBE through inhalation can—

(A) result in maternal toxicity; and

(B) have possible adverse effects on a developing fetus;

(5) the Health Effects Institute reported in February 1996 that the studies of MTBE support its classification as a neurotoxicant and suggest that its primary effect is likely to be in the form of acute impairment;

(6) people with higher levels of MTBE in the bloodstream are significantly more likely to report more headaches, eye irritation, nausea, dizziness, burning of the nose and throat, coughing, disorientation, and vomiting as compared with those who have lower levels of MTBE in the bloodstream;

(7) available information has shown that MTBE significantly reduces the efficiency of technologies used to remediate water contaminated by petroleum hydrocarbons;

(8) the costs of remediation of MTBE water contamination throughout the United States could run into the billions of dollars;

(9) although several studies are being conducted to assess possible methods to remediate drinking water contaminated by MTBE, there have been no engineering solutions to make such remediation cost-efficient and practicable;

(10) the remediation of drinking water contaminated by MTBE, involving the stripping of millions of gallons of contaminated ground water, can cost millions of dollars per municipality;

(11) the average cost of a single industrial cleanup involving MTBE contamination is approximately $150,000;

(12) the average cost of a single cleanup involving MTBE contamination that is conducted by a small business or a homeowner is approximately $37,000;

(13) the reformulated gasoline program under section 211(k) of the Clean Air Act (42 U.S.C. 7545(k)) has resulted in substantial reductions in the emissions of a number of air pollutants from motor vehicles, including volatile organic compounds, carbon monoxide, and mobile-source toxic air pollutants, including benzene;

(14) in assessing oxygenate alternatives, the Blue Ribbon Panel of the Environmental Protection Agency determined that ethanol, made from domestic grain and potentially from recycled biomass, is an effective fuel-blending component that—

(A) provides carbon monoxide emission benefits and high octane; and

(B) appears to contribute to the reduction of the use of aromatics, providing reductions in emissions of toxic air pollutants and other air quality benefits;

(15) the Department of Agriculture concluded that ethanol production and distribution could be expanded to meet the needs of the reformulated gasoline program in 4 years, with negligible price impacts and no interruptions in supply; and

(16) because the reformulated gasoline program is a source of clean air benefits, and ethanol is a viable alternative that provides air quality and economic benefits, research and development efforts should be directed to assess infrastructure and meet other challenges necessary to allow ethanol use to expand sufficiently to meet the requirements of the reformulated gasoline program as the use of MTBE is phased out.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Administrator of the

Environmental Protection Agency should provide technical assistance, information, and matching funds to help local communities—

(1) test drinking water supplies; and

(2) remediate drinking water contaminated with methyl tertiary butyl ether.

SEC. 3. DEFINITIONS.

In this Act:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Environmental Protection Agency.

(2) ELIGIBLE GRANTEE.—The term ''eligible grantee'' means—

(A) a Federal research agency;

(B) a national laboratory;

(C) a college or university or a research foundation maintained by a college or university;

(D) a private research organization with an established and demonstrated capacity to perform research or technology transfer; or

(E) a State environmental research facility.

(3) MTBE.—The term ''MTBE'' means methyl tertiary butyl ether.

SEC. 4. USE AND LABELING OF MTBE AS A FUEL ADDITIVE.

Section 6 of the Toxic Substances Control Act (15 U.S.C. 2605) is amended by adding at the end the following:

''(f) USE OF METHYL TERTIARY BUTYL ETHER.—

''(1) PROHIBITION ON USE.—Effective beginning on the date that is 3 years after the date of enactment of this subsection, a person shall not use methyl tertiary butyl ether as a fuel additive.

''(2) LABELING OF FUEL DISPENSING SYSTEMS FOR MTBE.—Any person selling oxygenated gasoline containing methyl tertiary butyl ether at retail shall be required under regulations promulgated by the Administrator to label the fuel dispensing system with a notice that—

''(A) specifies that the gasoline contains methyl tertiary butyl ether; and

''(B) provides such other information concerning methyl tertiary butyl ether as the Administrator determines to be appropriate.

''(3) REGULATIONS.—As soon as practicable after the date of enactment of this subsection, the Administrator shall establish a schedule that provides for an annual phased reduction in the quantity of methyl tertiary butyl ether that may be used as a fuel additive during the 3-year period beginning on the date of enactment of this subsection.''.

SEC. 5. GRANTS FOR RESEARCH ON MTBE GROUND WATER CONTAMINATION AND REMEDIATION.

(a) IN GENERAL.—

(1) ESTABLISHMENT.—There is established a MTBE research grants program within the Environmental Protection Agency.

(2) PURPOSE OF GRANTS.—The Administrator may make a grant under this section to an eligible grantee to pay the Federal share of the costs of research on—

(A) the development of more cost-effective and accurate MTBE ground water testing methods;

(B) the development of more efficient and cost-effective remediation procedures for water sources contaminated with MTBE; or

(C) the potential effects of MTBE on human health.

(b) ADMINISTRATION.—

(1) IN GENERAL.—In making grants under this section, the Administrator shall—

(A) seek and accept proposals for grants;

(B) determine the relevance and merit of proposals;

(C) award grants on the basis of merit, quality, and relevance to advancing the purposes for which a grant may be awarded under subsection (a); and

(D) give priority to those proposals the applicants for which demonstrate the availability of matching funds.

(2) COMPETITIVE BASIS.—A grant under this section shall be awarded on a competitive basis.

(3) TERM.—A grant under this section shall have a term that does not exceed 4 years.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2001 through 2004.

Mr. GRASSLEY. Mr. President, I am pleased to join my Illinois colleague, Senator FITZGERALD, as a cosponsor of his legislation banning MTBE. MTBE contaminates water, and it has been found in water throughout the United States.

With every day that passes, more water is being contaminated. Oddly enough, we have passed a clean air bill to clean up the air, and the oil companies have used a product to meet the requirements of the clean air bill that contaminates the water.

But there is an additive to the gasoline that will clean up the air as well as not contaminate the water. I will talk about that in just a minute.

It is simple: With every day that passes, more water is being contaminated.

Last August, the Senate soundly passed a resolution that I cosponsored with Senator BOXER of California calling for an MTBE ban.

In the face of damaging, irresponsible action by the Clinton administration, it is time we put some force to our Senate position. How long must Americans suffer this dilatory charade by President Clinton's administration, also by the petroleum industry, and particularly by California officials? I say California officials because they have asked that the Clean Air Act of 1990 be gutted.

I have intentionally held my fire until after the California primary because I would not want anyone to misconstrue my motives in an attempt to undermine Vice President GORE's political ambitions. But today I think it is time to say it as it really is: President Clinton, Vice President GORE, and the Environmental Protection Agency's Administrator, Carol Browner, have been dragging their feet—and dragging their feet too long.

They gave the oil and the MTBE industry everything they wanted. At the request of big oil, they threw out regulations proposed by President Bush which would have, by some estimates, tripled and even quadrupled ethanol production. This was done on the first day of the Clinton administration.

Instead, when they finally got around to putting some rules out, the administration approved regulations that guaranteed a virtual MTBE monopoly in the reformulated gasoline market.

This decision by the Clinton administration, way back then in the early part of the administration, opened wide the door for petroleum companies to use MTBE and thus contaminate our water.

With egg on its face, with an environmental disaster on its hands, the Clinton administration continues to delay and also duck its leadership responsibilities.

A replacement for MTBE exists today, but most oil companies refuse to use it. The Environmental Protection Agency's Director, Carol Browner, has been told time and time again, in every imaginable way possible, how MTBE can be replaced, and in California totally replaced this very day.

But she, as other Clinton-Gore officials, always seems to come up with some sort of excuse, a reason for delay, some other hurdle.

Last week, as the congressional delegation met with our Governor from Iowa, we were told that Carol Browner asked for more information on this subject about the supply of an alternative to MTBE—which is ethanol—that she needed more information. It happens to be information that the Environmental Protection Agency already has.

The new hurdle she is creating is the question: Is there enough of this alternative, ethanol? You might ask: Enough for what? To replace all MTBE today or tomorrow? That is kind of insulting. It is also incredible.

I want to illustrate how it is insulting and incredible with this point. Imagine the following: You have a brush fire sweeping to the city's edge, devouring home after home. Panicked citizens call 911, but the fire engines remain silent. The home owners scream to the fire department: Why won't you come to our rescue? The fire chief says: We don't have enough water to save the whole city, and until we can save all, we will save none.

It is absurd. Of course it is. Yet an equally absurd and dangerous line has been drawn by most California big oil companies and their political apologists. In the face of the largest environmental crisis of this generation—which is the contamination of water by the petroleum companies' controlled product, MTBE—Californians are being held hostage, forced to buy water-contaminating, MTBE-laced gasoline, even though a superior MTBE replacement is available, and available this very day—not tomorrow, not next year, but today.

California Governor Davis' so-called ''ban'' allows MTBE to be sold ''full bore, business-as-usual'' until the end of the year 2002.

Worse yet, California legislators dropped the deadline altogether. But why the wait? Well, we are told there is not enough of this MTBE alternative and thus the illogical decree imposed: No MTBE will be removed until all MTBE is removed. And with every day

that passes, more of our water is contaminated. Think of this: A mere teacup of MTBE renders undrinkable 5 million gallons of water. CBS's ''60 Minutes,'' referred to by my colleague from Illinois, reported California has already identified 10,000 ground water sites contaminated by MTBE and that ''one internal study conducted by Chevron found that MTBE has contaminated ground water at 80 percent of the 400 sites that the company tested.''

Yet big oil holds you hostage, forcing you to buy MTBE-laced gasoline until either the Clinton-Gore administration or Congress guts one of the most successful Clean Air Act programs, the reformulated gasoline oxygenate requirement. So big oil is hoping that gullible bureaucrats and politicians conclude that MTBE is not the real problem but, instead, the real problem happens to be the oxygenate provisions of the 1990 Clean Air Act. Get rid of the oxygenate requirement and, presto, MTBE disappears.

People in my State are not buying that line. Iowa has no oxygenate requirement. Yet MTBE has been found in 29 percent of our water supplies tested. Let it be clear, let there be absolutely no misunderstanding: Iowa's water and the water in every Senator's State was contaminated by a product that big oil added to their gasoline, and it was not contaminated by the Clear Air Act. Big oil did everything it could to persuade Clinton-Gore appointees and judges in our courts to guarantee that MTBE monopolized the Clean Air Act's oxygenate market.

Our colleagues need to understand that nearly 500 million gallons of MTBE are sold every year throughout the United States, not to meet the oxygenate requirements of the Clean Air Act that I have been talking about up to this point, but as an octane enhancer in markets all over the United States where the oxygenate requirements under the Clean Air Act to clean up the smog don't even apply.

So your water is in danger whether you live in a city that has to meet the oxygenate requirements of the 1990 Clean Air Act or not because big oil uses the poison MTBE as an octane enhancer lots of places. So that gets us to a point where they want us to believe that changing the 1990 Clean Air Act is the solution to all the problems. I ask, how will gutting the Clean Air Act's oxygenate requirements protect the rest of America's water, if most gallons of gasoline have MTBE in them for octane enhancement outside the Clean Air Act? Well, that answer is pretty simple. It is not going to clean it up until we get rid of all MTBE. We need to, then, ban MTBE, which this bill we are introducing today does, not ban the Clean Air Act, or at least not gut it by eliminating the oxygenate requirements of it, which big oil says is the solution to our problem.

Then we get to what is the superior MTBE replacement that is available today. My colleagues don't have to wait for me to tell them what my answer is to that, but I will. It is ethanol, which is nothing more than grain alcohol. Let's get that clear. We are talking about MTBE, a poisonous product, poisoning the water in California, where the oxygenate requirements are, but also in the rest of the country where it is used as an octane enhancer, and grain alcohol on the other hand that you can drink. Ethanol can be made from other things as well. It can be made from California rice straw. It can be made from Idaho potato waste. It can be made from Florida sugarcane, North Dakota sugar beets, New York municipal waste, Washington wood and paper waste, and a host of other biodegradable waste products. Ethanol is not only good for your air, but if it did get into your water, your only big decision would be whether to add some ice and tonic before you drink it.

As my colleagues know, I am a teetotaler, so I am not going to pretend to advise you on the proper cocktail mixes. Today there is enough ethanol in storage and from what can be produced from idle ethanol facilities to displace all of the MTBE California uses in a whole year. It is available today not tomorrow, not the year 2002. And more facilities to produce it are in the works.

But big oil proclaims there is not enough ethanol. Translation, as far as I can tell: We, as big oil, don't control ethanol; farmers control it. So we don't want to use it.

They argue that ethanol is too difficult to transport. Translation: We would rather import Middle East MTBE from halfway across the world than transport ethanol from the Midwest of our great country. Big oil whines: Keeping the oxygenate requirement will give ethanol a monopoly. This is a whale of a tale, and it is kind of hard to translate into sensible English. Since it takes half as much ethanol as MTBE to produce a gallon of reformulated gasoline, big oil will reap a 6.2-percent increase in the amount of plain gasoline used in reformulated gasoline. So how in the world does boosting by a whopping 6.2 percent gasoline's share of the reformulated gasoline market constitute a monopoly for ethanol? That issue has been raised with Senators on the environmental committee.

Currently, MTBE constitutes 3 percent of our total transportation fuel market. Ethanol, if it replaces all MTBE, would, therefore, gain a 1.5-percent share. Think about that. A 1.5-percent market share, if it is ethanol, is defined as a monopoly share. But a 3-percent market share, if it is MTBE, is not a monopoly.

I think it is pretty simple to get it because the translation of this big oil babble is this: Market share, as small as 1.5 percent, if not controlled by big oil, shall henceforth be legally defined as a monopoly. Market share at any level, 3 percent to 100 percent, if it is controlled by big oil, shall never be defined as a monopoly. It is such a bizarre proposition that a mere 1.5 percent of market equals a monopoly.

Big oil claims ethanol is too expensive. Let me translate that for you: We prefer—meaning oil—our cozy relationship with OPEC that allows us to price gouge Americans rather than sell at half the price an oxygenate controlled by American farmers and ethanol producers.

I hope you caught that. If not, you ought to brace yourself, sit down with your cup of coffee, get anything dangerous out of your hands. The March 7, 2000, west coast spot wholesale price for gasoline was $1.27 per gallon. MTBE sold for just over $1.17 per gallon, 10 cents less. But ethanol came right in at the same price, $1.17 a gallon. Now, remember, it takes twice as much MTBE as it does ethanol to meet the Clean Air Act's oxygenate requirement. In other words, at the March 7 prices, oxygenates made from ethanol cost petroleum marketers half as much as the oxygenate made from their product, MTBE.

So even though big oil has at its disposal an oxygenated alternate to MTBE, which costs half as much, and that will protect our water supplies, big oil, with the help of the Clinton administration, continues to hold hostage the people of California and other Americans who are forced to use MTBE.

Last summer, I asked President Clinton to announce that he would deny California's request to waive the oxygenate requirement. I asked him to announce that he would veto any legislation that would provide for such a waiver. I have heard nothing on this subject. No answer to my letter has come from the President. His silence, and that of Vice President GORE and the rest of the administration, is very deafening.

American farmers are suffering the worst prices in about 23 to 25 years. If farmers are allowed to replace MTBE with ethanol, farm income will jump $1 billion per year. But, no, increasing farm income through the marketplace, both domestic and foreign, seems to be of no interest to the Clinton-Gore administration, considering their unwillingness to act and make these public statements that would send a clear signal, as far as this consideration is concerned, that MTBE's days of poisoning the water are over, replacing that with something that is safe, something that will help the farmers, and something that will send a clear signal to OPEC that we are done with our days being dependent upon them for our oil supplies and our energy.

In the process of doing that, they would help clean up our environment as well. But that doesn't seem to be of any concern to this administration either when it comes to MTBE. It seems, unfortunately, that the only thing on the collective mind of this administration is the Vice President running for President, his legacy, his partisan politics; everybody's eyes are on the next election.

So I repeat, MTBE is the problem, not the Clean Air Act, as the big oil companies want us to believe. The answer to all this is so simple and clear:

As our bill does, ban MTBE, but don't gut the Clean Air Act's oxygenate requirement.

Let America's farmers fill this void with ethanol, and let them fill it today.

It will boost farm income by $1 billion per year and help lessen our reliance upon foreign oil, and it will not keep us at the whims of OPEC quite so much.

It will keep our air clean, and it will protect our water supplies.

So all of those things sound good, don't they? Ethanol. It is that simple. It is good, good, good. I might be wasting my breath, but I will make this plea one more time. It is the same plea I made in a letter to the President last June or July, which was: President Clinton, reject the waiver request today and declare that you will veto any legislation that would allow a waiver of the oxygenate requirements of the 1990 Clean Air Act. I assure you, Mr. President, if you do that, the water-polluting MTBE will be replaced as fast as our farmers can deliver the ethanol, and that is pretty darned swift. Do it today, President Clinton. Please do it today.

I yield the floor.

Mr. BAYH. Mr. President, I am pleased to join with my colleagues today in introducing this timely and important legislation to help the nation respond to growing concerns about the threats to public health and the environment caused by methyl tertiary butyl ether, or MTBE.

There is gathering evidence that MTBE, which is added to gasoline to reduce its impact on air quality, poses a threat to human health and the environment. Preliminary testing indicates groundwater has been contaminated in many areas of the country. The MTBE Elimination Act provides for a three-year phase out of the use MTBE. The legislation also provides resources for research, local testing programs, and labeling so that we can identify the size of the problem and move forward with meaningful solutions.

Addressing the health and environmental threats posed by MTBE is only half of the answer. While we move to phase out MTBE, we also need to be making decisions about the future of the reformulated fuels program and the oxygenate requirement in the Clean Air Act. The Reformulated Gasoline Program has significantly reduced emissions of air pollutants from motor vehicles, including volatile organic compounds, carbon monoxide, and mobile-source air toxics, such as benzene. It is important that we evaluate the options available for maintaining and enhancing these benefits.

The first step is evaluating the obvious options, ethanol. In its assessment of oxygenate alternatives, the EPA's Blue Ribbon Panel found that ethanol is ''an effective fuel-bending component, made from domestic grain and potentially from recycled biomass, that provides high octane, carbon monoxide emission benefits, and appears to contribute to the reduction of the use of aromatics with related toxics and other air quality benefits.''

The U.S. Department of Agriculture, in its report ''Economic Analysis of Replacing MTBE with Ethanol in the United States, ''concluded that ethanol production and distribution could be expanded to meet the needs of the Reformulated Gasoline Program by 2004 with no supply interruptions or significant price impacts.

We do not have to choose between clean air and clean water. Evidence that MTBE presents a risk to water quality does not mean that we have to end our efforts for cleaner fuels. Ethanol is a clean, safe alternative that has the potential to serve a larger national market. As a country, we are beginning to recognize the benefits that biofuels can provide to the environment. Recent oil price increases also remind us of how important domestic sources of energy are to our national security. This bill is a necessary step in minimizing the public health and environment damage attributable to MTBE. I believe it can also be the start of a serious discussion on the opportunities that ethanol and other biofuels provide to maximize clean, safe and economically viable energy options for America.

By Mr. WARNER:

S. 2234. A bill to designate certain facilities of the United States Postal Service; to the Committee on Governmental Affairs.

JOEL T. BROYHILL POSTAL BUILDING AND THE JOSEPH L. FISHER POST OFFICE

Mr. WARNER. Mr. President, I join my colleague in the House of Representatives, Congressman WOLF, in introducing legislation to honor two former Representatives from Virginia's 10th district which designates two postal buildings in Northern Virginia after Joel T. Broyhill and Joseph L. Fisher.

The Honorable Joel Broyhill, was the first member elected to Virginia's newly created 10th district. He served in the House of Representatives for twenty-two years. A native of Hopewell, Virginia, Congressman Broyhill is also a decorated veteran and served as captain in the 106th Infantry Division in WWII. During the war, he was taken prisoner by the Germans and held in a POW camp after fighting in the infamous and costly ''Battle of Bulge.''

Congressman Broyhill currently resides in Arlington, Virginia. I believe renaming the postal building at 8409 Lee Highway in Merrifield, Virginia would be appropriate in recognition of his honorable and extensive political and military careers.

I would also like to honor another former Representative from the 10th District, the late Honorable Joseph L. Fisher. Congressman Fisher had a notable political career in the local, state and federal government.

Congressman Fisher, who held a Ph.D. in Economics from Harvard University, began his career in public service as an economist with the U.S. Department of State. After his service in World War II, he became a member of the Arlington County Board. He began a three-term service in the House of Representatives when he was elected in 1974, defeating the incumbent Republican Joel Broyhill.

Subsequent to his service in the House, among other positions, Congressman Fisher served as secretary of the Virginia Department of Human Resources and was a professor of political economy at George Mason University.

Congressman Fisher's commitment to public service should be recognized with the designation of the post office located at 3118 Washington Boulevard in Arlington, Virginia as the Joseph L. Fisher Post Office.

Joseph Fisher passed away in 1992 at his home in Arlington, Virginia. He is survived by his wife, Margaret, their seven children, sixteen grandchildren, and two great grandchildren.

I seek my colleagues to support legislation to honor these two former members in recognition of their distinguished public service.

By Ms. COLLINS: (for herself, Mr. MURKOWSKI, Mr. DODD, Mr. TORRICELLI, and Mr. HUTCHINSON):

S. 2235. A bill to amend the Public Health Act to revise the performance standards and certification process for organ procurement organizations; to the Committee on Health, Education, Labor, and Pensions.

ORGAN PROCUREMENT ORGANIZATION CERTIFICATION ACT OF 2000

• Ms. COLLINS. Mr. President, I rise today on behalf of myself and my colleagues, Senators MURKOWSKI, DODD, TORRICELLI, and HUTCHINSON to introduce the Organ Procurement Organization Certification Act to improve the performance evaluation and certification process that the Health Care Financing Administration currently uses for organ procurement organizations (OPOs).

Recent advantages in technology have dramatically increased the number of patients who could benefit from organ transplants. Unfortunately, however, while there has been some interest in the number of organ donors, the supply of organs in the United States has not kept pace with the growing number of transplant candidates, and the gap between transplant demand and organ supply continues to widen. According to the United Network for Organ Sharing (UNOS), there are now 68,220 patients in the United States on the waiting list for a transplant.

Our nation's 60 organ procurement organizations (OPOs) play a critical role in procuring and placing organs and are therefore key to our efforts to increase the number and quality of organs available for transplant. They provide all of the services necessary in a particular geographic region for coordinating the identification of potential donors, requests for donation, and recovery and transport of organs. The professionals in the OPOs evaluate potential donors, discuss donation with family members, and arrange for the surgical removal of donated organs. They are also responsible for preserving the organs and making arrangements for their distribution according to national organ sharing policies. Finally, the OPOs provide information and education to medical professionals and the general public to encourage organ and tissue donation to increase the availability of organs for transplantation.

According to a 1999 report of the Institute of Medicine (IOM) entitled ''Organ Procurement and Transplantation: Assessing Current Policies and the Potential Impact of the DHHS Final Rule'', a major impediment to greater accountability and improved performance on the part of OPOs is the current lack of a reliable and valid method for assessing donor potential and OPO performance.

The HCFA's current certification process for OPOs sets an arbitrary, population-based performance standard for certifying OPOs based on donors per million of population in their service areas. It sets a standard for acceptable performance based on five criteria: donors recovered per million, kidneys recovered per million, kidneys transplanted per million, extrarenal organs (heart, liver, pancreas and lungs) recovered per million, and extrarenal organs transplanted per million. The HCFA assesses the OPOs' adherence to these standards every two years. Each OPO must meet at least 75 percent of the national mean for four of these five categories to be recertified as the OPO for a particular area and to receive Medicare and Medicaid payments. Without HCFA certification, an OPO cannot continue to operate.

The GAO, the IOM, the Harvard School of Public Health and others all have criticized HCFA's use of this population-based standard to measure OPO performance. According to the GAO, ''HCFA's current performance standard does not accurately assess OPOs' ability to meet the goal of acquiring all usable organs because it is based on the total population, not the number of potential donors, within the OPOs' service areas.''

OPO service areas vary widely in the distribution of deaths by cause, underlying health conditions, age, and race. These variations can pose significant advantages or disadvantages to an OPO's ability to procure organs, and a major problem with HCFA's current performance assessment is that it does not account for these variations. An extremely effective OPO that is getting a high yield of organs from the potential donors in its service area may appear to be performing poorly because it has a disproportionate share of elderly people or a high rate of people infected with HIV or AIDS, which eliminates them for consideration as an organ donor. At the same time, an ineffective OPO may appear to be performing well because it is operating in a service area with a high proportion of potential donors.

For example, organ donors typically die from head trauma and accidental injuries, and these rates can vary dramatically from region to region. According to the Centers for Disease Control and Prevention (CDC), in 1991, the number of drivers fatally injured in traffic accidents in Maine was 15.54 per 100,000 population. In Alabama, however, it was 29.56, giving the OPO serving that state a tremendous advantage over the New England Organ Bank, which serves Maine, but not for a very good reason!

Use of this population-based method to evaluate OPO performance may well result in the decertification of OPOs that are actually excellent performers. Under HCFA's current regulatory practice, OPOs are decertified if they fail to meet the 75th percentile of the national means on 4 of the 5 performance areas. In this process, which resembles a game of musical chairs, it is a mathematical certainty that some OPOs will fail in each cycle, no matter how much they might individually improve.

Moreover, unlike other HCFA certification programs, the certification process for OPOs lacks any provision for corrective action plans to remedy deficient performance and also lacks a clearly defined due process component for resolving conflicts. The current system therefore forces OPOs to compete on the basis of an imperfect grading system, with no guarantee of an opportunity for fair hearing based on their actual performance. This situation pressures many OPOs to focus on the certification process itself rather than on activities and methods to increase donation, undermining what should be the overriding goal of the program. Moreover, the current two-year cycle—which is shorter than other certification programs administered by HCFA—provides little opportunity to examine trends and even less incentive for OPOs to mount long-term interventions.

The legislation we are introducing today has three major objectives. First, it imposes a moratorium on the current recertification process for OPOs and the use of population-based performance measurements. Under our bill, the certification of qualified OPOs will remain in place through January 1, 2002, for those OPOs that have been certified as a January 1, 2000, and that meet other qualification requirements apart from the current performance standards. Second, the bill requires the Secretary of Health and Human Services to promulgate new rules governing OPO recertification by January 1, 2002. These new rules are to rely on outcome and process performance measures based on evidence of organ donor potential and other relevant factors, and recertification for OPOs shall not be required until they are promulgated. Finally, the bill provides for the filing and approval of a corrective action plan by an OPO that fails to meet the standards, a grace period to permit corrective action, an opportunity to appeal a decertification to the Secretary on substantive and procedural grounds and a four-year certification cycle.

Mr. President, the bill we are introducing today makes much needed improvements in the flawed process that HCFA currently uses to certify and assess OPO performance, and I urge all of my colleagues to join us as cosponsors.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2235

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 ''Organ Procurement Organization Certification Act of 2000''.

SEC. 2. FINDINGS.

Congress makes the following findings:

(1) Organ procurement organizations play an important role in the effort to increase organ donation in the United States.

(2) The current process for the certification and recertification of organ procurement organizations conducted by the Department of Health and Human Services has created a level of uncertainty that is interfering with the effectiveness of organ procurement organizations in raising the level of organ donation.

(3) The General Accounting Office, the Institute of Medicine, and the Harvard School of Public Health have identified substantial limitations in the organ procurement organization certification and recertification process and have recommended changes in that process.

(4) The limitations in the recertification process include:

(A) An exclusive reliance on population-based measures of performance that do not account for the potential in the population for organ donation and do not permit consideration of other outcome and process standards that would more accurately reflect the relative capability and performance of each organ procurement organization.

(B) An immediate decertification of organ procurement organizations solely on the basis of the performance measures, without an appropriate opportunity to file and a grace period to pursue a corrective action plan.

(C) A lack of due process to appeal to the Secretary of Health and Human Services for recertification on either substantive or procedural grounds.

(5) The Secretary of Health and Human Services has the authority under section 1138(b)(1)(A)(i) of the Social Security Act (42 U.S.C. 1320b-8(b)(1)(A)(i)) to extend the period for recertification of an organ procurement organization from 2 to 4 years on the basis of its past practices in order to avoid the inappropriate disruption of the nation's organ system.

(6) The Secretary of Health and Human Services can use the extended period described in paragraph (5) for recertification of all organ procurement organizations to—

(A) develop improved performance measures that would reflect organ donor potential and interim outcomes, and to test these measures to ensure that they accurately measure performance differences among the organ procurement organizations; and

(B) improve the overall certification process by incorporating process as well as outcome performance measures, and developing equitable processes for corrective action plans and appeals.

SEC. 3. CERTIFICATION AND RECERTIFICATION OF ORGAN PROCUREMENT ORGANIZATIONS.

Section 371(b)(1) of the Public Health Service Act (42 U.S.C. 273(b)(1)) is amended:

(1) by redesignating subparagraphs (D) through (G) as subparagraphs (E) through (H), respectively;

(2) by realigning the margin of subparagraph (F) (as so redesignated) so as to align with subparagraph (E) (as so redesignated); and

(3) by inserting after subparagraph (C) the following:

''(D) notwithstanding any other provision of law, has met the other requirements of this section and has been certified or recertified by the Secretary within the previous 4-year period as meeting the performance standards to be a qualified organ procurement organization through a process that either—

''(i) granted certification or recertification within such 4-year period with such certification or recertification in effect as of January 1, 2000, and remaining in effect through the earlier of—

''(I) January 1, 2002; or

''(II) the completion of recertification under the requirements of clause (ii); or

''(ii) is defined through regulations that are promulgated by the Secretary by not later than January 1, 2002, that—

''(I) require recertifications of qualified organ procurement organizations not more frequently than once every 4 years;

''(II) rely on outcome and process performance measures that are based on empirical evidence of organ donor potential and other related factors in each service area of qualified organ procurement organizations;

''(III) use multiple outcome measures as part of the certification process;

''(IV) provide for the filing and approval of a corrective action plan by a qualified organ procurement organization that fails to meet the performance standards and a grace period of not less than 3 years during which such organization can implement the corrective action plan without risk of decertification; and

''(V) provide for a qualified organ procurement organization to appeal a decertification to the Secretary on substantive and procedural grounds;''.●

By Mr. FRIST (for himself and Mr. DODD):

S. 2236. A bill to establish programs to improve the health and safety of children receiving child care outside the home, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

DAY CARE HEALTH AND SAFETY IMPROVEMENT ACT OF 2000

Mr. FRIST. Mr. President, each day, more than 13 million children under the age of 6 spend some part of their day in child care. In my home state of Tennessee 264,000 children will attend day care, and half of all children younger than three will spend some or all of their day being cared for by someone other than their parents. With these large number of children receiving child care services, there has been some evidence to suggest that we need to work to make these settings safer while improving the health of children in child care settings.

The potential danger in child care settings has been evident in my home state of Tennessee. Tragically, within the span of 2 years, there have been 4 deaths in child care settings in Memphis, Tennessee. Overall, reports of abandoned, mistreated, and unnecessarily endangered children have been reported in the Tennessee press over the last few years. I salute the Memphis Commercial Appeal, for their in-depth reporting on day care health and safety issues which has helped bring this serious matter to public attention.

However, I would caution that this is not just a concern in Memphis or Tennessee; it is nationwide and it needs to be addressed. There is alarming evidence to suggest that more must be done to improve the health and safety of children in child care settings.

For example, a 1998 Consumer Product Safety Commission Study revealed that two-thirds of the 200 licensed child care settings investigated exhibited safety hazards, such as insufficient child safety gates, cribs with soft bedding, and unsafe playgrounds.

In 1997 alone, 31,000 children ages 4 and younger were treated in hospital emergency rooms for injuries sustained in child care or school settings. And, quite tragically, since 1990, more than 56 children have died in child care settings nationwide.

Child care health and safety issues are regulated at the state and local levels, which work diligently to ensure that child care settings are as safe as possible. I have worked closely with the Tennessee Department of Human Services on how best to address the issue and quickly realized one of the main problems was the lack of resources that the state could draw upon to improve health and safety.

To help address this issue and protect our children, I have joined with Senator DODD, the recognized leader in Congress on child care issues, to introduce the ''Children's Day Care Health and Safety Improvement Act,'' which will establish a state block grant program, authorizing $200 million for states to carry out activities related to the improvement of the health and safety of children in child care settings.

These grants may be used for the following activities:

To train and educate child care providers to prevent injuries and illnesses and to promote health-related practices;

To improve and enforce child care provider licensing, regulation, and registration, by conducting more inspections of day care providers to ensure that they are carrying out state and local guidelines to ensure that our children are safe;

To rehabilitate child care facilities to meet health and safety standards, like the proper placement of fire exits and smoke detectors, the proper disposal of sewage and garbage, and ensuring that play ground equipment is safe;

To employ health consultants to give health and safety advice to child care providers, such as CPR training, first aid training, prevention of sudden infant death syndrome, and how to recognize the signs of child abuse and neglect;

To provide assistance to enhance child care providers' ability to serve children with disabilities;

To conduct criminal background checks on child care providers, to ensure that day care providers are credible and reliable as they care for our children;

To provide information to parents on what factors to consider in choosing a safe and healthy day care setting for their children. Parents must know that the setting they are choosing have a proven safety record; and

To improve the safety of transportation of children in child care.

I am pleased that Tennessee is carrying out many of the activities authorized under the ''Children's Day Care Health and Safety Act.'' Under this bill, Tennessee would receive an estimated $4.2 million to help expand health and safety activities.

Mr. President, as a father, I understand the parental bond. A parent's number one concern is the safety, protection and health of their children. Parents need to be reassured their children are safe when they rely on others

to care for their children. I am hopeful that this legislation will give Tennessee, and all states, the needed resources to implement necessary reforms and activities which they determine will improve the health and safety conditions of child care providers as they care for our children.

I want to thank Senator DODD for joining me in this effort and for the work of his staff, Jeanne Ireland. I would also like to thank the American Academy of Pediatrics, the Children's Defense Fund and the National Association for the Education of Young children for their input and letters of support for this bill. I would also like to thank Governor Sundquist and members of the Tennessee Department of Human Services, especially, Ms. Deborah Neill, the Director of Child Care, Adult and Community Programs, for their input on this important and needed legislation. And finally, I would like to thank and acknowledge the assistance of the Mayor of Memphis, the Honorable W. W. Herenton and his staff, who have been of great help in developing this legislation.

Mr. President, I ask unanimous consent that the text of the bill and letters of support be printed in the RECORD.

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

S. 2236

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 ''Children's Day Care Health and Safety Improvement Act''.

SEC. 2. FINDINGS.

Congress finds that—

(1) of the 21,000,000 children under age 6 in the United States, almost 13,000,000 spend some part of their day in child care;

(2) a review of State child care regulations in 47 States found that more than half of the States had inadequate standards or no standards for ⅔ of the safety topics reviewed;

(3) a research study conducted by the Consumer Product Safety Commission in 1998 found that ⅔ of the 200 licensed child care settings investigated in the study exhibited at least 1 of 8 safety hazards investigated, including insufficient child safety gates, cribs with soft bedding, and unsafe playground surfacing;

(4) compliance with recently published voluntary national safety standards developed by public health and pediatric experts was found to vary considerably by State, and the States ranged from a 20 percent to a 99 percent compliance rate;

(5) in 1997, approximately 31,000 children ages 4 and younger were treated in hospital emergency rooms for injuries in child care or school settings;

(6) the Consumer Product Safety Commission reports that at least 56 children have died in child care settings since 1990;

(7) the American Academy of Pediatrics identifies safe facilities, equipment, and transportation as elements of quality child care; and

(8) a research study of 133 child care centers revealed that 85 percent of the child care center directors believe that health consultation is important or very important for child care centers.

SEC. 3. DEFINITIONS.

In this Act:

(1) CHILD WITH A DISABILITY; INFANT OR TODDLER WITH A DISABILITY.—The terms ''child with a disability'' and ''infant or toddler with a disability'' have the meanings given the terms in section 602 of the Individuals with Disabilities Education Act (20 U.S.C. 1401).

(2) ELIGIBLE CHILD CARE PROVIDER.—The term ''eligible child care provider'' means a provider of child care services for compensation, including a provider of care for a school-age child during non-school hours, that—

(A) is licensed, regulated, registered, or otherwise legally operating, under State and local law; and

(B) satisfies the State and local requirements,

applicable to the child care services the provider provides.

(3) FAMILY CHILD CARE PROVIDER.—The term ''family child care provider'' means 1 individual who provides child care services for fewer than 24 hours per day, as the sole caregiver, and in a private residence.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Health and Human Services.

(5) STATE.—The term ''State'' means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

SEC. 4. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this Act $200,000,000 for fiscal year 2001 and such sums as may be necessary for each subsequent fiscal year.

SEC. 5. PROGRAMS.

The Secretary shall make allotments to eligible States under section 6. The Secretary shall make the allotments to enable the States to establish programs to improve the health and safety of children receiving child care outside the home, by preventing illnesses and injuries associated with that care and promoting the health and well-being of children receiving that care.

SEC. 6. AMOUNTS RESERVED; ALLOTMENTS.

(a) AMOUNTS RESERVED.—The Secretary shall reserve not more than ½ of 1 percent of the amount appropriated under section 4 for each fiscal year to make allotments to Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Mariana Islands to be allotted in accordance with their respective needs.

(b) STATE ALLOTMENTS.—

(1) GENERAL RULE.—From the amounts appropriated under section 4 for each fiscal year and remaining after reservations are made under subsection (a), the Secretary shall allot to each State an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States.

(2) YOUNG CHILD FACTOR.—In this subsection, the term ''young child factor'' means the ratio of the number of children under 5 years of age in a State to the number of such children in all States, as provided by the most recent annual estimates of population in the States by the Census Bureau of the Department of Commerce.

(3) SCHOOL LUNCH FACTOR.—In this subsection, the term ''school lunch factor'' means the ratio of the number of children who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.) in the State to the number of such children in all States, as determined annually by the Department of Agriculture.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—For purposes of this subsection, the allotment percentage for a State shall be determined by dividing the per capita income of all individuals in the United States, by the per capita income of all individuals in the State.

(B) LIMITATIONS.—If an allotment percentage determined under subparagraph (A) for a State—

(i) is more than 1.2 percent, the allotment percentage of the State shall be considered to be 1.2 percent; and

(ii) is less than 0.8 percent, the allotment percentage of the State shall be considered to be 0.8 percent.

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determined at 2-year intervals;

(ii) applied for the 2-year period beginning on October 1 of the first fiscal year beginning after the date such determination is made; and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce on the date such determination is made.

(c) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(d) DEFINITION.—In this section, the term ''State'' includes only the several States of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 7. STATE APPLICATIONS.

To be eligible to receive an allotment under section 6, a State shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require. The application shall contain information assessing the needs of the State with regard to child care health and safety, the goals to be achieved through the program carried out by the State under this Act, and the measures to be used to assess the progress made by the State toward achieving the goals.

SEC. 8. USE OF FUNDS.

(a) IN GENERAL.—A State that receives an allotment under section 6 shall use the funds made available through the allotment to carry out 2 or more activities consisting of—

(1) providing training and education to eligible child care providers on preventing injuries and illnesses in children, and promoting health-related practices;

(2) strengthening licensing, regulation, or registration standards for eligible child care providers;

(3) assisting eligible child care providers in meeting licensing, regulation, or registration standards, including rehabilitating the facilities of the providers, in order to bring

the facilities into compliance with the standards;

(4) enforcing licensing, regulation, or registration standards for eligible child care providers, including holding increased unannounced inspections of the facilities of those providers;

(5) providing health consultants to provide advice to eligible child care providers;

(6) assisting eligible child care providers in enhancing the ability of the providers to serve children with disabilities and infants and toddlers with disabilities;

(7) conducting criminal background checks for eligible child care providers and other individuals who have contact with children in the facilities of the providers;

(8) providing information to parents on what factors to consider in choosing a safe and healthy child care setting; or

(9) assisting in improving the safety of transportation practices for children enrolled in child care programs with eligible child care providers.

(b) SUPPLEMENT, NOT SUPPLANT.—Funds appropriated pursuant to the authority of this Act shall be used to supplement and not supplant other Federal, State, and local public funds expended to provide services for eligible individuals.

SEC. 9. REPORTS.

Each State that receives an allotment under section 6 shall annually prepare and submit to the Secretary a report that describes—

(1) the activities carried out with funds made available through the allotment; and

(2) the progress made by the State toward achieving the goals described in the application submitted by the State under section 7.

AMERICAN ACADEMY OF PEDIATRICS,
Washington, DC, March 8, 2000.

Hon. CHRISTOPHER DODD,
U.S. Senate, Washington, DC.

Hon. BILL FRIST,
U.S. Senate, Washington, DC.

DEAR SENATORS DODD AND FRIST: On behalf of the 55,000 members of the American Academy of Pediatrics, I would like to applaud you for introducing the ''Children's Day Care Health and Safety Improvement Act.''

The Academy and its members, along with many others, have been working for years attempting to ensure that all children receive high-quality child care and early education. Yet, the statistics about the health and safety of child care setting are very disturbing. Multiple studies have found that many child care arrangements not only fail to give children the type of intellectual stimulation and emotional support they need, but actually compromise the health and safety of the youngsters in their care.

One review of state child care regulations in 47 states found that more than half of the states' safety-related regulations had inadequate or no standards for 24 out of the 36 safety topics examined. Most notable were the inattention to playground safety, choking hazards, and firearms. Studies of child care settings themselves have also been disheartening. One four-state study found that only one in seven child care centers (14%) were rated as good quality. Another study found that 13 percent of regulated and 50 percent of nonregulated family child care providers offer care that is inadequate. The Consumer Product Safety Commission reports that about 31,000 children, 4 years old and younger, were treated in U.S. hospital emergency rooms for injuries at child care/school settings in 1997, and that the agency knows of at least 56 children who have died in child care setting since 1990.

By providing states with funds for activities specifically aimed at improving the health and safety of child care, your bill should help to reduce the incidence of preventable illness, injury, disability, and even death, for the millions of children who spend their days in out-of-home child care.

The ''Children's Day Care Health and Safety Improvement Act'' is much-needed legislation, and we look forward to working with you to support its enactment. Thank you for your continued dedication to improving children's lives.

Sincerely,

DONALD E. COOK,
President,

CHILDREN'S DEFENSE FUND,
Washington, DC, March 8, 2000.

Hon. BILL FRIST,
U.S. Senate, Washington, DC.

DEAR SENATOR FRIST: Given the importance of high quality child care to millions of young children and their families, the Children's Defense Fund welcomes the introduction of the Children's Day Care Health and Safety Improvement Act. The bill recognizes the wide range of activities that must be addressed in order to ensure the health and safety for children in child care. New resources to states targeted on these various activities will make a significant impact on their efforts to move forward.

We look forward to working with you towards the passage of this important bill. Thank you for standing up for children.

Sincerely yours,

MARIAN WRIGHT EDELMAN.

CHILDREN'S DEFENSE FUND,
Washington, DC, March 8, 2000.

Hon. CHRISTOPHER DODD,
U.S. Senate, Washington, DC.

DEAR SENATOR DODD: Given the importance of high quality child care to millions of young children and their families, the Children's Defense Fund welcomes the introduction of the Children's Day Care Health and Safety Improvement Act. The bill recognizes the wide range of activities that must be addressed in order to ensure the health and safety for children in child care. New resources to states targeted on these various activities will make a significant impact on their efforts to move forward.

We look forward to working with you towards the passage of this important bill. Thank you for standing up for children.

Sincerely yours,

MARIAN WRIGHT EDELMAN.

NATIONAL ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN,
Washington, DC, March 9, 2000.

Hon. CHRISTOPHER DODD,
U.S. Senate, Washington, DC.

Hon. WILLIAM FRIST,
U.S. Senate, Washington, DC.

DEAR SENATORS DODD AND FRIST: The National Association for the Education of Young Children (NAEYC) is committed to ensuring excellence in early childhood education, and to working with health and other providers to support families and children's well being. We are pleased that you share our concerns, about the need to improve the health and safety of children in a variety of child care settings and support a federal partnership with states, communities, and providers in meeting that goal.

The Child Care Health and Safety Improvement Act that you will be introducing today seeks to strengthen state licensing and other regulatory standards and enforcement, linkages between child care providers and health services providers, and training to child care providers in injury prevention and health promotion. This legislation addresses many of our concerns and reflects NAEYC principles for ensuring that child care settings are healthy and safe learning environments.

As this bill moves forward, we would be happy to work to make further improvements in the legislation.

Sincerely,

ADELE ROBINSON,
Director of Policy Development.

Mr. DODD. Mr. President, I am pleased to join Senator FRIST in introducing The Children's Day Care Health and Safety Act, legislation that I believe will have a significant impact on the well-being of the 13 million children who spend some part of every day in child care.

Each morning, millions of parents drop their children off at a child care center, a neighbor's home, or their church's day care center, assuming—or at least hoping—that their children will be safe and well cared for. And, in the vast majority of circumstances that's the case. But, unfortunately, there is alarming evidence to suggest that, far too often, unsafe child care settings are compromising the health of our children.

In 1997 alone, 31,000 children ages 4 and younger were treated in hospital emergency rooms for injuries sustained in child care or school settings. Since 1990, more than 55 children have died while in child care settings.

Perhaps most tragically, many of these deaths and injuries were most likely preventable—if providers were knowledgeable about basic health and safety practices and if states did a better job of developing and enforcing strong health and safety regulations.

Almost all child care providers want to give good care to the children in their charge. Despite the fact that we pay child care providers abysmally—typically below poverty wages with no paid sick leave—individuals join this profession because they love children and want to help them grow and thrive. But, we do far too little to support providers in making sure that the environment they provide to our children is a safe and healthy one.

Many child care providers are unaware of the importance of removing soft bedding from cribs—which presents a suffocation hazard for infants and increases the likelihood of child dying from SIDS. Many child care providers are also unaware of the need to place window-blind cords out of reach. Consequently, one child every month strangles in the loop of a cord.

An investigation by the Consumer Product Safety Commission revealed that two-thirds of licensed child care settings surveyed exhibited these type of safety hazards, as well as other, such as insufficient child safety gates and unsafe playgrounds.

Some states have taken action to improve health and safety practices. For

example, Connecticut requires child care centers to receive at least monthly visits from a nurse or pediatrician, who can advise providers on concerns ranging from the basics, like the importance of handwashing after diaper-changing, to more complex issues, such as how to accommodate the special needs of a child with a disability.

But, many states are hard-pressed simply to meet the enormous demand for child care from working families and families transitioning off welfare. With all the pressure to create child care slots and to help families find any kind of care, unfortunately, child care health and safety often becomes an afterthought.

A survey of state child care standards found that only one-third of states had minimally acceptable child care quality regulations. Two-thirds of states had regulations that didn't even address the basics—provider training, safe environments and appropriate ratios. And in many cases, even when there are good standards on the books, enforcement is lax.

Too often we view finding safe, high quality child care as a problem parents should struggle with on their own. It's time we recognize that unsafe child care is a public health crisis, not a personal problem.

That's why I'm so pleased to join Senator FRIST today in introducing legislation that would provide grants to the states to reduce child care health and safety hazards. Grants could be used for a broad range of activities that we know have the greatest impact on health and safety, such as training and educating providers on injury and illness prevention; improving health and safety standards; improving enforcement of standards, including increased surprise inspections; renovating child care centers and family day care homes; helping providers serve children with disabilities; and conducting criminal background checks on child care providers.

I am also pleased that this legislation has been endorsed by the American Academy of Pediatrics, the Children's Defense Fund, and the National Association for the Education of Young Children.

Sadly just as our children grow—the number of child care abuses and hazards has grown over the years, as well. This measure can help ensure that critically important safeguards are provided so that day care is a safe haven, not a hazard.

By Mr. CRAIG:

S. 2237. A bill to amend the Internal Revenue Code of 1986 to provide for the deductibility of premiums for any medigap insurance policy of Medicare+Choice plan which contains an outpatient prescription drug benefit, and to amend title XVIII of the Social Security Act to provide authority to expand existing medigap insurance policies; to the Committee on Finance.

SENIORS' SECURITY ACT OF 2000

• Mr. CRAIG. Mr. President, I rise today to introduce the ''Seniors' Security Act of 2000—a bill that will address the growing problem of prescription drug coverage for senior citizens.

As we are all aware, seniors' access to prescription drugs is an important issue. Currently, traditional fee-for service Medicare covers few drugs for seniors. At the same time, however, prescription drugs are an increasing component of seniors' health care. For these reasons, I believe that it is time Congress worked to increase American seniors' access to prescription drugs.

The Senior's Security Act of 2000 will increase seniors' access to prescription drugs in two ways. First, it will extend tax equity to seniors by allowing them to deduct the cost of health insurance that contains a qualified prescription drug benefit. We already provide such favorable tax treatment for employer-provided health insurance and are moving toward doing so for the self-employed. If we are truly concerned about seniors' access to prescription drugs, we should do the same for them.

In addition, SSA 2000 will also allow both current and future seniors to deduct the cost of long-term care insurance from their taxes and make long-term care insurance available through employer-provided flexible spending accounts (FSAs).

SSA 2000 also provides for the design by National Association of Insurance Commissioners (NAIC) of additional Medigap policies in order to make prescription drug coverage more accessible and affordable. This process follows that which produced the existing Medigap policies. SSA 2000 also directs the Medicare Payment Advisory Commission (MedPAC) to analyze and report on the salient issues in the design of prescription drug benefit policies. MedPAC is directed to issue their findings in a June 1, 2000 report to Congress and the NAIC in order to aid in designing new Medigap policies.

I believe SSA 2000 will make prescription drug coverage cheaper, both directly and indirectly. More than 18 million seniors have an income tax liability that can be reduced by this reform; by increasing the number of participants and making new Medigap policies a available, the bill will indirectly reduce the cost of coverage, as well. Unlike some other proposed reform measures in this area, it preserves and strengthens the private insurance market—it contains no mandates, no price controls, and preserve all existing Medigap policies—rather than jeopardizing or eliminating it.

This bill does not attempt to address the issue of prescription drug coverage for every senior; instead, it is the answer for a portion of the senior population who have been paying at least part of the costs for their health care and prescription drugs, but still need and deserve to have a reduction in their out-of-pocket expenses. The Seniors' Security Act of 2000 is the best way to provide relief to this group of seniors, while at the same time continuing to work towards solutions for those seniors who aren't as economically secure.

Mr. President, I ask unanimous consent that a copy of the bill be printed in the RECORD.

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

S. 2237

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 ''Seniors' Security Act of 2000''.

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

Sec. 1. Short title; table of contents.
Sec. 2. Deduction for premiums for medigap insurance policies and Medicare+Choice plans containing outpatient prescription drug benefits and for long-term care insurance.
Sec. 3. Determination of annual actuarial value of drug benefits covered under a Medicare+Choice plan and a medigap policy.
Sec. 4. Inclusion of qualified long-term care insurance contracts in cafeteria plans and flexible spending arrangements.
Sec. 5. Authority to provide for additional medigap insurance policies.

SEC. 2. DEDUCTION FOR PREMIUMS FOR MEDIGAP INSURANCE POLICIES AND MEDICARE+CHOICE PLANS CONTAINING OUTPATIENT PRESCRIPTION DRUG BENEFITS AND FOR LONG-TERM CARE INSURANCE.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

''SEC. 222. PREMIUMS FOR MEDIGAP INSURANCE POLICIES AND MEDICARE+CHOICE PLANS CONTAINING OUTPATIENT PRESCRIPTION DRUG BENEFITS AND FOR LONG-TERM CARE INSURANCE.

''(a) DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction an amount equal to 100 percent of the amount paid during the taxable year for—

''(A) any medicare supplemental policy (as defined in section 1882(g)(1) of the Social Security Act) which contains an outpatient prescription drug benefit with an annual actuarial value that is equal to or greater than $500,

''(B) any Medicare+Choice plan (as defined in section 1859(b)(1) of such Act) which contains an outpatient prescription drug benefit with an annual actuarial value that is equal to or greater than $500, and

''(C) any coverage limited to qualified long-term care services (as defined in section 7702B(c)) or any qualified long-term care insurance contract (as defined in section 7702B(b)).

''(2) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any calendar year beginning after 2000, each of the dollar amounts in subparagraphs (A) and (B) of paragraph (1) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) an adjustment for changes in per capita expenditures under title XVIII of the Social Security Act for prescription drugs as determined under the most recent Health Care Financing Administration National Health Expenditure projection.

''(B) ROUNDING.—If any dollar amount after being increased under subparagraph (A) is not a multiple of $10, such dollar amount shall be rounded to the nearest multiple of $10.

''(b) LIMITATIONS.—

''(1) DEDUCTION NOT AVAILABLE TO INDIVIDUALS ELIGIBLE FOR EMPLOYER-SUBSIDIZED COVERAGE.—

''(A) IN GENERAL.—In any taxable year—

''(i) subsection (a) shall not apply with respect to any policy or coverage described in paragraph (1)(A) or (1)(B) of such subsection if in such taxable year the taxpayer is eligible to participate in any employer-subsidized plan for individuals age 65 or older which contains an outpatient prescription drug benefit described in such subsection, and

''(ii) subsection (a) shall not apply with respect to any policy or coverage described in paragraph (1)(C) of such subsection if in such taxable year the taxpayer is eligible to participate in any employer-subsidized plan which includes coverage for qualified long-term care services (as so defined) or any qualified long-term care insurance contract (as so defined).

''(B) EMPLOYER-SUBSIDIZED PLAN.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'employer-subsidized plan' means any plan described in subparagraph (A)—

''(I) which is maintained by any employer (or former employer) of the taxpayer or of the spouse of the taxpayer, and

''(II) 50 percent or more of the cost of the premium of which (determined under section 4980B) is paid or incurred by the employer.

''(ii) 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 this subparagraph 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 coverage limited to 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.

''(E) DEDUCTION AVAILABLE WITH RESPECT TO POLICIES AND PLANS CONTAINING OUTPATIENT PRESCRIPTION DRUG COVERAGE IF DISCLOSURE REQUIREMENTS ARE MET.—Subsection (a) shall apply in any taxable year with respect to any policy or plan described in paragraph (1)(A) or (1)(B) of such subsection only if the issuer of such policy or the administrator of such plan discloses to the taxpayer that such policy or plan is intended to be a policy or plan so described.

''(2) DEDUCTION NOT AVAILABLE FOR PAYMENT OF PART B PREMIUMS.—Any amount paid as a premium under part B of title XVIII of the Social Security Act shall not be taken into account under subsection (a).

''(3) LIMITATION ON LONG-TERM CARE PREMIUMS.—In the case of a qualified long-term care insurance contract (as so defined), only eligible long-term care premiums (as defined in section 213(d)(10)) shall be taken into account under subsection (a)(2).

''(c) SPECIAL RULES.—For purposes of this section—

''(1) COORDINATION WITH MEDICAL DEDUCTION, ETC.—Any amount paid by a taxpayer for insurance to which subsection (a) applies shall not be taken into account in computing the amount allowable to the taxpayer as a deduction under section 213(a).

''(2) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX PURPOSES.—The deduction allowable by reason of this section 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.''

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 62 of the Internal Revenue Code of 1986 is amended by inserting after paragraph (17) the following:

''(18) MEDICARE AND LONG-TERM CARE INSURANCE COSTS OF CERTAIN INDIVIDUALS.—The deduction allowed by section 222.''

(2) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following:

''Sec. 222. Premiums for medigap insurance policies and Medicare+Choice plans containing outpatient prescription drug benefits and for long-term care insurance.

''Sec. 223. Cross reference.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 3. DETERMINATION OF ANNUAL ACTUARIAL VALUE OF DRUG BENEFITS COVERED UNDER A MEDICARE+CHOICE PLAN AND A MEDIGAP POLICY.

(a) IN GENERAL.—For purposes of subparagraphs (A) and (B) of section 222(a)(1) of the Internal Revenue Code of 1986 (as added by section 2), the Secretary of Health and Human Services shall establish procedures for a Medicare+Choice organization offering a Medicare+Choice plan under part C of title XVIII of the Social Security Act (42 U.S.C. 1395w–21 et seq.) or an issuer of a medicare supplemental policy (as defined in section 1882(g)(1) of such Act (42 U.S.C. 1395ss(g)(1))) to demonstrate that the annual actuarial value of the outpatient prescription drug benefit offered under such plan or policy is equal to or greater than the amount described in section 222(a)(1) of the Internal Revenue Code of 1986 that is applicable for the year involved.

(b) REQUIREMENTS.—The procedures established pursuant to subsection (a)—

(1) shall be based on—

(A) a standardized set of utilization and price factors; and

(B) a standardized population that is representative of all medicare enrollees and calculated based on projected utilization if all enrollees have outpatient prescription drug coverage;

(2) shall apply the same principles and factors in comparing the value of the coverage of different outpatient prescription drug benefit packages; and

(3) shall not take into account the method of delivery or means of cost control or utilization used by the organization offering the plan or the issuer of the policy.

(c) CONSULTATION.—In establishing the procedures described in subsection (a), the Secretary of Health and Human Services shall consult with an independent actuary who is a member of the American Academy of Actuaries.

(d) UPDATE.—The Secretary shall periodically update the procedures established under subsection (a).

(e) DEMONSTRATION OF ACTUARIAL VALUE.—The actuarial value of the outpatient prescription drug benefit shall be set forth by the Medicare+Choice organization offering the Medicare+Choice plan or the issuer of the medicare supplemental policy in an actuarial report that has been prepared—

(1) by an individual who is a member of the American Academy of Actuaries;

(2) using generally accepted actuarial principles; and

(3) in conformance with the requirements of subsection (b).

SEC. 4. INCLUSION OF QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS IN CAFETERIA PLANS AND FLEXIBLE SPENDING ARRANGEMENTS.

(a) CAFETERIA PLANS.—Section 125(f) of the Internal Revenue Code of 1986 (defining qualified benefits) is amended by inserting before the period at the end ''; except that such term shall include the payment of premiums for any qualified long-term care insurance contract (as defined in section 7702B) to the extent the amount of such payment does not exceed the eligible long-term care premiums (as defined in section 213(d)(10)) for such contract''.

(b) FLEXIBLE SPENDING ARRANGEMENTS.—Section 106 of the Internal Revenue Code of 1986 (relating to contributions by employer to accident and health plans) is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 5. AUTHORITY TO PROVIDE FOR ADDITIONAL MEDIGAP INSURANCE POLICIES.

(a) IN GENERAL.—

(1) EXPANSION OF NUMBER OF BENEFIT PACKAGES.—Section 1882(p) of the Social Security Act (42 U.S.C. 1395ss(p)) is amended—

(A) in paragraph (2)(B), by striking '', and'' and inserting ''other than the medicare supplemental policies described in subsection (v); and''; and

(B) in paragraph (2)(C), by striking the period and inserting ''and the policies described in subsection (v).''.

(2) AUTHORITY TO PROVIDE FOR ADDITIONAL POLICIES.—Section 1882 of the Social Security Act (42 U.S.C. 1395ss) is amended by adding at the end the following:

''(v) AUTHORITY TO PROVIDE FOR ADDITIONAL POLICIES.—

''(1) IN GENERAL.—The standards under subsection (p) may be modified (in the manner described in paragraph (1)(E) of such subsection (applying paragraph (3)(A) of such subsection as if the reference to 'this subsection' were a reference to 'the Seniors' Security Act of 2000')) to establish additional benefit packages consistent with the succeeding provisions of this subsection.

''(2) REQUIREMENTS FOR NEW PACKAGES THAT INCLUDE PRESCRIPTION DRUG COVERAGE.—In the case of any benefit package added under paragraph (1) that provides coverage for outpatient prescription drugs, such benefit package—

''(A) shall not provide first-dollar coverage of outpatient prescription drugs;

''(B) may provide a stop-loss coverage benefit for outpatient prescription drugs that limits the application of any beneficiary cost-sharing during a year after incurring a certain amount of out-of-pocket covered expenditures;

''(C) shall not include benefits for prescription drugs otherwise available under part A or B; and

''(D) shall be consistent with the requirements of this section and applicable law.

''(3) USE OF FORMULARIES.—In the case of any benefit package added under paragraph (1) that provides coverage for outpatient prescription drugs, the issuer of any policy containing such a benefit package may use formularies.

''(4) SPECIAL OPEN ENROLLMENT.—

''(A) ESTABLISHMENT.—If any benefit package is added under paragraph (1), the Secretary shall establish an applicable period in which any eligible beneficiary may enroll in any medicare supplemental policy containing such benefit package under the terms described in subparagraph (D).

''(B) ELIGIBLE BENEFICIARY DEFINED.—In this paragraph, the term 'eligible beneficiary' means a beneficiary under this title who is enrolled in a medicare supplemental policy as of the first day that any benefit package added under paragraph (1) is available in the State in which such beneficiary resides.

''(C) APPLICABLE PERIOD DEFINED.—In this paragraph, the term 'applicable period' means—

''(i) in the case of an eligible beneficiary who is enrolled in a medicare supplemental policy which has a benefit package classified as 'H', 'I', or 'J' under the standards established under subsection (p)(2), the 180-day period that begins on the day described in subparagraph (B); and

''(ii) in the case of an eligible beneficiary who is enrolled in a medicare supplemental policy which has a benefit package classified as 'A' through 'G' under the standards established under subsection (p)(2), the 63-day period that begins on the day described in subparagraph (B).

''(D) TERMS DESCRIBED.—The terms described under this subparagraph are terms which do not—

''(i) deny or condition the issuance or effectiveness of a medicare supplemental policy described in subparagraph (A) that is offered and is available for issuance to new enrollees by such issuer;

''(ii) discriminate in the pricing of such policy, because of health status, claims experience, receipt of health care, or medical condition; or

''(iii) impose an exclusion of benefits based on a preexisting condition under such policy.

''(5) ABILITY FOR ISSUER TO CANCEL CERTAIN POLICIES.—Notwithstanding subsection (q)(2), an issuer of a policy containing a benefit package added under paragraph (1) that provides coverage for outpatient prescription drugs may terminate such a policy in a market but only if—

''(A) the termination is—

''(i) done in accordance with State law in such market; and

''(ii) applied uniformly to individuals enrolled under such policy;

''(B) the issuer provides notice to each individual enrolled under such policy of such termination at least 90 days prior to the date of the termination of coverage under such policy; and

''(C) the issuer offers to each individual enrolled under such policy, for at least 180 days after providing the notice pursuant to subparagraph (B), the option to purchase all other medicare supplemental policies currently being offered by the issuer under the terms described in paragraph (4)(D).''.

(b) SALE OF NON-DUPLICATIVE MEDIGAP INSURANCE POLICIES AUTHORIZED.—Section 1882(d)(3) of the Social Security Act (42 U.S.C. 1395ss(d)(3)) is amended—

(1) in subparagraph (A), by adding at the end the following:

''(ix) Nothing in this subparagraph shall be construed as preventing the sale of more than 1 medicare supplemental policy to an individual, provided that the sale is of a medicare supplemental policy that does not duplicate any health benefits under a medicare supplemental policy owned by the individual.''; and

(2) in subparagraph (B)—

(A) in clause (ii)(I), by inserting '', unless a second policy is designed to compliment the coverage under the first policy'' before the comma at the end; and

(B) in clause (iii)—

(i) in subclause (I), by striking ''(II) and (III)'' and inserting ''(II), (III), and (IV)'';

(ii) by redesignating subclause (III) as subclause (IV); and

(iii) by inserting after subclause (II) the following:

''(III) If the statement required by clause (i) is obtained and indicates that the individual is enrolled in 1 or more medicare supplemental policies, the sale of another policy is not in violation of clause (i) if such other policy does not duplicate health benefits under any policy in which the individual is enrolled.''.

(c) NAIC TO CONSULT WITH MEDPAC IN REVISING MODEL STANDARDS.—

(1) IN GENERAL.—In revising the model regulation under section 1882(v) of the Social Security Act (42 U.S.C. 1395ss(v)) (as added by subsection (a)), the National Association of Insurance Commissioners (in this section referred to as the ''NAIC'') should—

(A) consult with the Medicare Payment Advisory Commission established under section 1805 of such Act (42 U.S.C. 1395b–6) (in this subsection referred to as ''MedPAC''); and

(B) consider the MedPAC report transmitted to NAIC in accordance with paragraph (2)(B)(ii).

(2) MEDPAC ANALYSIS AND REPORT.—

(A) ANALYSIS.—MedPAC shall conduct an analysis of the following issues:

(i) The conditions necessary to create a well-functioning, voluntary medicare supplemental insurance market that provides coverage for outpatient prescription drugs.

(ii) The scope of outpatient prescription drug coverage for medicare beneficiaries, including individuals enrolled in Medicare+Choice plans.

(iii) The implications of a medicare supplemental policy that would require issuers of medicare supplemental policies to provide outpatient prescription drug coverage and a stop-loss benefit instead of providing coverage for other benefits available through existing medicare supplemental policies.

(iv) The portion of out-of-pocket spending of medicare beneficiaries on health care expenses attributable to outpatient prescription drugs.

(v) The availability of private health insurance policies that cover outpatient prescription drugs to beneficiaries that are not entitled to benefits under the medicare program.

(vi) The scope of outpatient prescription drug coverage provided by employers to medicare beneficiaries.

(vii) The impact of outpatient prescription drugs on the overall health of medicare beneficiaries.

(viii) The effect of providing coverage for outpatient prescription drugs on the amount of funds expended by the medicare program.

(ix) Whether modifications of benefit packages of existing medicare supplemental policies that provide coverage for outpatient prescription drugs or the creation of new benefit packages that provide coverage for outpatient prescription drugs would allow payment for these policies to be integrated with a Federal contribution.

(x) Such other issues relating to outpatient prescription drugs that would assist Congress in improving the medicare program.

(B) REPORT TO CONGRESS.—

(i) IN GENERAL.—Not later than June 1, 2000, MedPAC shall submit to Congress a report containing a detailed analysis of the issues described in subparagraph (A) together with recommendations for such legislation and administrative actions as MedPAC considers appropriate.

(ii) TRANSMISSION TO NAIC.—At the same time MedPAC submits the report to Congress under clause (i), MedPAC shall transmit such report to the NAIC.●

By Mr. BAUCUS:

S. 2238. A bill to designate 3 counties in the State of Montana as High Intensity Drug Trafficking Areas and authorize funding for drug control activities in those areas; to the Committee on the Judiciary.

ADMITTING MONTANA TO THE ROCKY MOUNTAIN HIDTA

Mr. BAUCUS. Mr. President, I rise today to introduce critical legislation in the fight against methamphetamine use in rural America.

Methamphetamine, also known as ''meth'' is a powerful and addictive drug. Considered by many youths to be a casual, soft-core drug with few lasting effects, meth can actually cause more long-term damage to the body than cocaine or crack.

I recently invited General Barry McCaffrey, our drug czar, along with Dr. Don Vereen, his deputy, to Montana to focus attention on the problem of meth use. Their visit was well-received by residents of our state, and much-needed. The fact is, there are a good many talented Montanans working on the meth problem, but they have few resources with which to wage the battle. Moreover, their efforts are often fragmented, not coordinated to the extent they could be, particularly among the treatment, prevention, and law enforcement communities.

To make their job easier, Montana has petitioned to be considered part of the Rocky Mountain High Intensity Drug Trafficking Area (HIDTA). Although the Rocky Mountain HIDTA authorities have stated their willingness to include Montana in its organization, they lack the resources to make that happen.

The bill I am introducing today would authorize funding to make Montana's admission to the Rocky Mountain HIDTA a reality. Here's why that's necessary.

In 1998, the number of juveniles charged with drug-related or violent crimes in the Yellowstone County Youth Court rose by 30 percent. In Lame Deer—the community of the Northern Cheyenne Indian Reservation—kids as young as 8 years old have been seen for meth addiction. Last November in our state, a meth lab blew up in Great Falls, leading to a half dozen arrests. Meth use in Montana has doubled in the past few years. Cases are growing and the states law enforcement can no longer fight the problem.

Mr. President, the DEA reported an increase of meth lab seizures in Montana of 900% from 1993 to 1998. And according to the Office of National Drug Control Policy, based on methamphetamine admission rates per 100,000 persons, Montana is one of eight states with a ''serious methamphetamine problem.''

The meth problem is particularly severe on Montana's Indian reservations, of which our state has seven. Life is hard there. In some reservation towns, over half of the working age adults are unemployed. Because meth is cheap and relatively easy to make, these lower-income individuals are a natural target for meth peddlers. Without viable employment options, too often these young people turn to drugs.

And that's the case throughout Montana, not just on the reservations. In 1998, Montana ranked 47th in the nation in per-capita personal income, 50th in personal income from wages and salaries, and second in the nation for the number of people who work two or more jobs.

Since poverty and drug use often go hand in hand, it came as little surprise to me when a recent report showed a dramatic uptick in the incidence of drug abuse in rural America.

The report, commissioned by the Drug Enforcement Administration and funded by the National Institute on Drug Abuse, focused primarily on 13- and 14-year-olds. It showed that eighth graders in rural America are 83 percent more likely to use crack cocaine than their urban counterparts. They are 50 percent more likely to use cocaine, 34 percent more likely to smoke marijuana, 29 percent more likely to drink alcohol. Even more shocking, the report showed that rural eighth graders were 104 percent more likely to use amphetamines, including methamphetamine. Let me clarify, Mr. President. That is double the rate of urban eighth graders.

The bill I am proposing today would provide Montana the resources to put forth a coordinated effort in the fight against meth in Montana. By admitting Yellowstone, Cascade and Missoula counties to the Rocky Mountain HIDTA, Montana can focus its efforts on the three largest problem areas for meth use. It would increase law enforcement and forensic personnel in Montana; coordinate efforts to exchange information among law enforcement agencies; and engage in a public information campaign to educate the public about the dangers of meth use.

Mr. President, the time has come to fight this scourge. Montana is under seige by meth, and we must do all we can to stop it—for the good of our state and those around us.

By Mr. ALLARD (for himself, Mr. CAMPBELL, Mr. HATCH, Mr. BENNETT, and Mr. BINGAMAN):

S. 2239. A bill to authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado River and San Juan River basins; to the Committee on Energy and Natural Resources.

COST SHARING FOR ENDANGERED FISH RECOVERY IMPLEMENTATION PROGRAMS

Mr. ALLARD. Mr. President, today I am introducing legislation to authorize the Bureau of Reclamation to provide cost sharing for the endangered fish recovery implementation programs for the Upper Colorado River and San Juan River basins.

This legislation is the product of years of meetings between water districts, power users, state and federal government and environmental groups. It authorizes federal and non-federal funding of an Upper Basin Recovery Program for endangered species in the Colorado River Basin and the San Juan River Basin. The goal of the program is to recover the Colorado pikeminnow, humpback chub, razorback sucker and bonytail chub while continuing to meet future water supply needs in the Upper Basin states of Colorado, Utah, Wyoming and New Mexico.

To date, more than $20 million has been spent for capital projects to recover the endangered fish. Failure to recover the endangered species could result in limitations on current and future water diversions and use in the Upper Basin states. The legislation provides Congress and the Upper Basin stakeholders a finite Recovery Program under an authorized spending cap.

The legislation authorizes $100 million for capital construction, operations and maintenance to implement other aspects of the program that include fish ladders, hatchery facilities, removal of non-native species and habitat restoration. The cost sharing program authorizes $46 million of federal funds to the Bureau of Reclamation and the remaining $54 million will be generated from state contributions not to exceed $17 million; contributions from power revenues up to $17 million and the remaining $20 million from replacement power credit and capital cost of water.

The States of Colorado, New Mexico, Utah and Wyoming all support the program. Other supporters include: the Colorado River Energy Distributors Association, the Upper Colorado River Endangered Fish Recovery Implementation Program, the Environmental Defense Fund, The Nature Conservancy, Northern Colorado Water Conservancy District, Colorado River Water Conservation District, Southern Ute Indian Tribe and Colorado Water Congress.

It is critical to affirm the federal government's commitment to the implementation of the Recovery Programs. The bill reflects compromise on all sides of the issue and recognizes that protection of endangered species can coincide with water development and water use. The participants want to move ahead with this program and are willing to help share in the costs. I urge my Senate colleagues to support this important legislation.

By Mr. CRAPO:

S. 2241. A bill to amend title XVII of the Social Security Act to adjust wages and wage-related costs for certain items and services furnished in geographically reclassified hospitals; to the Committee on Finance.

• Mr. CRAPO. Mr. President, I rise today to introduce the Medicare Wage-Index Reclassification Act of 2000. This bill will amend the Social Security Act to redirect additional Medicare reimbursements to rural hospitals. Currently, hospitals throughout the country are losing Medicare reimbursements, which results in severe implications for surrounding communities.

As you know, in an attempt to keep Medicare from consuming its limited reserves, Congress enacted the Balanced Budget Act of 1997 (BBA), which made sweeping changes in the manner that health care providers are reimbursed for services rendered to Medicare beneficiaries. These were the most significant modifications in the history of the program.

All of the problems with the BBA—whether hospitals, nursing facilities, home health agencies, or skilled nursing facilities—are especially acute in rural states, where Medicare payments are a bigger percentage of hospital revenues and profit margins are generally much lower. These facilities were already managed at a highly efficient level and had ''cut the fat out of the system.'' Therefore, the cuts implemented in the BBA hit the rural communities in Idaho and throughout the United States in a very significant and serious way.

In the 1st session, the Senate Finance Committee did a tremendous job of bringing forth legislation that adjusted Medicare payments to health care providers hurt by cuts ordered in the BBA. While this was a meaningful step, the Senate must continue to address the inequities in the system.

My bill would expand wage-index reclassification by requiring the Secretary of Health and Human Services

to deem a hospital that has been reclassified for purposes of its inpatient wage-index to also reclassify for purposes of other services which are provider-based and for which payments are adjusted using a wage-index. In other words, this legislation would require the Secretary to use a hospital's reclassification wage-index to adjust payments for hospital outpatient, skilled nursing facility, home health, and other services, providing those entities are provider-based. This change should have been made in BBA when Congress required that prospective payment systems be established for these other services. As such, this change would address an issue that has been left unaddressed for several years.

It makes sense that, if a hospital has been granted reclassification by the Medicare Geographic Classification Review Board for certain inpatient services, it also be granted wage-index reclassification for outpatient and other services. It is estimated that this provision would help approximately 400 hospitals, 90 percent which are rural. Furthermore, this provision would be budget neutral.

I know my colleagues in the Senate share my commitment of promoting access to health care services in rural areas. Expanding wage-index geographic reclassification will allow hospitals to recoup lost funds and use those funds to address patients' needs in an appropriate, effective, and meaningful way. I encourage my colleagues to co-sponsor the Medicare Wage-Index Reclassification Act.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2241

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 ''Medicare Wage-Index Reclassification Act of 2000''.

SEC. 2. HOSPITAL GEOGRAPHIC RECLASSIFICATION FOR LABOR COSTS FOR ALL ITEMS AND SERVICES REIMBURSED UNDER PROSPECTIVE PAYMENT SYSTEMS.

(a) IN GENERAL.—Section 1886(d)(10) of the Social Security Act (42 U.S.C. 1395ww(d)(10)) is amended by adding at the end the following new subparagraph:

''(G) APPLICATION OF HOSPITAL GEOGRAPHIC RECLASSIFICATION FOR INPATIENT SERVICES TO ALL HOSPITAL-FURNISHED ITEMS AND SERVICES REIMBURSED UNDER PROSPECTIVE PAYMENT SYSTEM.—

''(i) IN GENERAL.—In the case of a hospital with an application approved by the Medicare Geographic Classification Review Board under subparagraph (C)(i)(II) to change the hospital's geographic classification for a fiscal year for purposes of the factor used to adjust the DRG prospective payment rate for area differences in hospital wage levels that applies to such hospital under paragraph (3)(E), the change in the hospital's geographic classification for such purposes shall apply for purposes of adjustments to payments for variations in costs which are attributable to wages and wage-related costs for all PPS-reimbursed items and services.

''(ii) PPS-REIMBURSED ITEMS AND SERVICES DEFINED.—For purposes of clause (i), the term 'PPS-reimbursed items and services' means, for cost reporting periods beginning during the fiscal year for which such change has been approved, items and services furnished by the hospital, or by an entity or department of the hospital which is provider-based (as determined by the Secretary), for which payments—

''(I) are made under the prospective payment system for hospital outpatient department services under section 1833(t); and

''(II) are adjusted for variations in costs which are attributable to wages and wage-related costs.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to items and services furnished on or after October 1, 2001.●

By Mr. THOMAS:

S. 2242. A bill to amend the Federal Activities Inventory Reform Act of 1998 to improve the process for identifying the functions of the Federal Government that are not inherently governmental functions, for determining the appropriate organizations for the performance of such functions on the basis of competition, and for other purposes; to the Committee on Governmental Affairs.

THE FAIR ACT AMENDMENTS OF 2000

Mr. THOMAS. Mr. President, I rise today to introduce legislation to improve the implementation of legislation that Congress passed in 1998, the Federal Activities Inventory Reform Act.

It has been 45 years, since President Dwight D. Eisenhower issued Bureau of the Budget Bulletin 55–4, proclaiming, ''It is the policy of the Government to rely on the private sector to supply the products and services the Government needs.''

Why is it, then, the Federal government has identified some one million positions on its payroll that are commercial in nature? As the author of the FAIR Act, I had hoped that my legislation would have put into place a process, albeit 45 years later, to substantively implement Ike's policy.

Despite almost a half-century of policy that ''the Federal government should not start or carry on any activity to provide a commercial product or service if the product or service can be procured from the private sector'' more than 100 agencies have released FAIR Act inventories identifying some one million commercial Federal positions. Of these, 440,000 are in civilian agencies and more than 65 percent have been exempted from potential outsourcing. In the Department of Defense, 504,000 non-uniformed positions are considered commercial, but 196,000 or 39 percent are exempt from outsourcing.

The first year experience with the FAIR Act raises fundamental questions. If it has been the Federal Government's policy for 45 years to rely on the private sector for commercially available goods and services, how did we get to the point where despite claims of ''reinventing government,'' ''the smallest Federal workforce since the Kennedy Administration'' and other political rhetoric, we have one million Federal employees engaged in commercial activities? How is it that of those one million positions, roughly half will not even be studied to determine if government or private sector performance provides the best value to the taxpayers?

The FAIR Act was intended to shed sunshine on the Federal Government's commercial activities. Its purpose was to tell the American people what its government does and put in place a process to determine how to best get the job done. Unfortunately, implementation of the law has fallen short of these expectations.

The law requires agencies to inventory activities and positions that are not inherently governmental. Inventories are published so that interested parties, both public and private, can challenge inclusions or omissions from the list. However, the Office of Management and Budget (OMB) has overstepped its authority by creating a series of ''reason codes'' that enable agencies to declare activities commercial but exempt from potential outsourcing, and then declaring such reason code designations outside the challenge process. As a result, 482,000 positions, roughly half the government's entire FAIR inventory, has been declared commercial, but exempt from potential outsourcing, public-private competition, or challenge. That is wrong, inconsistent with the law and down right un-FAIR.

Manipulation of the process has also cast a long shadow on the sunshine Congress was seeking. Take for example the Department of Energy. Of 11,765 commercial positions on its inventory, just 618 are ''commercial competitive.'' Within the agency's Bonneville Power Administration (BPA), 1,263 of the agency's 2,267 commercial positions were classified as ''management'' and of these 1,259 were considered ''commercial, in-house core,'' exempt from further review. Unfortunately, DoE is not alone in gaming the system. The U.S. Army Corps of Engineers, which has 4,500 employees, has inventoried all its positions in just two categories.

These practices, too, are un-FAIR, particularly for federal employees. How can BPA or Corps of Engineers' employees tell if their positions are slated for potential outsourcing? How is the private sector to determine if the positions the Corps has on its inventory involve management of campgrounds, integration of their computer systems, designing a dam, mapping a flood plain, or painting the walls of an

office building if all these activities are aggregated into two broad categories? These actions fail to shed sunshine and render the FAIR Act challenge process moot.

The FAIR Act also requires a ''review'' of commercial activities that survive the inventory and challenge process ''within a reasonable time.'' The Act's legislative history clearly demonstrates Congress intended for such a review to be either direct outsourcing or a public-private competition similar to that envisioned in OMB Circular A–76. To date, OMB has not issued guidance on how it will implement such reviews, nor has it established a timetable.

Due to OMB's dismal performance thus far, it is clear that Congress will have to pass a package of FAIR Act amendments to make sure the job is done right. Today I introduce legislation to do just that.

This legislation is largely technical in nature but the major provisions would improve the accuracy and usefulness of the inventories, make sure Federal employees are notified when their jobs appear on the inventories, fortify the review process, require a report on the portability of federal employees' pension benefits, ban federal agencies from performing any commercial activity for other federal agencies or state and local governments unless a cost comparison is conducted and prohibits the conversion of any activity on a FAIR Act inventory to Federal Prison Industries.

I look forward to working with Chairman THOMPSON and Ranking Member LIEBERMAN of the Government Affairs Committee to see that this common sense legislation is enacted into law this year.

By Ms. LANDRIEU (for herself, Ms. SNOWE, Mr. KERRY, Mr. CLELAND, Mrs. MURRAY, Ms. MIKULSKI, Mr. ABRAHAM, and Mr. JEFFORDS):

S. 2243. A bill to reauthorize certain programs of the Small Business Administration, and for other purposes; to the Committee on Small Business.

NATIONAL WOMEN'S BUSINESS COUNCIL REAUTHORIZATION ACT OF 2000

Ms. LANDRIEU. Mr. President, today I, along with Senators SNOWE, KERRY, CLELAND, MURRAY, MIKULSKI, ABRAHAM, and JEFFORDS, am introducing the National Women's Business Council Re-authorization Act of 2000. This legislation would ensure that one of our most valued resources may continue its work in support of women's business ownership. The bi-partisan National Women's Business Council has provided important advice and counsel to the Congress since it was established in 1988. At that time, there were 2.4 million women business owners documented; today, there are over 9 million women who own and operate businesses in every sector, from home based services to construction trades to high tech giants. Women are changing the face of our economy at an unprecedented rate, and the Council has been our eyes and ears as we anticipate the needs of this burgeoning entrepreneurial sector. The 15 appointees to the Council, all prominent business women, have been hard at work during the last three years. Some of their accomplishments include: hosting Summit '98, a national economic forum that produced a Master Plan of initiatives and recommendations to sustain and grow the entrepreneurial economy; preparing a Best Practices Guide for Contracting with Woman, and issuing a comprehensive statistical study of 11 years of federal contracting with women owned businesses; co-hosting a series of highly regarded policy forums with the Federal Reserve in 10 cities, including New Orleans, Louisiana, on capital access issues facing entrepreneurs and working to secure the collection of data on women-owned businesses by the Bureau of the Census, and funding new research on a range of issues concerning women's business development.

Recently, the Council has stepped up efforts to increase access to credit for women-owned businesses. This spring, the Council will release a report in collaboration with the Milken Institute, which will identify model programs that have been successful in increasing the flow of credit to small, women owned businesses, especially those in the retail, service or high tech sectors. The Council is also working to increase investments in women-led firms by launching Springboard 2000, a national series of women's venture capital forums. Building on the momentum of its highly successful Silicon Valley event in January, the Council will host at least two more forums showcasing women-led businesses before private, corporate and venture capital investors. As my colleague Senator KERRY has said so often, the equity markets are the last frontier for women entrepreneurs. The Council's venture capital fairs provide women entrepreneurs with much needed access to capital so that they can launch and grow their high tech businesses.

The Council is leading the effort to increase access to competitive contracting opportunities by working with federal agencies and women's business organizations. Later this year, the Council will release an extensive report on the characteristics and experiences of the over 5,000 women business owners who have been successful in receiving federal contracts. We eagerly look forward to reviewing their findings.

Under the chairmanship of Kay Koplovitz, the Council has indeed taken a bold new approach in its advocacy of the fastest growing business sector. As a result of the Council's work this year, we will know more than ever about women's business enterprise, their economic trends, the characteristics of their owners and their public and private sector needs. The Council has been a powerful resource for policy makers by providing valuable data, information and recommendations which are essential if we are to assist our communities in sustaining the unparalleled number of new businesses launched in the last 7 years.

It is for these reasons and more that I am introducing legislation to re-authorize the Council for another three years. It is imperative that the National Women's Business Council continues its great work and expands its activities to support initiatives that are creating the infrastructure for women's entrepreneurship at the state and local level.

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

S. 2244. A bill to increase participation in employee stock purchase plans and individual retirement plans so that American workers may share in the growth in the United States economy attributable to international trade agreements; to the Committee on Finance.

WORKING FAMILIES TRADE BONUS ACT

Mr. WYDEN. Mr. President, many working Americans fell like they've been left on the sidelines in the high-stakes game of international trade. As U.S. companies expand overseas, corporate profits soar. Workers standby watching for some tangible benefits for their own pocketbooks. A May 1999 Los Angeles Times story captured Americans' skepticism toward trade. The story found just over half the public in March 1994 believed that treaties such as NAFTA would create U.S. jobs, with only 32% fearing jobs loss. But by December 1998, the attitudes had flip-flopped. A Wall Street Journal/NBC News poll found that 58% of Americans believed that trade had reduced U.S. jobs and wages.

Nowhere has Americans' growing alienation from the world trading system been more evident than at the November 1999 World Trade Organization (WTO) Ministerial meeting. The nightly news was filled with the pictures of workers protesting the WTO in the streets of Seattle. This sense of alienation will continue to grow unless workers themselves start to see more direct benefits from trade.

The legislation I am pleased to introduce today with Senator BAUCUS is an effort to narrow America's dividend divide in world trade. Our bill, The Working Families Trade Bonus Act, says that when companies win from world trade, workers should win, too. The bill would do this by encouraging companies to give their workers added Trade Bonus stock options—which workers at

Fortune magazine's top 100 U.S. companies identified as one of the key reasons they work for the company. And for the millions of working Americans who don't have stock plans—farmers, self-employed and small business people—the bill would allow them to double the maximum allowable annual IRA contribution.

The bill specifically targets workers who are often excluded by company stock option plans—those at the lower end of company pay scales. The Trade Bonus program prohibits a company from discriminating in favor of highly compensated employees and requires that all employees be allowed to purchase the maximum amount of stock allowed by law at the lowest price allowed by law. The program would not allow companies to substitute stock options for regular compensation. Together, these safeguards assure that all workers are included in the trade winner's circle.

Proponents of free trade, like Senator BAUCUS and myself, have done a lot of talking about its benefits. Manufactured goods are the centerpiece of our nation's export—accounting for nearly two-thirds of total U.S. exports of goods and services. Exports support about one in every five American factory jobs. These jobs pay about 15 percent more on average than non-export-related jobs, require more skills and are less prone to economic downturns than those accounted for fully one-third of our nation's economic growth, and since 1950, international trade flows have grown twice as fast as the economy. Yet, most workers have few good things to say about free trade because they've never seen any direct benefits from it. It's time to turn the rhetoric about free trade into real benefits for workers. It's time to widen the winner's circle to make sure that American workers share directly in the rewards of free trade.

Our legislation would require the Secretary of Commerce to determine annually, beginning with 1998, whether international trade has contributed to an increase in U.S. GDP. This determination would be included in the President's budget for the subsequent fiscal year. For every year in which the Secretary makes a determination that trade has contributed to an increase in the U.S. GDP, employers would be encouraged to contribute additional compensation up to $2,000 per worker per year to employee stock purchase plans. These additional contributions to an employee's stock purchase plan—the Trade Bonus—would not be subject to capital gains tax. For workers who are not eligible for an employee stock purchase plan Trade Bonus, the bill allows them to double the allowable annual amount of their IRA contribution—to a maximum of $4,000.

For employers with 100 or fewer employees that do not have employee stock purchase plans, the bill would give them a significant incentive to create them; the bill offers a one-time tax credit to help offset all the administrative fees directly related to establishing an employee stock purchase plan. It would also provide limited tax credits for three subsequent years for costs directly related to IRS compliance and employee education about the Trade Bonus program. The language of this section is drawn from previous legislation and assures that the tax credit applies only to the actual cost of creating the employee stock purchase plan and not to services that may be related to retirement planning, such as tax preparation, accounting, legal or brokerage services.

The bill sets out guidelines for employers establishing or expanding an employee stock purchase plan under the Trade Bonus program, including that employees be eligible for the maximum amount of $2,000 at the lowest price allowed by law; that employers make the plan available to the widest range of employees without discrimination in favor of highly compensated employees; that employers ensure that the trade bonus is in addition to compensation an employee would normally receive (and that safeguards be in place to do so); and that it does not result in lack of diversification of an employee's assets.

Here's how the Working Families Trade Bonus Act would work. As under current law, employee stock purchase plans offer stock to participants at a discount. The current minimum purchase price is the lesser of 85% of the value of the stock on the date of the grant of the options (usually the beginning of the purchase period) or 85% of the value of the stock when the option is exercised—usually the end of the purchase period. This means that, in the period during which the stock has appreciated, the employee can get the benefit of the appreciation and, in a period during which the stock has depreciated, the employee might still be able to buy employer stock at a discounted price, or, if the plan provides, could decline to purchase the stock.

For example, let's say the President announces in the budget for FY 2001 that international trade contributed to growth in US GDP in 1999. Fleet of Foot Shoes, an athletic shoe manufacturer in Florence, Oregon, decides to award its workers the full $2,000 trade bonus on February 1, 2000. If a share of Fleet of Foot stock is worth $100 on the date of the grant of the option and $200 when the option is exercised, say December 2001, the employees' purchase price can be as low as $85. This means the employee can purchase stock worth $200 for only $85, so the employee is able to purchase more than 40 shares of stock for the price of only 20 shares. Alternatively, if the stock is worth $50 when the option is exercised, the employee is able to purchase stock worth $50 for only $42.50.

Here is how the tax benefit would work. Under current law, employees who hold qualified stock at least two years from the date of grant of the option and one year from the purchase of the stock are entitled to a capital gains tax break until the point they sell the stock. If an employee chooses to sell stock purchased through the Trade Bonus and the purchase price was less than the fair market value on the date the option was granted, then the difference between the purchase price and the fair market value will be taxed as ordinary income in the year the stock is sold. Under my proposal, the remainder of the gain that would otherwise be taxed as a capital gain in the same year would not be taxed. So, using the Trade Bonus, if an employee pays $85 to buy a share of stock whose fair market value is $100, holds onto the share for more than the required two years and then sells it for $150, the $15 discount on the original purchase price would be taxed as ordinary income, but the employee would not pay capital gains tax on the $50 increase in the value of the share of stock.

About one-half of all American adults own stock today, and stocks are now the largest asset families own, exceeding even home equity. Fortune's January 2000 survey found 36 of the 58 publicly held companies on the top 100 list offer options to all employees. According to a 1998 survey of Oregon technology companies, almost two-thirds of Oregon's technology companies offer stock options. In today's tight employment market where companies compete to attract and retain the best employees, stock purchase plans are becoming increasingly common. The National Center for Employee Ownership estimates that seven and a half million Americans work for companies that make stock options available, and that employees own nine percent of total corporate equity in the United States. A recent Federal Reserve study found that one-third of the firms it surveyed offer stock options to employees other than executives.

Our legislation will build upon this trend. The Working Families Trade Bonus Opportunity Act will give workers the chance to share directly in the benefits of free trade. This legislation will help put real money into the pockets of working Americans, and help move stock options out of the corner office and onto the shop floor. I ask unanimous consent that a copy of the bill be printed in the RECORD.

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

S. 2244

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

SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE.

(a) SHORT TITLE.—This Act may be cited as the ''Working Families Trade Bonus Act''.

(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.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds that—

(1) exports represent a growing share of United States production, and exports have accounted for more than 10 percent of the United States gross domestic product in recent years,

(2) export growth represented more than 36 percent of overall United States growth in gross domestic product between 1987 and 1997,

(3) international trade flows in the United States have grown twice as fast as the economy since 1950, and, in real terms, the growth rate for international trade has averaged about 6.5 percent a year,

(4) between 1987 and 1997, more than 5,500,000 United States jobs have been created by international trade,

(5) the globalization of the United States economy demands that appropriate domestic policy measures be undertaken to assure American workers enjoy the benefits of globalization rather than be undermined by it, and

(6) when the domestic economy and United States companies achieve growth and profits from international trade, workers ought to share in the benefits.

(b) PURPOSE.—It is the purpose of this Act to assist American workers in benefiting directly when international trade produces domestic economic growth.

TITLE I—TRADE BONUS

SEC. 101. DETERMINATION AND ANNOUNCEMENT OF TRADE BONUS.

(a) DETERMINATION.—

(1) IN GENERAL.—The Secretary of Commerce or the Secretary's delegate shall, for each calendar year after 1998, determine whether international trade of the United States contributed to an increase in the gross domestic product of the United States for such calendar year.

(2) TIME FOR DETERMINATION; SUBMISSION.—The Secretary shall make and submit to the President the determination under paragraph (1) as soon as practicable after the close of a calendar year, but in no event later than June 1 of the next calendar year. Such determination shall be made on the basis of the most recent available data as of the time of the determination.

(b) INCLUSION IN BUDGET.—The President shall include the determination under subsection (a) with the supplemental summary of the budget for the fiscal year beginning in the calendar year following the calendar year for which the determination was made.

TITLE II—PROVISIONS TO ENSURE WORKERS SHARE IN TRADE BONUS

SEC. 201. UNITED STATES POLICY ON INTERNATIONAL TRADE BONUS.

(a) GENERAL POLICY OF THE UNITED STATES.—It is the policy of the United States that if there is an increase in the portion of the gross domestic product of the United States for any calendar year which is attributable to international trade of the United States—

(1) workers ought to share in the benefits of the increase through—

(A) the establishment of employee stock purchase plans by employers that have not already done so,

(B) the expansion of employee stock purchase plans of employers that have already established such plans, and

(C) the opportunity to make additional contributions to individual retirement plans if the workers are unable to participate in employee stock purchase plans,

(2) employers should contribute additional compensation to such employee stock purchase plans in an amount up to $2,000 per employee, and

(3) workers should contribute additional amounts up to $2,000 to individual retirement plans.

(b) GUIDELINES.—It is the policy of the United States that any employer establishing or expanding an employee stock purchase plan under the policy stated under subsection (a) should—

(1) provide that the amount of additional stock each employee is able to purchase in any year there is a trade bonus is the amount determined by the employer but not in excess of $2,000,

(2) make the plan available to the widest range of employees without discriminating in favor of highly compensated employees,

(3) allow for the purchase of the maximum amount of stock allowed by law at the lowest price allowed by law, and

(4) ensure that the establishment or expansion of such plan—

(A) provides employees with compensation that is in addition to the compensation they would normally receive, and

(B) does not result in a lack of diversification of an employee's assets, particularly such employee's retirement assets.

SEC. 202. ELIMINATION OF CAPITAL GAINS TAX ON GAIN FROM STOCK ACQUIRED THROUGH EMPLOYEE STOCK PURCHASE PLAN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by adding at the end the following new section:

"SEC. 1203. EXCLUSION FOR GAIN FROM STOCK ACQUIRED THROUGH EMPLOYEE STOCK PURCHASE PLAN.

''(a) GENERAL RULE.—Gross income of an employee shall not include gain from the sale or exchange of stock—

''(1) which was acquired by the employee pursuant to an exercise of a trade bonus stock option granted under an employee stock purchase plan (as defined in section 423(b)), and

''(2) with respect to which the requirements of section 423(a) have been met before the sale or exchange.

''(b) TRADE BONUS STOCK OPTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'trade bonus stock option' means an option which—

''(A) is granted under an employee stock purchase plan (as defined in section 423(b)) for a plan year beginning in a calendar year following a calendar year for which a trade bonus percentage has been determined under section 101 of the Working Families Trade Bonus Act, and

''(B) the employer designates, at such time and in such manner as the Secretary may prescribe, as a trade bonus stock option.

''(2) ANNUAL LIMITATION.—Options may not be designated as trade bonus stock options with respect to an employee for any plan year to the extent that the fair market value of the stock which may be purchased with such options (determined as of the time the options are granted) exceeds $2,000.''

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (9) of section 1(h) (relating to maximum capital gains rate) is amended by striking ''and section 1202 gain'' and inserting ''section 1202 gain, and gain excluded from gross income under section 1203(a)''.

(2) Section 172(d)(2)(B) (relating to modifications with respect to net operating loss deduction) is amended by striking ''section 1202'' and inserting ''sections 1202 and 1203''.

(3) Section 642(c)(4) (relating to adjustments) is amended by inserting ''or 1203(a)'' after ''section 1202(a)'' and by inserting ''or 1203'' after ''section 1202''.

(4) Section 643(a)(3) (defining distributable net income) is amended by striking ''section 1202'' and inserting ''sections 1202 and 1203''.

(5) Section 691(c)(4) (relating to coordination with capital gain provisions) is amended by inserting ''1203,'' after ''1202,''.

(6) The second sentence of section 871(a)(2) (relating to capital gains of aliens present in the United States 183 days or more) is amended by inserting ''or 1203'' after ''section 1202''.

(7) The table of sections of part I of subchapter P of chapter 1 is amended by adding at the end the following:

''Sec. 1203. Exclusion for gain from stock acquired through employee stock purchase plan.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to stock acquired on and after the date of the enactment of this Act.

SEC. 203. TRADE BONUS CONTRIBUTIONS TO INDIVIDUAL RETIREMENT PLANS.

(a) IN GENERAL.—Section 219(b) (relating to maximum amount of deduction) is amended by adding at the end the following new paragraph:

''(5) ADDITIONAL CONTRIBUTIONS IN TRADE BONUS YEARS.—

''(A) IN GENERAL.—If there is a determination under section 101 of the Working Families Trade Bonus Act that there is a trade bonus for any calendar year, then, in the case of an eligible individual, the dollar amount in effect under paragraph (1)(A) for taxable years beginning in the subsequent calendar year shall be increased by $2,000.

''(B) ELIGIBLE INDIVIDUAL.—For purposes of subparagraph (A), the term 'eligible individual' means, with respect to any taxable year, any individual other than an individual who is eligible to receive a trade bonus stock option (as defined in section 1203(b)) for a plan year beginning in the taxable year.''

(b) 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)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 204. CREDIT FOR SMALL EMPLOYER STOCK PURCHASE PLAN START-UP COSTS.

(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. SMALL EMPLOYER STOCK PURCHASE PLAN CREDIT.

''(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer stock purchase plan credit determined under this section for any taxable year is an amount equal to the qualified start-up costs paid or incurred by the taxpayer during the taxable year.

''(b) LIMITS ON START-UP COSTS.—In the case of qualified start-up costs not paid or incurred directly for the establishment of a qualified stock purchase plan, the amount of the credit determined under subsection (a) for any taxable year shall not exceed the lesser of 50 percent of such costs or—

''(1) $2,000 for the first taxable year ending after the date the employer established the qualified employer plan to which such costs relate,

''(2) $1,000 for each of the second and third such taxable years, and

''(3) zero for each taxable year thereafter.

''(c) DEFINITIONS.—For purposes of this section—

''(1) ELIGIBLE EMPLOYER.—

''(A) IN GENERAL.—The term 'eligible employer' means, with respect to any year, an employer which has 100 or fewer employees who received at least $5,000 of compensation from the employer for the preceding year.

''(B) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified stock purchase plan of the employer, the employer and each member of any controlled group including the employer (or any predecessor of either) established or maintained an employee stock purchase plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified stock purchase plan.

''(2) QUALIFIED START-UP COSTS.—The term 'qualified start-up costs' means any ordinary and necessary expenses of an eligible employer which are paid or incurred in connection with—

''(A) the establishment or maintenance of a qualified stock purchase plan in which employees are eligible to participate, and

''(B) providing educational information to employees regarding participation in such plan and the benefits of participating in the plan.

Such term does not include services related to retirement planning, including tax preparation, accounting, legal, or brokerage services.

''(3) QUALIFIED STOCK PURCHASE PLAN.—

''(A) IN GENERAL.—The term 'qualified stock purchase plan' means an employee stock purchase plan which—

''(i) allows an employer to designate options as trade bonus stock options for purposes of section 1203,

''(ii) limits the amount of options which may be so designated for any employee to not more than $2,000 per year, and

''(iii) does not discriminate in favor of highly compensated employees (within the meaning of section 414(q)).

''(B) EMPLOYEE STOCK PURCHASE PLAN.—The term 'employee stock purchase plan' has the meaning given such term by section 423(b).

''(d) SPECIAL RULES.—

''(1) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person. All qualified stock purchase plans of an employer shall be treated as a single qualified stock purchase plan.

''(2) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowable under this chapter for any qualified start-up costs for which a credit is determined under subsection (a).

''(3) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.''

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (defining current year business credit) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following new paragraph:

''(13) in the case of an eligible employer (as defined in section 45D(c)), the small employer stock purchase plan credit determined under section 45D(a).''

(c) PORTION OF CREDIT REFUNDABLE.—Section 38(c) (relating to limitation based on amount of tax) is amended by adding at the end the following new paragraph:

''(4) PORTION OF SMALL EMPLOYER PENSION PLAN CREDIT REFUNDABLE.—

''(A) IN GENERAL.—In the case of the small employer stock purchase plan credit under subsection (b)(13), the aggregate credits allowed under subpart C shall be increased by the lesser of—

''(i) the credit which would be allowed without regard to this paragraph and the limitation under paragraph (1), or

''(ii) the amount by which the aggregate amount of credits allowed by this section (without regard to this paragraph) would increase if the limitation under paragraph (1) were increased by the taxpayer's applicable payroll taxes for the taxable year.

''(B) TREATMENT OF CREDIT.—The amount of the credit allowed under this paragraph shall not be treated as a credit allowed under this subpart and shall reduce the amount of the credit allowed under this section for the taxable year.

''(C) APPLICABLE PAYROLL TAXES.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable payroll taxes' means, with respect to any taxpayer for any taxable year—

''(I) the amount of the taxes imposed by sections 3111 and 3221(a) on compensation paid by the taxpayer during the taxable year,

''(II) 50 percent of the taxes imposed by section 1401 on the self-employment income of the taxpayer during the taxable year, and

''(III) 50 percent of the taxes imposed by section 3211(a)(1) on amounts received by the taxpayer during the calendar year in which the taxable year begins.

''(ii) AGREEMENTS REGARDING FOREIGN AFFILIATES.—Section 24(d)(3)(C) shall apply for purposes of clause (i).''

(d) CONFORMING 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. Small employer stock purchase plan credit.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred in connection with qualified stock purchase plans established after the date of the enactment of this Act.

By Mr. GRASSLEY:

S. 2245. A bill to amend the Harmonized Tariff Schedule of the United States to modify the article description with respect to certain hand-woven fabrics; to the Committee on Finance.

HARMONIZED TARIFF SCHEDULE LEGISLATION

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2245

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

SECTION 1. CERTAIN HAND-WOVEN FABRICS.

(a) IN GENERAL.—Subheadings 5111.11.30 and 5111.19.20 of the Harmonized Tariff Schedule of the United States are amended by striking '', with a loom width of less than 76 cm'' each place it appears and inserting ''yarns of different colors''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 30th day after the date of enactment of this Act.

By Mr. BOND (for himself and Mr. GRASSLEY):

S. 2246. A bill to amend the Internal Revenue Code of 1986 to clarify that certain small businesses are permitted to use the cash method of accounting even if they use merchandise or inventory; to the Committee on Finance.

SMALL BUSINESS ACCOUNTING METHOD CLARIFICATION ACT OF 1999

Mr. BOND. Mr. President, I rise today to introduce a bill that addresses an issue of growing concern to small businesses across the nation—tax accounting methods. And I am pleased to be joined in this effort by my colleague from Iowa, Senator GRASSLEY.

While this topic may lack the notoriety of some other tax issues currently in the spotlight like the estate tax or alternative minimum tax, it goes to the heart of a business' daily operations—reflecting its income and expenses. And because it is such a fundamental issue, one may ask: ''What's the big deal?'' Hasn't this been settled long ago?'' Regrettably, recent efforts by the Treasury Department and Internal Revenue Service (IRS) have muddied what many small business owners have long seen as a settled issue.

To many small business owners, tax accounting simply means that they record cash receipts when they come in and the cash they pay when they write a check for a business expense. The difference is income, which is subject to taxes. In its simplest form, this is known as the ''cash receipts and disbursements'' method of accounting—or the ''cash method'' for short. It is easy to understand, it is simple to undertake in daily business operations, and for the vast majority of small enterprises, it matches their income with the related expenses in a given year. Coincidentally, it's also the method of accounting used by the Federal Government to keep track of the $1.7 trillion in tax revenues it collects each

year as well as all of its expenditures for salaries and expenses, procurement, and the cost of various government programs.

Unfortunately, the IRS has taken a different view in recent years with respect to small businesses on the cash method. In too many cases, the IRS contends that a small business should report its income when all events have occurred to establish the business' right to receipt and the amount can reasonably be determined. Similar principles are applied to determine when a business may recognize an expense. This method of accounting is known as ''accrual accounting.'' The reality of accrual accounting for a small business is that it may be deemed to have income well before the cash is actually received and an expense long after the cash is actually paid. As a result, accrual accounting can create taxable income for a small business that has yet to receive the cash necessary to pay the taxes.

While the IRS argues that the accrual method of accounting produces a more accurate reflection of ''economic income,'' it also produces a major headache for small enterprise. Few entrepreneurs have the time or experience to undertake accrual accounting, which forces them to hire costly accountants and tax preparers. By some estimates, accounting fees can increase as much as 50% when accrual accounting is required, excluding the cost of high-tech computerized accounting systems that some businesses must install. For the brave few that try to handle the accounting on their own, the accrual method often leads to major mistakes, resulting in tax audits and additional costs for professional help to sort the whole mess out—not to mention the interest and penalties that the IRS may impose as a result of the mistake.

To make matters even worse, the IRS recently began focusing on small service providers who use some merchandise in the performance of their service. In an e-mail sent to practitioners in my State of Missouri and in Kansas, the IRS' local district office took special aim at the construction industry asserting that ''[t]axpayers in the construction industry who are on the cash method of accounting may be using an improper method. The cash method is permissible only if materials are not an income producing factor.'' For these lucky service providers, the IRS now asserts that the use of merchandise requires the business to undertake an additional and even more onerous form of bookkeeping—inventory accounting.

Let's be clear about the kind of taxpayer at issue here. It's the home builder who by necessity must purchase wood, nails, dry wall, and host of other items to provide the service of constructing a house. Similarly, it's a painting contractor who will often purchase the paint when she renders the service of painting the interior of a house. These service providers generally purchase materials to undertake a specific project and at its end, little or no merchandise remains. They may even arrange for the products to be delivered directly to their client. In either case, the IRS insists that inventory accounting is now required.

Mr. President, if we thought that accrual accounting is complicated and burdensome, imagining in having to keep track of all the boards, nails, and paint used in the home builder's and painter's jobs each year. And the IRS doesn't stop at inventory accounting for these service providers. Instead, they use it as the first step to imposing overall accrual accounting—a one-two punch for the small service provider when it comes to compliance burdens.

Even more troubling is the cost of an audit for these unsuspecting service providers who have never known they were required to use inventories or accrual accounting. According to a survey of practitioners by the Padgett Business Services Foundation, audits of businesses on the issue of merchandise used in the performance of services resulted in tax deficiencies from $2,000 to $14,000, with an average of $7,200. That's a pretty steep price to pay for an accounting method error that the IRS has for years never enforced.

In many cases, like retailing, inventory accounting makes sense. Purchasing or manufacturing products and subsequently selling them is the heart of a retail business, and keeping track of those products is a necessary reality. But for a service provider with incidental merchandise, like a roofing contractor, inventory accounting is nothing short of an unnecessary government-imposed compliance cost.

The bill I'm introducing today, the Small Business Tax Accounting Simplification Act of 2000, addresses both of these issues. First, it establishes a clear threshold for when small businesses may use the cash method of accounting. Simply put, if a business has an average of $5 million in annual gross receipts or less during the preceding three years, it may use the cash method. Plain and simple—no complicated formula; no guessing if you made the right assumptions and arrived at the right answer. If the business exceeds the threshold, it may still seek to establish, as under current law, that the cash method clearly reflects its income.

Some may argue that this provision is unnecessary because section 448(b) and (c) already provide a $5 million gross receipts test with respect to accrual accounting. That's a reasonable position since many in Congress back in 1986 intended section 448 to provide relief for small business taxpayers using the cash method. Unfortunately, the IRS has twisted this section to support its quest to force as many small businesses as possible into costly accrual accounting. The IRS construes section 448 as merely a $5 million ceiling above which a business can never use the cash method. My bill corrects this misinterpretation once and for all—if a business has average gross receipts of $5 million or less, it is free to use cash accounting.

Second, for small service providers, the Small Business Tax Accounting Simplification Act, creates a straightforward threshold for inventory accounting. If the amount paid for merchandise by a small service provider is less than 50% of its gross receipts, based on its prior year's figures, no inventory accounting would be required. Above that level, the taxpayer would look more like a retail business and inventory accounting may make sense.

These two thresholds set forth in my bill are common sense answers to an increasing burden for small businesses in this country. In addition, it sends a clear signal to the IRS: stop wasting scarce resources forcing small businesses to adopt complex and costly accounting methods when the benefit to the Treasury is simply a matter of timing. Whether a small business uses the cash or accrual method or inventory accounting or not, in the end, the government will still collect the same amount of taxes—maybe not all this year, but very likely early in the next year. What small business can go very long without collecting what it is owed or paying its bills?

To date, the Treasury Department's answer has been to suggest a $1 million threshold under which a small business could escape accrual accounting and presumably inventories. While it is a step in the right direction, it simply doesn't go far enough. Even ignoring inflation, if a million dollar threshold were sufficient, why would Congress have tried to enact a $5 million threshold 14 years ago? My bill completes the job that the Treasury Department has been unable or unwilling to do.

Mr. President, the legislation I introduce today is substantially similar to the bill introduced in the other body by my good friend and fellow Missourian, JIM TALENT (H.R. 2273). With the strong support he has built among his colleagues in the other chamber and in the small business community, I expect to continue the momentum in the Senate and achieve some much needed relief from unnecessary compliance burdens and costs for America's small businesses.

The call for tax simplification has been growing increasingly loud in recent years, and the bill I offer today provides an excellent opportunity for us to advance the ball well down the field. This is not a partisan issue; it's a small business issue. And I urge my colleagues on both sides of the aisle to

join me in this common sense legislation for the benefit of America's small enterprises, which contribute so greatly to this country's economic engine.

Mr. President, I ask unanimous consent to print in the RECORD a copy of the bill and a description of its provisions.

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

S. 2246

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Small Business Tax Accounting Simplification Act of 2000''.

SEC. 2. CLARIFICATION OF CASH ACCOUNTING RULES FOR SMALL BUSINESS.

Section 446 of the Internal Revenue Code of 1986 (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.—Notwithstanding any other provision of law, a taxpayer shall not be required to use an accrual method of accounting for any taxable year, if the average annual gross receipts of such taxpayer (or any predecessor) for the 3-year-period ending with the preceding taxable year does not exceed $5,000,000. The rules of paragraphs (2) and (3) of section 448(c) shall apply for purposes of the preceding sentence. In the case of a C corporation or a partnership which has a C corporation as a partner, the first sentence of this subsection shall apply only if such C corporation or partnership meets the requirements of section 448(b)(3).''.

(b) CLARIFICATION OF INVENTORY RULES FOR SMALL BUSINESS.—Section 471 of the Internal Revenue Code of 1986 (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 SERVICE PROVIDERS NOT REQUIRED TO USE INVENTORIES.—A taxpayer shall not be required to use inventories under this section for a taxable year if the amounts paid for merchandise sold during the preceding taxable year were less than 50 percent of the gross receipts received during such preceding taxable year. For purposes of this subsection, gross receipts for any taxable year shall be reduced by returns and allowances made during such year.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SMALL BUSINESS TAX ACCOUNTING SIMPLIFICATION ACT OF 2000—DESCRIPTION OF PROVISIONS

The bill amends section 446 of the Internal Revenue Code to provide a clear threshold for small businesses to use the cash receipts and disbursements method of accounting, instead of accrual accounting. To qualify, the business must have $5 million or less in average annual gross receipts based on the preceding three years.

The bill also amends section 471 of the Internal Revenue Code to provide a small service provider exception to the inventory accounting rules. Under this provision, if the amount spent on merchandise by a service provider is less than 50% of its gross receipts, inventory accounting under section 471 would not be required. This 50% test is based on the service provider's purchases and gross receipts in the preceding taxable year.

Both provisions of the bill would be effective beginning on the date of enactment.

ADDITIONAL COSPONSORS

S. 353

At the request of Mr. GRASSLEY, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 353, a bill to provide for class action reform, and for other purposes.

S. 577

At the request of Mr. HATCH, the name of the Senator from Florida (Mr. GRAHAM) was added as a cosponsor of S. 577, a bill to provide for injunctive relief in Federal district court to enforce State laws relating to the interstate transportation of intoxicating liquor.

S. 1452

At the request of Mr. SHELBY, the name of the Senator from Georgia (Mr. COVERDELL) was added as a cosponsor of S. 1452, a bill 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.

S. 1464

At the request of Mr. HAGEL, the names of the Senator from Ohio (Mr. VOINOVICH), and the Senator from Kansas (Mr. BROWNBACK) were added as cosponsors of S. 1464, a bill to amend the Federal Food, Drug, and Cosmetic Act to establish certain requirements regarding the Food Quality Protection Act of 1996, and for other purposes.

S. 1571

At the request of Mr. JEFFORDS, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1571, a bill to amend title 38, United States Code, to provide for permanent eligibility of former members of the Selected Reserve for veterans housing loans.

S. 1572

At the request of Mr. ROTH, the name of the Senator from Louisiana (Mr. BREAUX) was added as a cosponsor of S. 1572, a bill to provide that children's sleepwear shall be manufactured in accordance with stricter flammability standards.

S. 1588

At the request of Mr. BAUCUS, the names of the Senator from Virginia (Mr. ROBB), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 1588, a bill to authorize the awarding of grants to Indian tribes and tribal organizations, and to facilitate the recruitment of temporary employees to improve Native American participation in and assist in the conduct of the 2000 decennial census of population, and for other purposes.

S. 1755

At the request of Mr. BROWNBACK, the names of the Senator from Mississippi (Mr. LOTT), the Senator from Washington (Mr. GORTON), the Senator from Maine (Ms. SNOWE), the Senator from Missouri (Mr. ASHCROFT), the Senator from Michigan (Mr. ABRAHAM), the Senator from Massachusetts (Mr. KERRY), and the Senator from Montana (Mr. BURNS) were added as cosponsors of S. 1755, a bill to amend the Communications Act of 1934 to regulate interstate commerce in the use of mobile telephones.

At the request of Mr. DORGAN, the name of the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 1755, supra.

S. 1762

At the request of Mr. COVERDELL, the name of the Senator from West Virginia (Mr. BYRD) was added as a cosponsor of S. 1762, a bill 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 resources projects previously funded by the Secretary under such Act or related laws.

S. 1855

At the request of Mr. MURKOWSKI, the name of the Senator from Oklahoma (Mr. INHOFE) was added as a cosponsor of S. 1855, a bill to establish age limitations for airmen.

S. 1883

At the request of Mr. BINGAMAN, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 1883, a bill to amend title 5, United States Code, to eliminate an inequity on the applicability of early retirement eligibility requirements to military reserve technicians.

S. 1900

At the request of Mr. LAUTENBERG, the name of the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1900, a bill to amend the Internal Revenue Code of 1986 to allow a credit to holders of qualified bonds issued by Amtrak, and for other purposes.

S. 1933

At the request of Mr. THOMPSON, the name of the Senator from Tennessee (Mr. FRIST) was added as a cosponsor of S. 1933, a bill to amend the Internal Revenue Code of 1986 to permit the consolidation of life insurance companies with other companies.

S. 1941

At the request of Mr. DODD, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 1941, a bill to amend the Federal Fire Prevention and Control Act of 1974 to authorize the Director of the Federal Emergency Management Agency to provide assistance to fire departments

and fire prevention organizations for the purpose of protecting the public and firefighting personnel against fire and fire-related hazards.

S. 1962

At the request of Mr. ASHCROFT, the name of the Senator from Ohio (Mr. VOINOVICH) was added as a cosponsor of S. 1962, a bill to amend the Congressional Budget Act of 1974 to protect Social Security and Medicare surpluses through strengthened budgetary enforcement mechanisms.

S. 2001

At the request of Mr. GRAMS, the name of the Senator from Missouri (Mr. ASHCROFT) was added as a cosponsor of S. 2001, a bill to protect the Social Security and Medicare surpluses by requiring a sequester to eliminate any deficit.

S. 2003

At the request of Mr. JOHNSON, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 2003, a bill to restore health care coverage to retired members of the uniformed services.

S. 2035

At the request of Mr. SPECTER, the name of the Senator from Michigan (Mr. ABRAHAM) was added as a cosponsor of S. 2035, a bill to amend title 49, United States Code, to clarify the application of the Act popularly known as the ''Death on the High Seas Act'' to aviation incidents.

S. 2074

At the request of Mr. ASHCROFT, the name of the Senator from Connecticut (Mr. LIEBERMAN) was added as a cosponsor of S. 2074, a bill to amend title II of the Social Security Act to eliminate the social security earnings test for individuals who have attained retirement age.

S. 2093

At the request of Mr. DOMENICI, the names of the Senator from North Dakota (Mr. CONRAD) and the Senator from North Dakota (Mr. DORGAN) were added as cosponsors of S. 2093, a bill to amend the Transportation Equity Act for the 21st Century to ensure that full obligation authority is provided for the Indian reservation roads program.

S. 2097

At the request of Mr. GRAMM, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 2097, a bill to authorize loan guarantees in order to facilitate access to local television broadcast signals in unserved and underserved areas, and for other purposes.

S. CON. RES. 34

At the request of Mr. SPECTER, the names of the Senator from Virginia (Mr. WARNER) and the Senator from Georgia (Mr. COVERDELL) were added as cosponsors of S. Con. Res. 34, a concurrent resolution relating to the observance of ''In Memory'' Day.

S. CON. RES. 76

At the request of Mr. LEAHY, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. Con. Res. 76, a concurrent resolution expressing the sense of Congress regarding a peaceful resolution of the conflict in the state of Chiapas, Mexico and for other purposes.

S. CON. RES. 88

At the request of Mr. SCHUMER, the name of the Senator from Nevada (Mr. BRYAN) was added as a cosponsor of S. Con. Res. 88, a concurrent resolution expressing the sense of Congress concerning drawdowns of the Strategic Petroleum Reserve.

S.J. RES. 39

At the request of Mr. CAMPBELL, the names of the Senator from South Dakota (Mr. DASCHLE), the Senator from Missouri (Mr. ASHCROFT), and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of S.J. Res. 39, a joint resolution recognizing the 50th anniversary of the Korean War and the service by members of the Armed Forces during such war, and for other purposes.

S. RES. 87

At the request of Mr. DURBIN, the names of the Senator from California (Mrs. BOXER) and the Senator from Maine (Ms. COLLINS) were added as cosponsors of S. Res. 87, a resolution commemorating the 60th Anniversary of the International Visitors Program.

S. RES. 106

At the request of Mr. DOMENICI, the names of the Senator from Maine (Ms. COLLINS) and the Senator from Massachusetts (Mr. KERRY) were added as cosponsors of S. Res. 106, a resolution to express the sense of the Senate regarding English plus other languages.

S. RES. 247

At the request of Mr. CAMPBELL, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. Res. 247, a resolution commemorating and acknowledging the dedication and sacrifice made by the men and women who have lost their lives while serving as law enforcement officers.

S. RES. 257

At the request of Mr. CRAIG, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. Res. 257, a resolution expressing the sense of the Senate regarding the responsibility of the United States to ensure that the Panama Canal will remain open and secure to vessels of all nations.

S. RES. 258

At the request of Mr. CRAIG, the names of the Senator from Florida (Mr. MACK), the Senator from Louisiana (Mr. BREAUX), the Senator from Virginia (Mr. ROBB), the Senator from Minnesota (Mr. WELLSTONE), the Senator from Arkansas (Mr. HUTCHINSON), the Senator from Utah (Mr. HATCH), the Senator from Ohio (Mr. VOINOVICH), the Senator from Missouri (Mr. BOND), the Senator from Connecticut (Mr. LIEBERMAN), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. Res. 258, a resolution designating the week beginning March 12, 2000 as ''National Safe Place Week.''

SENATE CONCURRENT RESOLUTION 93—EXPRESSING THE SUPPORT OF CONGRESS FOR ACTIVITIES TO INCREASE PUBLIC AWARENESS OF MULTIPLE SCLEROSIS

Mr. REED submitted the following resolution; which was referred to the Committee on Health, Education, Labor, and Pensions:

S. CON. RES. 93

Whereas multiple sclerosis is a chronic and often disabling disease of the central nervous system which often first appears in people between the ages of 20 and 40, with lifelong physical and emotional effects;

Whereas multiple sclerosis is twice as common in women as in men;

Whereas an estimated 250,000 to 350,000 individuals suffer from multiple sclerosis nationally;

Whereas symptoms of multiple sclerosis can be mild, such as numbness in the limbs, or severe, such as paralysis or loss of vision;

Whereas the progress, severity, and specific symptoms of multiple sclerosis in any one person cannot yet be predicted;

Whereas the annual cost to each affected individual averages $34,000, and the total cost can exceed $2,000,000 over an individual's lifetime;

Whereas the annual cost of treating all people who suffer from multiple sclerosis in the United States is nearly $9,000,000,000;

Whereas the cause of multiple sclerosis remains unknown, but genetic factors are believed to play a role in determining a person's risk for developing multiple sclerosis;

Whereas many of the symptoms of multiple sclerosis can be treated with medications and rehabilitative therapy;

Whereas new treatments exist that can slow the course of the disease, and reduce its severity;

Whereas medical experts recommend that all people newly diagnosed with relapse-remitting multiple sclerosis begin disease-modifying therapy;

Whereas finding the genes responsible for susceptibility to multiple sclerosis may lead to the development of new and more effective ways to treat the disease;

Whereas increased funding for the National Institutes of Health would provide the opportunity for research and the creation of programs to increase awareness, prevention, and education; and

Whereas Congress as an institution, and Members of Congress as individuals, are in unique positions to help raise public awareness about the detection and treatment of multiple sclerosis and to support the fight against multiple sclerosis: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that—

(1) all Americans should take an active role in the fight to end the devastating effects of multiple sclerosis on individuals, their families, and the economy;

(2) the role played by national and community organizations and health care professionals in promoting the importance of continued funding for research, and in providing information about and access to the best medical treatment and support services for people with multiple sclerosis should be recognized and applauded; and

(3) the Federal Government has a responsibility to—

(A) continue to fund research so that the causes of, and improved treatment for, multiple sclerosis may be discovered;

(B) continue to consider ways to improve access to, and the quality of, health care services for people with multiple sclerosis;

(C) endeavor to raise public awareness about the symptoms of multiple sclerosis; and

(D) endeavor to raise health professional's awareness about diagnosis of multiple sclerosis and the best course of treatment for people with the disease.

● Mr. REED. Mr. President, today I introduce a Resolution which would express the support of Congress for activities that will raise public awareness of multiple sclerosis.

Multiple sclerosis (MS) is a chronic, often disabling disease of the central nervous system. Symptoms can range from mild numbness in the limbs to paralysis and blindness. Most people with MS are diagnosed between the ages of 20 and 40, but the unpredictable physical and emotional effects of this debilitating disease can be lifelong. The progress, severity and specific symptoms of MS in any one person cannot yet be predicted, but advances in research and treatment are giving hope to those affected by the disease. It is known that MS afflicts twice as many women as men, however, once an individual is diagnosed with MS their symptoms can be effectively managed and complications avoided through regular medical care.

Nationally, it is estimated that between 250,000 and 350,000 individuals suffer from MS, which is approximately 1 out of every 1,000 people. In Rhode Island, the rate is slightly higher—1.5 out of every 1,000. Over 3,000 individuals and their families in my home state are affected by this disease.

It is my hope that through this resolution we can bring greater attention to the devastating affects of this disease, while also building support for additional research. It is through more intensive research efforts by agencies such as the National Institutes of Health that we will better understand some of the potential causes of this disease, as well as develop more effective methods of treatment, and maybe someday prevention. Indeed, it is only with greater resources that we can build public awareness about MS and enhance our scientific understanding of this mysterious illness.

I would like to take this opportunity to express my sincere gratitude to the National Multiple Sclerosis Society as well as the Rhode Island Chapter of the Multiple Sclerosis Society for their encouragement and assistance in developing this important Resolution. It is through their grassroots efforts that individuals suffering from MS can get information about their disease as well as learn more about resources available in their communities, research being conducted, and support services for family members. Their support is essential to those who have been afflicted with MS, and I hope that through this resolution the Congress can assist in bolstering these important efforts.

In closing, I encourage my colleagues to join me in supporting this important Resolution to raise awareness and encourage people to become more educated about this debilitating disease.●

SENATE CONCURRENT RESOLUTION 94—PROVIDING FOR A CONDITIONAL ADJOURNMENT OR RECESS OF THE SENATE

Mr. LOTT submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 94

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, March 9, 2000, or Friday, March 10, 2000, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Monday, March 20, 2000, or until such time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate, after consultation with the Minority Leader of the Senate, shall notify the Members of the Senate to reassemble whenever, in their opinion, the public interest shall warrant it.

SENATE CONCURRENT RESOLUTION 95—COMMEMORATING THE TWELFTH ANNIVERSARY OF THE HALABJA MASSACRE

Mr. LOTT (for himself, Mr. HELMS, Mr. BROWNBACK, Mr. KERREY, and Mr. SHELBY) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 95

Whereas on March 16, 1988, Saddam Hussein attacked the Iraqi Kurdish city of Halabja with chemical weapons, including nerve gas, VX, and mustard gas;

Whereas more than 5,000 men, women, and children were murdered in Halabja by Saddam Hussein's chemical warfare, in gross violation of international law;

Whereas the attack on Halabja was part of a systemic, genocidal attack on the Kurds of Iraq known as the ''Anfal Campaign'';

Whereas the Anfal Campaign resulted in the death of more than 180,000 Iraqi Kurdish men, women, and children;

Whereas, despite the passage of 12 years, there has been no successful attempt by the United States, the United Nations, or other bodies of the international community to bring the perpetrators of the Halabja massacre to justice;

Whereas the Senate and the House of Representatives have repeatedly noted the atrocities committed by the Saddam Hussein regime;

Whereas the Senate and the House of Representatives have on 16 separate occasions called upon successive Administrations to work toward the creation of an International Tribunal to prosecute the war crimes of the Saddam Hussein regime;

Whereas in successive fiscal years monies have been authorized to create a record of the human rights violations of the Saddam Hussein regime and to pursue the creation of an international tribunal and the indictment of Saddam Hussein and members of his regime;

Whereas the Saddam Hussein regime continues the brutal repression of the people of Iraq, including the denial of basic human, political, and civil rights to Sunni, Shiite, and Kurdish Iraqis, as well as other minority groups;

Whereas the Secretary General of the United Nations has documented annually the failure of the Saddam Hussein regime to deliver basic necessities to the Iraqi people despite ample supplies of food in Baghdad warehouses;

Whereas the Saddam Hussein regime has at its disposal more than $12,000,000,000 per annum (at current oil prices) to expend on all categories of human needs;

Whereas, notwithstanding a complete lack of restriction on the purchase of food by the Government of Iraq, infant mortality rates in areas controlled by Saddam Hussein remain above pre-war levels, in stark contrast to rates in United Nations-controlled Kurdish areas, which are below pre-war levels; and

Whereas it is unconscionable that after the passage of 12 years the brutal Saddam Hussein dictatorship has gone unpunished for the murder of hundreds of thousands of innocent Iraqis, the use of banned chemical weapons on the people of Iraqi Kurdistan, and innumerable other human rights violations: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) commemorates the suffering of the people of Halabja and all the victims of the Anfal Campaign;

(2) condemns the Saddam Hussein regime for its continued brutality towards the Iraqi people;

(3) strongly urges the President to act forcefully within the United Nations and the United Nations Security Council to constitute an international tribunal for Iraq;

(4) calls upon the President to move rapidly to efficiently use funds appropriated by Congress to create a record of the crimes of the Saddam Hussein regime;

(5) recognizes that Saddam Hussein's record of brutality and belligerency threaten both the people of Iraq and the entire Persian Gulf region; and

(6) reiterates that it should be the policy of the United States to support efforts to remove the regime headed by Saddam Hussein from power in Iraq and to promote the emergence of a democratic government to replace that regime, as set forth in Public Law 105–338.

SENATE RESOLUTION 267—EXECUTIVE RESOLUTION DIRECTING THE RETURN OF CERTAIN TREATIES TO THE PRESIDENT

Mr. HELMS, from the Committee on Foreign Relations, reported the following original resolution; which was placed on the Executive Calendar:

S. RES. 267

Resolved, That the Secretary of the Senate shall return to the President of the United States the following treaties:

(1) The Optional Protocol of Signature Concerning the Compulsory Settlement of Disputes. (Ex. N, 861 (Treaty Doc. 86–14)).

(2) The International Convention on Civil Liability for Oil Pollution Damage done in Brussels at the International Legal Conference on Marine Pollution Damage, signed on November 29, 1969 (Ex. G, 91–2 (Treaty Doc. 91–17)).

(3)(A) The International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (Supplementary to the International Convention on Civil Liability for Oil Pollution Damage of 1969), done at Brussels, December 18, 1971.

(B) Certain Amendments to the International Convention for the Prevention of Pollution of the Sea by Oil of 1954, relating to Tanker Tank Size and Arrangement and the Protection of the Great Barrier Reef. (Ex. K, 92–2 (Treaty Doc. 92–23)).

(4) The Trademark Registration Treaty, done at Vienna on June 12, 1973 (Ex. H, 94–1 (Treaty Doc. 94–8)).

(5) The Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Limitation of Strategic Offensive Arms and the Protocol Thereto, together referred to as the ''SALT II Treaty'', both signed at Vienna, Austria, on June 18, 1979, and related documents (Ex. Y, 96–1 (Treaty Doc. 96–25)).

(6) The Convention with Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Washington on June 17, 1980 (Ex. Q, 96–2 (Treaty Doc. 96–52)).

(7) The Convention on the Recognition of Studies, Diplomas and Degrees Concerning Higher Education in the States Belonging to the Europe Region, signed on behalf of the United States on December 21, 1979 (Ex. V, 96–2 (Treaty Doc. 96–57)).

(8) The Protocol Amending the Convention of August 16, 1916, for the Protection of Migratory Birds in Canada and the United States of America, signed at Ottawa January 30, 1979 (Ex. W, 96–2 (Treaty Doc. 96–58)).

(9) The Supplementary Convention on Extradition Between the United States of America and the Kingdom of Sweden, signed at Washington on May 27, 1981 (Treaty Doc. 97–15).

(10) The Protocol, signed at Washington on August 23, 1983, together with an exchange of letters, Amending the Convention Between the Government of the United States of America and the Government of the Kingdom of Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, signed at Washington on June 17, 1980 (Treaty Doc. 98–12).

(11) The Consular Convention Between the United States of America and the Republic of South Africa, signed at Pretoria on October 28, 1982 (Treaty Doc. 98–14).

(12) The Protocol signed at Washington on October 12, 1984, Amending the Interim Convention on Conservation of North Pacific Fur Seals Between the United States, Canada, Japan, and the Soviet Union (Treaty Doc. 99–5).

(13)(A) The Protocol of 1984 to Amend the International Convention on Civil Liability for Oil Pollution Damage, 1969 (Civil Liability Convention).

(B) The Protocol of 1984 to Amend the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971 (Fund Convention) (Treaty Doc. 99–12).

(14) The Treaty Between the United States of America and the Republic of Haiti Concerning the Reciprocal Encouragement and Protection of Investment, with Protocol, signed at Washington, December 13, 1983 (Treaty Doc. 99–16).

(15) The Consular Convention Between the United States of America and the Socialist Federal Republic of Yugoslavia, signed at Belgrade June 6, 1988 (Treaty Doc. 101–3).

(16) The Treaty on the International Registration of Audiovisual Works. (Treaty Doc. 101–8).

(17) The Treaty Between the Government of the United States of America and the Federal Republic of Nigeria on Mutual Legal Assistance in Criminal Matters, signed at Washington on September 13, 1989 (Treaty Doc. 102–26).

(18) The Protocol Amending the Convention Between the United States of America and Canada with Respect to Taxes on Income and on Capital signed at Washington on September 26, 1980, as amended by the Protocols signed on June 14, 1983, and March 28, 1984, signed at Washington August 31, 1994 (Treaty Doc. 103–28).

SENATE RESOLUTION 268—DESIGNATING JULY 17 THROUGH JULY 23 AS ''NATIONAL FRAGILE X AWARENESS WEEK''

Mr. EDWARDS (for himself, Mr. HAGEL, Mr. ROBB, Mrs. BOXER, and Mr. KERREY) submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 268

Whereas Fragile X is the most common inherited cause of mental retardation, affecting people of every race, income level, and nationality;

Whereas 1 in every 260 women is a carrier of the Fragile X defect;

Whereas 1 in every 4,000 children is born with the Fragile X defect, and typically requires a lifetime of special care at a cost of over $2,000,000;

Whereas Fragile X remains frequently undetected due to its recent discovery and the lack of awareness about the disease, even within the medical community;

Whereas the genetic defect causing Fragile X has been discovered, and is easily identified by testing;

Whereas inquiry into Fragile X is a powerful research model for neuropsychiatric disorders, such as autism, schizophrenia, pervasive developmental disorders, and other forms of X-linked mental retardation;

Whereas individuals with Fragile X can provide a homogeneous research population for advancing the understanding of neuropsychiatric disorders;

Whereas with concerted research efforts, a cure for Fragile X may be developed;

Whereas Fragile X research, both basic and applied, has been vastly underfunded despite the prevalence of the disorder, the potential for the development of a cure, the established benefits of available treatments and intervention, and the significance that Fragile X research has for related disorders; and

Whereas the Senate as an institution and Members of Congress as individuals are in unique positions to help raise public awareness about the need for increased funding for research and early diagnosis and treatment for the disorder known as Fragile X: Now, therefore, be it

Resolved, That the Senate—

(1) designates July 17 through July 23 as National Fragile X Awareness Week; and

(2) requests that the President issue a proclamation calling upon the people of the United States to observe National Fragile X Awareness Week with appropriate recognition and activities.

Mr. EDWARDS. Mr. President, I rise today with my colleague, Senator HAGEL, submit the National Fragile X Awareness Week Resolution. This measure will establish July 17 through July 23 as National Fragile X Awareness Week.

Fragile X is the leading known cause of mental retardation. Despite the devastating impact of the disease, the disorder is relatively unknown to many, even in the medical community, largely due to its fairly recent discovery.

Today, one in 2,000 males and one in 4,000 females have the gene defect. One in every 260 women is a carrier. Current studies estimate that as many as 90,000 Americans suffer from Fragile X, yet up to 80 to 90 percent of them are undiagnosed. It does not effect one racial or ethnic group more than another, and it is found in every socioeconomic group.

Scientists have only known exactly what causes Fragile X since 1991. The disorder results from a defect in a single gene. Other diseases caused by single gene defects include cystic fibrosis and muscular dystrophy. In fact, the incidence of Fragile X is similar to that of cystic fibrosis.

Fragile X occurs when a specific gene, which should hold a string of molecules that repeat six to fifty times, over-expands, causing the gene to hold anywhere from 200 to 1,000 copies of the same sequence, repeating over and over, much like a record skipping out of control. The result of this error is that instructions needed for the creation of a specific protein in the brain are lost. Consequently, the Fragile X protein is either low or absent in the affected person. The lower the level of the protein, the more severe the resulting disabilities.

People with Fragile X have effects ranging from mild learning disabilities to severe mental retardation. Behavioral problems associated with Fragile X include aggression, anxiety, and seizures. The effects on both the victims of the disorder and their families are profound, taking a huge emotional and financial toll. People with Fragile X have a normal life expectancy but usually incur special costs that on average add up to over $2 million over their

lifetime. Because it is inherited, many families have more than one child with Fragile X.

Recent advances in Fragile X research now make it possible to test definitively for the disorder through DNA analysis. Yet many doctors are still not familiar with Fragile X, and subtle symptoms in early childhood can make it difficult to detect.

Today, in our country, thousands of children have Fragile X, but their parents have never heard of the disease. These parents know something is wrong, but they cannot give the problem a name, and neither can any doctor they have consulted. They may know their child has mental retardation, but they do not know why. They do not know that if they have more children, those children may also be at risk. They do not know there are treatments for the problem. They do not know that someone is working on a cure.

The same holds true for many adults in our society. They are living in group homes and in institutions around the country. They have been cared for during entire lifetimes by devoted family members. Yet they have never had a diagnosis beyond ''mental retardation.''

The need to raise the profile of Fragile X across our nation is clear. The impact of the current lack of understanding of this disorder is that all too often it is years before the diagnosis is made. As a result, early intervention and treatment are delayed—treatment that could help to mitigate the effects of the disorder.

We also hope that by raising awareness we can communicate the good news about Fragile X. Now that scientists have identified the missing protein that causes the disorder, there is hope for a cure. And because Fragile X is the only single-gene disease known to directly impact human intelligence, understanding the disease can give us insight into human intelligence and learning and into dealing with other single gene defects. Understanding Fragile X may also unlock some of the mysteries of autism, schizophrenia, and other neurological disorders. But we need to fund research efforts into this devastating disease.

Mr. President, this resolution seeks to raise awareness in both the general population and the medical community about the presence and effects of Fragile X. By doing so, we hope to promote earlier diagnosis of the disease, more effective treatment, and support for research that will one day lead to a cure.

SENATE RESOLUTION 269—EXPRESSING THE SENSE OF THE SENATE WITH RESPECT TO UNITED STATES RELATIONS WITH THE RUSSIAN FEDERATION, GIVEN THE RUSSIAN FEDERATION'S CONDUCT IN CHECHNYA, AND FOR OTHER PURPOSES

Mr. HELMS submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 269

Whereas the Senate of the United States unanimously passed Senate Resolution 262 on February 24th, 2000, to condemn the indiscriminate use of force by the Government of the Russian Federation against the people of Chechnya, to prompt peace negotiations between the Government of the Russian Federation and the Government of Chechnya led by elected President Aslan Maskhadov, and to prompt the Government of the Russian Federation to immediately grant international organizations full and unimpeded access in Chechnya and the surrounding regions so that they can provide much needed humanitarian assistance and investigate alleged atrocities and war crimes;

Whereas the Committee on Foreign Relations of the Senate received credible evidence and testimony reporting that Russian forces in Chechnya caused the deaths of countless thousands of innocent civilians; caused the displacement of well over 250,000 innocents; forcibly relocated refugee populations; and have committed widespread atrocities, including summary executions, torture, and rape;

Whereas the Government of the Russian Federation has repeatedly violated the principles of the freedom of the press by subjecting journalists, such as Radio Free Liberty/Radio Europe correspondent Andrei Babitsky, who oppose or question its policies to censorship, intimidation, harassment, incarceration, and violence;

Whereas the Government of the Russian Federation continues its military campaign in Chechnya, including the use of indiscriminate force, causing further dislocation of people from their homes, the deaths of noncombatants and widespread suffering;

Whereas this war contributes to ethnic hatred and religious intolerance within the Russian Federation, jeopardizes prospects for the establishment of democracy in the Russian Federation, undercuts the ability of the international community to trust the Russian Federation as a signatory to international agreements, generates political instability within the Russian Federation, and is a threat to the peace in the region; and

Whereas the Senate expresses its concern over the war and humanitarian tragedy in Chechnya, and its desire for a peaceful and durable settlement to the conflict: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) the indifference of most Western governments, including that of the United States, toward this conflict has encouraged the Government of the Russian Federation to intensify and expand its military campaign in Chechnya, further contributing to the suffering of the Chechen people;

(2) the Acting President of the Russian Federation, Vladimir Putin, is directly responsible for the conduct of Russian troops in and around Chechnya and accountable for war crimes and atrocities committed by them against the Chechen people;

(3) the Acting President of the Russian Federation should—

(A) immediately cease the military operations in Chechnya and initiate negotiations toward a just peace with the leadership of the Chechen government, including President Aslan Maskhadov;

(B) grant international missions immediate full and unimpeded access into Chechnya and surrounding regions so that they can monitor and report on the situation there and investigate alleged atrocities and war crimes;

(C) allow international humanitarian agencies immediate full and unimpeded access to Chechen civilians, including those in refugee, detention and so-called ''filtration camps'' or any other facility where citizens of Chechnya are detained; and

(D) investigate fully the atrocities committed in Chechnya, including those alleged in Alkhan-Yurt and Grozny, and initiate prosecutions against officers and soldiers accused of those atrocities;

(4) the President of the United States should—

(A) affirm respect for human rights, democratic rule of law, and international accountability as a foundation of United States foreign policy;

(B) affirm respect for human rights, democratic rule of law, and international accountability as a precondition to United States-Russian cooperation;

(C) reevaluate United States foreign policy toward the Russian Federation given its conduct in Chechnya, remilitarization, and questionable commitment to democracy;

(D) support societal forces in the Russian Federation fighting to preserve democracy there, including empowering human rights activists and promoting programs designed to strengthen the independent media, trade unions, political parties, civil society, and the democratic rule of law;

(E) promote peace negotiations between the Government of the Russian Federation and the leadership of the Chechen government, including President Aslan Maskhadov, through third-party mediation by the Organization for Security and Cooperation in Europe (OSCE), the United Nations, or other appropriate parties;

(F) endorse the call of the United Nations High Commissioner for Human Rights for an investigation of alleged war crimes committed by the Russian military in Chechnya; and

(G) take tangible steps to demonstrate to the Government of the Russian Federation that the United States strongly condemns its conduct in Chechnya and its unwillingness to find a just political solution to the conflict in Chechnya, including—

(i) a refusal to participate in bilateral summit meetings with the Government of the Russian Federation;

(ii) a call for the suspension of the Russian Federation from the forum of G–7 plus 1 state; and

(iii) a suspension of financial assistance to the Russian Federation provided through the International Monetary Fund, the World Bank, the Export-Import Bank of the United States, and the Overseas Private Investment Corporation; and

(5) the President of the United States should not reverse the actions taken under paragraph (4)(G) until the Government of the Russian Federation has—

(A) ceased its military operations in Chechnya and initiated negotiations toward

a just peace with the leadership of the Chechen government led by President Aslan Maskhadov;

(B) provided full and unimpeded access into and around Chechnya to international missions to monitor and report on the situation there and to investigate alleged atrocities and war crimes;

(C) granted international humanitarian agencies immediate full and unimpeded access to Chechen civilians, including those in refugee, detention, and so-called ''filtration camps'' or any other facility where citizens of Chechnya are detained; and

(D) investigated fully the atrocities committed in Chechnya including those alleged in Alkhan-Yurt and Grozny, and initiated prosecutions against officers and soldiers accused of those atrocities.

SENATE RESOLUTION 270—DESIGNATING THE WEEK BEGINNING MARCH 11, 2000, AS ''NATIONAL GIRL SCOUT WEEK''

Mr. HATCH, from the Committee on the Judiciary, reported the following original resolution; which was placed on the calendar:

S. RES. 270

Whereas March 12, 2000, is the 88th anniversary of the founding of the Girl Scouts of the United States of America;

Whereas on March 16, 1950, the Girl Scouts of the United States of America became the first national organization for girls to be granted a Federal charter by Congress;

Whereas through annual reports required to be submitted to Congress by its charter, the Girl Scouts of the United States of America regularly informs Congress of its progress and program initiatives;

Whereas the Girl Scouts of the United States of America is dedicated to inspiring girls and young women with the highest ideals of character, conduct, and service to others so that they may become model citizens in their communities;

Whereas the Girl Scouts of the United States of America offers girls aged 5 through 17 a variety of opportunities to develop strong values and life skills and provides a wide range of activities to meet girls' interests and needs;

Whereas the Girl Scouts of the United States of America has a membership of nearly 3,000,000 girls and over 900,000 adult volunteers, and is one of the preeminent organizations in the United States committed to girls growing strong in mind, body, and spirit; and

Whereas by fostering in girls and young women the qualities on which the strength of the United States depends, the Girl Scouts of the United States of America, for 88 years, has significantly contributed to the advancement of the United States: Now, therefore, be it

Resolved, That the Senate—

(1) designates the week beginning March 11, 2000, as ''National Girl Scout Week''; and

(2) requests the President to issue a proclamation designating the week beginning March 11, 2000, as ''National Girl Scout Week'' and calling on the people of the United States to observe the day with appropriate ceremonies and activities.

SENATE RESOLUTION 271—REGARDING THE HUMAN RIGHTS SITUATION IN THE PEOPLE'S REPUBLIC OF CHINA

By Mr. WELLSTONE (for himself, Mr. TORRICELLI, Mr. LEAHY, Mr. FEINGOLD, and Mr. BROWNBACK) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 271

Whereas the annual meeting of the United Nations Commission on Human Rights in Geneva, Switzerland, provides a forum for discussing human rights and expressing international support for improved human rights performance;

Whereas in 1999, the Senate passed Senate Resolution 45 urging the United States to introduce and make all necessary efforts to pass a resolution condemning human rights practices of the Government of the People's Republic of China at the annual meeting of the United Nations Commission on Human Rights in Geneva, Switzerland;

Whereas the United States thereafter introduced a resolution condemning human rights practices of the Government of the People's Republic of China at the annual meeting of the United Nations Commission on Human Rights in Geneva, Switzerland;

Whereas this resolution was kept off the agenda of the full Commission by a ''no-action'' motion of the Government of the People's Republic of China, had no cosponsors, and received little support from European and other industrialized nations and did not pass;

Whereas, according to the Department of State and international human rights organizations, the human rights record of the Government of the People's Republic of China has deteriorated sharply over the past year and authorities of the People's Republic of China continue to commit widespread and well-documented human rights abuses in China;

Whereas such abuses stem from an intolerance of dissent and fear of civil unrest on the part of authorities in the People's Republic of China and from a failure to adequately enforce laws in the People's Republic of China that protect basic freedoms;

Whereas such abuses violate internationally accepted norms of conduct enshrined by the Universal Declaration of Human Rights;

Whereas the People's Republic of China has signed the International Covenant on Civil and Political Rights, but has yet to take the necessary steps to make it legally binding;

Whereas authorities in the People's Republic of China have recently escalated efforts to extinguish expressions of protest or criticism and have detained scores of citizens associated with attempts to organize a legal democratic opposition, as well as religious leaders, academics, and members of minority groups;

Whereas these efforts underscore that the Government of the People's Republic of China continues to commit serious human rights abuses that must be condemned; and

Whereas the United States will again introduce a resolution condemning human rights practices of the Government of the People's Republic of China at the annual meeting of the United Nations Commission on Human Rights in Geneva, Switzerland, on March 20, 2000: Now, therefore, be it

Resolved, That (a) the Senate supports the decision of the Administration to introduce a resolution at the 56th Session of the United Nations Human Rights Commission in Geneva, Switzerland, calling upon the People's Republic of China to end its human rights abuses.

(b) It is the sense of the Senate that the United States should make every effort necessary to pass such a resolution, including through initiating high level contact between the Administration and representatives of the European Union and other governments, and ensuring that the resolution be placed on the full United Nations Human Rights Commission's agenda by aggressively enlisting support for the resolution and soliciting cosponsorship of it by other governments.

Mr. WELLSTONE. Mr. President, today I am offering a resolution in support of the President's decision to introduce a China resolution at the annual meeting of the UN Human Rights Commission in Geneva on March 20th and urging the President to make every effort necessary to pass it. This important resolution calls on China to end its human rights abuses.

The President must ensure that this resolution be placed on the agenda of the full Human Rights Commission. He must enlist support for this resolution by other governments, especially by the European Union, and get them to cosponsor it. Year after year China has used a parliamentary tactic known as a ''no-action'' motion so that resolutions condemning its human rights abuses are struck down before they are even placed on the agenda of the full Commission. We must not allow this to happen this year.

Last year the Senate passed a resolution urging the United States to introduce a resolution condemning China's human rights practices at the 1999 Geneva meeting. Although the administration introduced a resolution, it was kept off the agenda of the full Commission by a ''no-action'' motion of China. It had no co-sponsors and received little support from European and other industrialized nations. The resolution did not pass because it didn't even come up.

This year the President announced in January his decision to again introduce a resolution in Geneva condemning China's human rights practices. According to the Administration the goal of the resolution is to ''shine an international spotlight directly on China's human rights practices'' through ''international action.'' But, as of today, there has been little international action. The resolution still has no co-sponsors.

When President Clinton formally delinked trade and human rights in 1994, he pledged, on the record, that the US would ''step up its efforts, in cooperation with other states, to insist that the United Nations Human Rights Commission pass a resolution dealing with the serious human rights abuses in China.'' While the U.S. has claimed an intention at least to speak out on human rights, the substance of US-China relations—trade, military contacts, high level summits—go foward

while Chinese leaders continue to crack down on dissidents throughout the country of over one billion.

The Chinese government continues to commit widespread abuses and has taken actions that flagrantly violate the commitment it has made to respect internationally-recognized human rights. Just this week Mary Richardson, the UN High Commissioner for Human Rights, announced that she is deeply concerned about the deterioration in China's human rights practices. Mr. Shen Guofang, China's Deputy Representative at the United Nations said, ''China now has the best human rights situation in its history.'' This is unbelievable. Is the current system the best China has to offer its own citizens? If this is so, this issue will remain a point of contention between China and the international community.

In January, China convicted two of the last leaders of the Chinese Democracy Party. These disgraceful arrests were part of a further crackdown by the government on efforts to form the country's first opposition party. The arrests worked—they effectively obliterated the Party. But those fighting for democracy in China have not forgotten those they have lost, and they continue to fight.

Chinese authorities blocked the delivery of foreign donations to help the families of people killed in the crackdown on the Tiananmen student democracy movement. Mr. Lu Wenhe, a Chinese citizen who has lived in the US for twenty years, was detained in Beijing on his way to meet a woman whose 17-year-old son was shot dead by soldiers in 1989. Mr. Lu was forced to sign over his check to an officer of the Shanghai State Security Bureau. Donors stopped payment on the check but Chinese authorities continued to harass Mr. Lu's parents in Shanghai to come up with the money or risk losing their apartment and car.

And China continues to limit freedom of information. In January Chinese authorities arrested a scholar from Pennsylvania. Mr. Song, a librarian at Dickinson College and a scholar of China's cultural revolution, was formally charged with ''the purchase and illegal provision of intelligence to foreigners.'' He was held for over four months. The ''intelligence'' that he is charged with possessing were documents that were already published as part of a collection of historical materials relating to the Cultural Revolution. Nothing could better illustrate the Chinese authorities' determination to suppress history or thought than the arrest of a scholar engaged in historical research.

Since September, Beijing has arrested thousands of practitioners of Falun Gong and Zhong Gong, both popular spiritual movements, whose threats to the regime are that they are not under the Party's control. President Zemin announced in January that crushing the Falum Gong movement was one of the ''three major political struggles'' of 1999.

The Department of State's 1999 Country Reports on Human Rights Practices details an extraordinary amount of human rights violations. In October a Falum Gong practitioner in Shandong died from being beaten while in police custody. The official media reported she had died from a heart attack. According to Chinese authorities, two others who died in police custody jumped from a moving train. In March the Western press reported a 1997 case in which police executed four farmers in rural China over a monetary dispute.

The arrested dissidents and their courageous supporters deserve our full backing, and the administration's, in their historic struggle to bring democracy to China. In light of China's still deteriorating human rights record, I urge the administration to make all efforts necessary to pass its resolution in Geneva. Past experience has demonstrated that, when the United States has applied sustained pressure, the Chinese authorities have responded in ways that signal their willingness to engage on the issue of human rights. This pressure needs to be exercised now.

By ensuring that this resolution be placed on the agenda of the full Human Rights Commission, and enlisting support of the resolution and soliciting cosponsors of it by other governments, the United States can truly ''shine an international spotlight directly on China's human rights practices'' through ''international action,'' and not just pay it lip service. The US must demonstrate its true commitment to securing China's adherence to human rights standards.

It is time for the United States to provide the leadership on which the people of China depend. We must take action to get this important resolution passed. The UN Human Rights Commission is the major international body which oversees the human rights conditions of all states. Getting this resolution placed on the agenda of the full Human Rights Commission will foster substantive debate on human rights in China and Tibet.

As Americans, we must take action and lead the international effort to condemn the human rights situation in China and Tibet. I hope my colleagues will join me in passing this resolution.

SENATE RESOLUTION 272—EXPRESSING THE SENSE OF THE SENATE THAT THE UNITED STATES SHOULD REMAIN ACTIVELY ENGAGED IN SOUTHEASTERN EUROPE TO PROMOTE LONG-TERM PEACE, STABILITY, AND PROSPERITY; CONTINUE TO VIGOROUSLY OPPOSE THE BRUTAL REGIME OF SLOBODAN MILOSEVIC WHILE SUPPORTING THE EFFORTS OF THE DEMOCRATIC OPPOSITION; AND FULLY IMPLEMENT THE STABILITY PACT

Mr. VOINOVICH submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 272

Whereas the North Atlantic Treaty Organization's (NATO's) March 24, 1999 through June 10, 1999 bombing of the Federal Republic of Yugoslavia focused the attention of the international community on southeastern Europe;

Whereas the international community, in particular the United States and the European Union, made a commitment at the conclusion of the bombing campaign to integrate southeastern Europe into the broader European community;

Whereas there is an historic opportunity for the international community to help the people of southeastern Europe break the cycle of violence, retribution, and revenge and move towards respect for minority rights, establishment of the rule of law, and the further development of democratic governments;

Whereas the Stability Pact was established in July 1999 with the goal of promoting cooperation among the countries of southeastern Europe, with a focus on long-term political stability and peace, security, democratization, and economic reconstruction and development;

Whereas the effective implementation of the Stability Pact is important to the long-term peace and stability in the region;

Whereas the people and Government of the Former Yugoslav Republic of Macedonia have a positive record of respect for minority rights, the rule of law, and democratic traditions since independence;

Whereas the people of Croatia have recently elected leaders that respect minority rights, the rule of law, and democratic traditions;

Whereas positive developments in the Former Yugoslav Republic of Macedonia and the Republic of Croatia will clearly indicate to the people of Serbia that economic progress and integration into the international community is only possible if Milosevic is removed from power; and

Whereas the Republic of Slovenia continues to serve as a model for the region as it moves closer to European Union and NATO membership: Now, therefore, be it

Resolved, That the Senate—

(1) welcomes the tide of democratic change in southeastern Europe, particularly the free and fair elections in Croatia, and the regional cooperation taking place under the umbrella of the Stability Pact;

(2) recognizes that in this trend, the regime of Slobodan Milosevic is ever more an anomaly, the only government in the region not democratically elected, and an obstacle to peace and neighborly relations in the region;

(3) expresses its sense that the United States cannot have normal relations with Belgrade as long as the Milosevic regime is in power;

(4) views Slobodan Milosevic as a brutal indicted war criminal, responsible for immeasurable bloodshed, ethnic hatred, and human rights abuses in southeastern Europe in recent years;

(5) considers international sanctions an essential tool to isolate the Milosevic regime and promote democracy, and urges the Administration to intensify, focus, and expand those sanctions that most effectively target the regime and its key supporters;

(6) supports strongly the efforts of the Serbian people to establish a democratic government and endorses their call for early, free, and fair elections;

(7) looks forward to establishing a normal relationship with a new democratic government in Serbia, which will permit an end to Belgrade's isolation and the opportunity to restore the historically friendly relations between the Serbian and American people;

(8) expresses the readiness of the Senate, once there is a democratic government in Serbia, to review conditions for Serbia's full reintegration into the international community;

(9) expresses its readiness to assist a future democratic government in Serbia to build a democratic, peaceful, and prosperous society, based on the same principle of respect for international obligations, as set out by the Organization for Security and Cooperation in Europe (OSCE) and the United Nations, which guide the relations of the United States with other countries in southeastern Europe;

(10) calls upon the United States and other Western democracies to publicly announce and demonstrate to the Serbian people the magnitude of assistance they could expect after democratization; and

(11) recognizes the progress in democratic and market reform made by Montenegro, which can serve as a model for Serbia, and urges a peaceful resolution of political differences over the abrogation of Montenegro's rights under the federal constitution.

SENATE RESOLUTION 273—DESIGNATING THE WEEK BEGINNING MARCH 11, 2000, AS ''NATIONAL GIRL SCOUT WEEK''

Mrs. HUTCHISON (for herself, Ms. MIKULSKI, Mr. HATCH, Ms. SNOWE, Mr. WARNER, Mr. BUNNING, Mr. BOND, Mr. ASHCROFT, Mr. SMITH of Oregon, Mr. HELMS, Mr. MURKOWSKI, Mr. CRAIG, Mr. DOMENICI, and Ms. COLLINS) submitted the following resolution; which was considered and agreed to:

S. RES. 273

Whereas March 12, 2000, is the 88th anniversary of the founding of the Girl Scouts of the United States of America;

Whereas on March 16, 1950, the Girl Scouts of the United States of America became the first national organization for girls to be granted a Federal charter by Congress;

Whereas through annual reports required to be submitted to Congress by its charter, the Girl Scouts of the United States of America regularly informs Congress of its progress and program initiatives;

Whereas the Girl Scouts of the United States of America is dedicated to inspiring girls and young women with the highest ideals of character, conduct, and service to others so that they may become model citizens in their communities;

Whereas the Girl Scouts of the United States of America offers girls aged 5 through 17 a variety of opportunities to develop strong values and life skills and provides a wide range of activities to meet girls' interests and needs;

Whereas the Girl Scouts of the United States of America has a membership of nearly 3,000,000 girls and over 900,000 adult volunteers, and is one of the preeminent organizations in the United States committed to girls growing strong in mind, body, and spirit; and

Whereas by fostering in girls and young women the qualities on which the strength of the United States depends, the Girl Scouts of the United States of America, for 88 years, has significantly contributed to the advancement of the United States: Now, therefore, be it

Resolved, That the Senate—

(1) designates the week beginning March 11, 2000, as ''National Girl Scout Week''; and

(2) requests the President to issue a proclamation designating the week beginning March 11, 2000, as ''National Girl Scout Week'' and calling on the people of the United States to observe the day with appropriate ceremonies and activities.

AMENDMENTS SUBMITTED

RECOGNIZING THE PLIGHT OF THE TIBETAN PEOPLE AND CALLING FOR SERIOUS NEGOTIATION BETWEEN CHINA AND THE DALAI LAMA

MACK AMENDMENT NO. 2884

Mr. GRAMS (for Mr. MACK) proposed an amendment to the resolution (S. Res. 60) recognizing the plight of the Tibetan people on the fortieth anniversary of Tibet's attempt to restore its independence and calling for serious negotiations between China and the Dalai Lama to achieve a peaceful solution to the situation in Tibet; as follows:

On page 3, strike lines 2 through 16 and insert the following:

(1) March 10, 2000 should be recognized as the Tibetan Day of Commemoration in solemn remembrance of those Tibetans who sacrificed, suffered, and died during the Lhasa uprising, and in affirmation of the inherent rights of the Tibetan people to determine their own future; and

(2) March 10, 2000 should serve as an occasion to renew calls by the President, Congress, and other United States Government officials on the Government of the People's Republic of China to enter into serious negotiations with the Dalai Lama or his representatives until such a time as a peaceful solution, satisfactory to both sides, is achieved.

In the preamble, strike all the whereas clauses and insert the following:

Whereas during the period of 1949–1950, the newly established communist govenment of the People's Republic of China sent an army to invade Tibet;

Whereas the Tibetan army was ill equipped and outnumbered, and the People's Liberation Army overwhelmed Tibetan defenses;

Whereas, on May 23, 1951, a delegation sent from the capital city of Lhasa to Peking to negotiate with the Government of the People's Republic of China was forced under duress to accept a Chinese-drafted 17-point agreement that incorporated Tibet into China but promised to preserve Tibetan political, cultural, and religious institutions;

Whereas during the period of 1951–1959, the failure of the Government of the People's Republic of China to uphold guarantees to autonomy contained in the 17-Point Agreement and the imposition of socialist reforms resulted in widespread oppression and brutality;

Whereas on March 10, 1959, the people of Lhasa, fearing for the life of the Dalai Lama, surrounded his palace, organized a permanent guard, and called for the withdrawal of the Chinese from Tibet and the restoration of Tibet's independence;

Whereas on March 17, 1959, the Dalai Lama escaped in disguise during the night after two mortar shells exploded within the walls of his palace and, before crossing the Indian border into exile two weeks later, repudiated the 17-Point Agreement;

Whereas during the ''Lhasa uprising'' begun on March 10, 1959, Chinese statistics estimate 87,000 Tibetans were killed, arrested, or deported to labor camps, and only a small percentage of the thousands who attempted to escape to India survived Chinese military attacks, malnutrition, cold, and disease;

Whereas for the past forty years, the Dalai Lama has worked in exile to find ways to allow Tibetans to determine the future status of Tibet and was awarded the Nobel Peace Prize for his efforts in 1989;

Whereas it is the policy of the United States to support substantive dialogue between the Government of the People's Republic of China and the Dalai Lama or his representatives;

Whereas the State Department's 1999 Country Report on Human Rights Practices finds that ''Chinese government authorities continued to commit serious human rights abuses in Tibet, including instances of torture, arbitrary arrest, detention without public trial, and lengthy detention of Tibetan nationalists for peacefully expressing their political or religious views.'';

Whereas President Jiang Zemin pointed out in a press conference with President Clinton on June 27, 1997, that if the Dalai Lama recognizes that Tibet is an inalienable part of China and Taiwan is a province of China, then the door to negotiate is open;

Whereas all efforts by the U.S. and private parties to enable the Dalai Lama to find a negotiated solution have failed;

Whereas the Dalai Lama has specifically stated that he is not seeking independence and is committed to finding a negotiated solution within the framework enunciated by Deng Xiaoping in 1979; and

Whereas China has signed but failed to ratify the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights: Now, therefore, be it

Amend the title of the resolution to read as follows: ''Recognizing the plight of the Tibetan people on the forty-first anniversary of Tibet's 1959 Lhasa uprising and calling for serious negotiations between China and the Dalai Lama to achieve a peaceful solution to the situation in Tibet.''.

NOTICE OF HEARINGS

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources. The purpose of this hearing is to receive testimony on the status of monuments and memorials in and around Washington, D.C.

The hearing will take place on Thursday, March 23 at 2:30 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, SD–364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole or Kevin Clark of the Committee staff.

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources. The purpose of this hearing is to receive testimony on the incinerator component at the proposed Advanced Waste Treatment Facility at the Idaho National Engineering and Environmental Laboratory and its potential impact on the adjacent Yellowstone and Grand Teton National Parks.

The hearing will take place on Tuesday, March 28 at 2:30 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, SD–364 Dirksen Senate Office Building, Washington, DC 20510–6150.

For further information, please contact Jim O'Toole or Kevin Clark of the Committee staff.

SUBCOMMITTEE ON FORESTS AND PUBLIC LAND MANAGEMENT

Mr. CRAIG. Mr. President, I would like to announce for the public that a hearing has been scheduled before the Subcommittee on Forests and Public Land Management of the Senate Committee on Energy and Natural Resources.

The hearing will take place Thursday, March 30, 2000 at 2:30 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, D.C.

The purpose of this oversight hearing is to receive testimony on the October 1999 announcement by President Clinton to review approximately 40 million acres of national forest lands for increased protection.

Those who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, Washington, D.C. 20510. For further information, please call Mark Rey.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Thursday, March 9, 2000, at 9:30 a.m., in open session to receive testimony on the Department of Energy's fiscal year 2001 budget request for atomic energy defense activities in review of the Defense authorization request for fiscal year 2001 and Future Years Defense Programs.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Thursday, March 9, 2000, to conduct a hearing on ''The Final Report of The International Financial Institution Advisory Commission.''

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

COMMITTEE ON THE JUDICIARY

Mr. SMITH of new Hampshire. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a markup on Thursday, March 9, 2000, at 10:00 a.m., in SD226.

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

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet in executive session during the session of the Senate on Thursday, March 9, 2000, at 10:00 a.m.

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

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor and Pensions be authorized to meet in executive session for the consideration of S. 2, the Educational Opportunities Act, during the session of the Senate on March 9, 2000.

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

COMMITTEE ON FINANCE

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Committee on Finance be authorized to meet during the session of the Senate on Thursday, March 9, 2000, to hear testimony regarding Penalty and Interest Provisions in the Internal Revenue Code.

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

SUBCOMMITTEE ON EUROPEAN AFFAIRS

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Subcommittee on European Affairs of the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, March 9, 2000, at 2:00 pm to hold a SD–419.

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

SUBCOMMITTEE ON CLEAN AIR, WETLANDS, PRIVATE PROPERTY, AND NUCLEAR SAFETY

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Subcommittee on Clean Air, Wetlands, Private Property, and Nuclear Safety be authorized to meet during the session of the Senate on Thursday, March 9, 9:00 a.m., to conduct an oversight hearing on the Nuclear Regulatory Commission.

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

SUBCOMMITTEE ON PERSONNEL

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Subcommittee on Personnel of the Committee on Armed Services be authorized to meet during the session of the Senate on Thursday, March 9, 2000, at 2:30 p.m., in open session to receive testimony on active and reserve military and civilian personnel programs in review of the Defense Authorization Request for fiscal year 2001 and the Future Years Defense program.

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

SUBCOMMITTEE ON INTELLIGENCE

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, March 9, 2000, at 9:30 a.m. and 2:00 p.m. to hold closed hearings on intelligence matters.

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

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING, AND THE DISTRICT OF COLUMBIA

Mr. SMITH of New Hampshire. Mr. President, I ask unanimous consent that the Governmental Affairs Committee Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia be

authorized to meet on Thursday, March 9, 2000, at 10:00 a.m. for a hearing on Managing Human Capital in the Twenty-first Century.

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

UNANIMOUS-CONSENT AGREEMENT—H.R. 5

Mr. GRAMS. Mr. President, I ask unanimous consent that on Tuesday, March 21, at 2:15 p.m., the Senate begin consideration of Calendar No. 439, H.R. 5, and it be considered under the following time agreement:

Two hours on the bill to be equally divided in the usual form between the two managers;

One amendment to be offered by the chairman and ranking member of the Finance Committee making a correction to the House bill, limited to 10 minutes of debate to be equally divided;

One amendment to be offered by Senator BOB KERREY of Nebraska regarding Social Security reform, and limited to 1 hour to be equally divided in the usual form;

Also, one amendment to be offered by Senator GREGG regarding Social Security reform and limited to 1 hour to be equally divided in the usual form.

I further ask unanimous consent that no other amendments or motions be in order, other than motions to table, and following the disposition of the above described amendments and the use or yielding back of time, the Senate proceed to vote on passage of the bill, as amended, if amended, without intervening action or debate.

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

Mr. GRAMS. Mr. President, I ask unanimous consent that the two amendments described in the agreement be printed in the RECORD.

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

AMENDMENT NO.—

(Purpose: To amend title II of the Social Security Act to improve the annual report of the social security trustees, and for other purposes)

At the appropriate place, insert the following:

SEC. ___. SOCIAL SECURITY REPORTING IMPROVEMENTS.

(a) FINDINGS.—Congress makes the following findings:

(1) The Social Security Advisory Board, the Technical Panel on Assumptions and Methods of the Social Security Advisory Board (in this section referred to as the ''Panel''), and the Office of the Chief Actuary of the Social Security Administration should be commended for their professional, nonpartisan work to project the future financial operations of the social security program established under title II of the Social Security Act.

(2) The Panel reported its recommendations in November 1999.

(3) The Panel recommended a series of changes to current projections of the financial operations of the social security program which would, if adopted, increase existing estimates of the program's unfunded liabilities.

(4) The Panel further recommended the use of standards of comparison that emphasize program sustainability, such as showing the program's projected annual income rates, cost rates, and balances with an emphasis that is equal to 75-year program solvency.

(5) The Panel further recommended that reform proposals be evaluated using standards of comparison that include the proposal's impact on the Federal unified budget, as well as a recognition of the funding shortfalls present under current law.

(6) The Panel made several other recommendations that are worthy of consideration, involving issues that include, but are not limited to, workforce participation, poverty rates among the elderly, and assumptions regarding equity investment returns.

(7) Adoption of the Panel's recommendations would assist in developing a fiscally responsible reform solution that avoids passing hidden costs to future taxpayers.

(b) EXPANSION OF ANNUAL REPORT OF THE TRUSTEES OF THE SOCIAL SECURITY TRUST FUNDS AND OTHER REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Section 201(c) of the Social Security Act (42 U.S.C. 401(c)) is amended by inserting before the penultimate sentence the following: ''Such report also shall include the information described in subsection (n).''.

(2) ADDITIONAL CONTENTS OF BOARD OF TRUSTEES' REPORT.—Section 201 of the Social Security Act (42 U.S.C. 401) is amended by adding at the end the following:

''(n) For purposes of subsection (c), the information described in this subsection is the information (including changes to information that, as of the date of enactment of this subsection, is required to be included in the report required under subsection (c)), recommended in the November 1999 report of the Technical Panel on Assumptions and Methods of the Social Security Advisory Board under the headings 'Presentation Issues' and 'Methodology', that the Board of Trustees determines is practicable and appropriate to the purposes of such report. The presentational and informational recommendations referred to in the preceding sentence include, but are not limited to, the following:

''(1) Presenting measures of the long-term sustainability of the old-age, survivors, and disability insurance program established under this title with an emphasis equal to actuarial solvency, by highlighting the program's projected annual income rates, cost rates, and annual balances throughout the 75-year valuation window used by the Board of Trustees.

''(2) Presenting a clear and explicit projection of such program's unfunded liabilities.

''(3) Presenting benefit levels and tax rates throughout the long-range valuation period that reflect the estimates included in the report of the Board of Trustees of the Trust Funds regarding the percentage of benefits that can be funded under currently projected program revenues, and the percentage that taxes would need to be increased in order to fund promised benefits.''.

(3) ANNUAL REPORT FROM THE COMMISSIONER OF SOCIAL SECURITY.—Section 704 of the Social Security Act (42 U.S.C. 904) is amended by adding at the end the following new subsection:

''Annual Report to Congress

''(f) The Commissioner shall submit an annual report to Congress that includes the following:

''(1) An evaluation, determined in conjunction with the Secretary, the Secretary of the Treasury, and the Director of the Office of Management and Budget, on the effects upon national savings levels and on the fiscal operations of the Federal Government of enacted provisions of law relating to the Federal old-age, survivors, and disability insurance benefits program established under title II.

''(2) Estimates of average lifetime values of benefits for different age, income, and gender cohorts, respectively, for recipients of old-age, survivors, and disability insurance benefits under such program, that are consistent with the estimates of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and Federal Disability Insurance Trust Fund of the percentage of benefits that can be funded under such enacted provisions of law.''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to reports made for calendar years beginning after the date of enactment of this Act.

(c) SENSE OF CONGRESS REGARDING SOCIAL SECURITY REFORM LEGISLATION.—It is the sense of Congress that Congress and the President should not miss a critical opportunity to enact comprehensive bipartisan social security reform legislation that meets the standard of 75-year actuarial solvency and also addresses the following issues:

(1) The permanent sustainability of the social security program.

(2) The long-term impact of reform upon the fiscal operations of the Federal Government as a whole.

(3) The need for a clear and explicit presentation of the anticipated reduction in the social security program's unfunded liabilities.

(4) Ensured continued solvency under alternative assumptions regarding mortality, fertility, rates of return, and other appropriate economic and demographic assumptions.

(5) The total amount of retirement income provided under proposed reform in comparison to a standard that explicitly recognizes the benefit reductions or tax increases that enacted provisions of law relating to the social security program would require, according to the estimates in the most recent report of the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and Federal Disability Insurance Trust Fund.

(6) The long-term impact of the current projections of insolvency and of alternative reform proposals upon workforce participation, poverty among the elderly, national savings levels, and other issues identified by the Panel.

(d) SENSE OF CONGRESS REGARDING IMPLEMENTATION OF RECOMMENDATIONS.—It is the sense of Congress that the recommendations of the Panel should be implemented to the extent deemed reasonable by the Board of Trustees of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund, in consultation with the agencies and offices that have research, estimating, and reporting responsibilities pertinent to the social security program.

AMENDMENT NO.—

(Purpose: To redesignate the term for the age at which an individuals is eligible for old-age benefits)

At the end add the following:

SEC. ___. REDESIGNATION OF TERM FOR AGE AT WHICH AN INDIVIDUAL IS ELIGIBLE FOR OLD-AGE BENEFITS.

(a) IN GENERAL.—Title II of the Social Security Act (42 U.S.C. 401 et seq.) is amended—

(1) by striking ''retirement age'' each place it appears and inserting ''the age of eligibility for old-age benefits'';

(2) by striking ''early retirement age'' each place it appears and inserting ''the age of early eligibility for old-age benefits''; and

(3) by striking ''delayed retirement'' each place it appears and inserting ''delayed exercise of eligibility for old-age benefits''.

(b) CONFORMING AMENDMENT.—Section 202(q)(9) of the Social Security Act (42 U.S.C. 402(q)(9)) is amended by striking ''early retirement'' and inserting ''early eligibility for old-age benefits''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of enactment of this Act.

Mr. GRAMS. Mr. President, it is the leader's understanding that these are the amendments that will be offered on Tuesday, unless technical changes are required which would be cleared by the Finance chairman and ranking member.

GREEK INDEPENDENCE DAY: A NATIONAL DAY OF CELEBRATION OF GREEK AND AMERICAN DEMOCRACY

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 435, S. Res. 251.

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

The legislative clerk read as follows:

A resolution (S. Res. 251) designating March 25, 2000, as ''Greek Independence Day: A National Day of Celebration of Greek and American Democracy.''

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

Mr. GRAMS. 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 any statements relating to the resolution be printed in the RECORD.

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

The resolution (S. Res. 251) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 251

Whereas the ancient Greeks developed the concept of democracy, in which the supreme power to govern was invested in the people;

Whereas the Founding Fathers of the United States of America drew heavily upon the political experience and philosophy of ancient Greece in forming our representative democracy;

Whereas the founders of the modern Greek state modeled their government after that of the United States in an effort to best imitate their ancient democracy;

Whereas Greece is one of the only 3 nations in the world, beyond the former British Empire, that has been allied with the United States in every major international conflict this century;

Whereas the heroism displayed in the historic World War II Battle of Crete epitomized Greece's sacrifice for freedom and democracy as it presented the Axis land war with its first major setback and set off a chain of events which significantly affected the outcome of World War II;

Whereas President Clinton, during his visit to Greece on November 20, 1999, referred to modern day Greece as ''a beacon of democracy, a regional leader for stability, prosperity and freedom, helping to complete the democratic revolution that ancient Greece began'';

Whereas these and other ideals have forged a close bond between our 2 nations and their peoples;

Whereas March 25, 2000, marks the 179th anniversary of the beginning of the revolution which freed the Greek people from the Ottoman Empire; and

Whereas it is proper and desirable to celebrate with the Greek people and to reaffirm the democratic principles from which our 2 great nations were born: Now, therefore, be it

Resolved, That the Senate—

(1) designates March 25, 2000, as ''Greek Independence Day: A National Day of Celebration of Greek and American Democracy''; and

(2) requests the President to issue a proclamation calling upon the people of the United States to observe the day with appropriate ceremonies and activities.

NATIONAL GIRL SCOUT WEEK

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of Senate Resolution 273, submitted earlier by Senator HUTCHISON of Texas.

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

The legislative clerk read as follows:

A resolution (S. Res. 273) designating the week beginning March 11, 2000, as ''National Girl Scout Week.''

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

Mrs. HUTCHISON. Mr. President, this year commemorates the 88th anniversary of the founding of this outstanding organization and designates the week of March 11, 2000 as National Girl Scout week. I am joined in supporting this resolution by Senator MIKULSKI and Senator HATCH.

On March 16, 1950, the Girl Scouts of the United States of America became the first national organization for girls to be granted a Federal charter by Congress.

The Girl Scout Organization has long been dedicated to inspiring girls and young women with the highest ideals of character, conduct, and service to others to that they may become model citizens in their communities. It is not easy growing up, particularly in today's society. The Girl Scouts is one organization that has consistently guided young women in their formative years.

For 88 years, the Girl Scout movement has provided valuable leadership skills for countless girls and young women across the nation. Today, overall membership in the Girl Scouts is the highest it has been in 26 years, with 2.7 million girls and over 850,000 adult volunteers. I am proud to say that I, too, was a Girl Scout.

I am pleased to be joined by Senator MIKULSKI in support of this legislation which designates the week beginning March 11, 2000, as ''National Girl Scout Week.'' I ask our colleagues to join us.

Mr. GRAMS. Mr. President, I proudly rise today to pay tribute to the Girl Scouts of the U.S.A. on the occasion of the 88th anniversary of its founding. To honor an organization that gives back so much to our communities, Congress has established March 12–18 as National Girl Scout Week.

Created in 1912 by Juliette Gordon Law, the first Girl Scout group consisted of only 18 girls. Since then, the Girl Scouts have evolved into the largest voluntary organization for girls in the world. Nearly 3.5 million active members strive toward excellence in character, conduct, patriotism and service—attributes that are vital to a young person's development. The Girl Scouts have given direction to over 40 million American women throughout its rich 86-year history.

Girl Scouting empowers young women from every background with the tools they will need to be the outstanding leaders of the future. For example, we all know about those famous Girl Scout cookies. I have certainly enjoyed my fair share. Through their annual cookie sales, girls learn valuable life lessons in goal setting, money management, and community involvement.

Of course, there is much more to scouting than the sale of cookies, such as the organization's long tradition of serving others without the expectation of reward. Girls are encouraged to incorporate service into their lives, whether it takes the form of common, everyday acts around the house or community service work outside the home. Instilled with compassion for others, Girl Scouts head into the world as caring, valuable members of society.

Additionally, I take this opportunity to commend the 850,000 adult volunteers who serve as leaders for the Girl Scouts. Their devotion to providing opportunities for girls to meet their potential is unparalleled. In my home state of Minnesota, nearly 20,000 volunteers devote their time and energy to over 60,000 Girl Scouts. Clearly, without these dedicated volunteers, the Girl Scouts would not provide the effective leadership it offers today.

For 88 years, the members and adult volunteers of the Girl Scouts of the U.S.A. have worked tirelessly for the betterment of this nation. I congratulate them on their achievements and wish for them a prosperous future as the Girl Scouts continue to nurture the lives of America's young women.

Mr. GRAMS. 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 any statements relating to the resolution be printed in the RECORD.

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

The resolution (S. Res. 273) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 273

Whereas March 12, 2000, is the 88th anniversary of the founding of the Girl Scouts of the United States of America;

Whereas on March 16, 1950, the Girl Scouts of the United States of America became the first national organization for girls to be granted a Federal charter by Congress;

Whereas through annual reports required to be submitted to Congress by its charter, the Girl Scouts of the United States of America regularly informs Congress of its progress and program initiatives;

Whereas the Girl Scouts of the United States of America is dedicated to inspiring girls and young women with the highest ideals of character, conduct, and service to others so that they may become model citizens in their communities;

Whereas the Girl Scouts of the United States of America offers girls aged 5 through 17 a variety of opportunities to develop strong values and life skills and provides a wide range of activities to meet girls' interests and needs;

Whereas the Girl Scouts of the United States of America has a membership of nearly 3,000,000 girls and over 900,000 adult volunteers, and is one of the preeminent organizations in the United States committed to girls growing strong in mind, body, and spirit; and

Whereas by fostering in girls and young women the qualities on which the strength of the United States depends, the Girl Scouts of the United States of America, for 88 years, has significantly contributed to the advancement of the United States: Now, therefore, be it

Resolved, That the Senate—

(1) designates the week beginning March 11, 2000, as ''National Girl Scout Week''; and

(2) requests the President to issue a proclamation designating the week beginning March 11, 2000, as ''National Girl Scout Week'' and calling on the people of the United States to observe the day with appropriate ceremonies and activities.

RESOLUTION INDEFINITELY POSTPONED—S. RES. 270

Mr. GRAMS. Mr. President, I ask unanimous consent that Senate Resolution 270 be indefinitely postponed.

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

NATIONAL FISH AND WILDLIFE FOUNDATION ESTABLISHMENT ACT AMENDMENTS

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 440, S. 1653.

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

The legislative clerk read as follows:

A bill (S. 1653) to reauthorize and amend the National Fish and Wildlife Foundation Establishment Act.

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

Mr. SMITH of New Hampshire. Mr. President, I am pleased that the Senate today has unanimously passed S. 1653, a bill to reauthorize and amend the National Fish and Wildlife Foundation. The Committee on Environment and Public Works, which I chair, reported this bill, again unanimously, last month. At that time, I noted how important it was to get the local communities and businesses involved in protecting the environment.

The Foundation was created in 1984 because Congress saw the need to create a private, nonprofit organization that could build public-private partnerships and consensus, where previously there had only been acrimony and, many times, contentious litigation. It was also envisioned that the Foundation would serve as an important tool in our effort to make a difference on the ground in communities throughout the United States. In its 16 years of existence the Foundation has more than lived up to our original expectations.

We have long known that the Federal government does not have all the financial resources necessary to solve the numerous environmental problems that exist in our country. We also know that local communities care and know more about their natural environment than the agencies in Washington, D.C. More often than not local communities recognize problems before they become environmental disasters that require significant amounts of money to resolve, if they can even be resolved. In order to ensure that the funds are available to local communities the Foundation has established something called ''challenge grants.''

''Challenge grants'' are a mixture of federal and non-federal funds directed to on-the-ground conservation projects. They are called ''challenge grants'' because any grant awarded is expected to be matched by non-federal dollars. During this time of fiscal constraint, it is important to use all available resources to help us protect the environment. Local communities, states, individuals, nonprofit organizations and businesses can apply to the Foundation for a ''challenge grant'' for a specific project in one of five major areas: conservation education, wetlands and private lands, neotropical bird conservation, fisheries conservation and management, and wildlife and habitat management.

Since 1984, the Foundation has raised over $305 million in private donations using $135 million in Federal funds as leverage. Last year alone, they raised more than $50 million using $17 million of federal seed money. With these funds, the Foundation has financed more than 3,500 conservation projects throughout the United States and in 35 other countries. This is an extremely impressive record. Moreover, all of the Foundation's operating costs are covered by private donations, which means that federal and private dollars given for conservation are spent only on conservation.

The Foundation's 1999 annual report was just released, and I encourage all my colleagues to take a look at the number of partnerships that the Foundation has forged with, and the range of innovative projects that they have spearheaded. The organizations that the Foundation works with are a virtual who's who in the business world. Let me take a few minutes to discuss some of the projects they are currently working on.

The Foundation has pioneered some notable conservation programs, including implementing the North American Waterfowl Management plan, Partners in Flight for neotropical birds, Bring Back the Natives Program, the Exxon Save the Tiger Fund, and the establishment of the Conservation Plan for Sterling Forest in New York and New Jersey, to name a few.

The Shell Oil Company has pledged $5 million to the Foundation over the next five years to create the Shell Marine Habitat Program, a matching grant program. The Shell Marine Habitat Program supports problem-solving habitat restoration projects, practical research, education programs and innovative partnerships to preserve the Gulf of Mexico and Gulf coast marine environments. Funding is focused on efforts to reduce hypoxia and red and brown tides, and to protect barrier islands, coral reefs and other marine habitats. Last year alone $3.4 million were spent on these efforts, $3.15 million of which was from Shell and other private donors. More importantly, this project is receiving a significant amount of local support. A day-long effort last year to restore saltmarsh habitat had over 1,500 volunteers who planted 57,000 plants. It is these kinds of efforts that will make a significant difference to the health of the Gulf of Mexico.

Another fine example is the Budweiser Outdoor Programs. For six weeks last fall, a percentage of all bottles and cans of Budweiser sold was allocated for conservation purposes. The Foundation partnership with Budweiser resulted in more than a quarter of a million dollars that will help conserve vital elk and deer habitat, enhance wetlands and sustain

healthy upland game bird populations in the Rocky Mountains.

In New Hampshire the Foundation worked closely with local organizations to purchase a 60-acre conservation easement along the entire shoreline of Clarksville Pond. Clarksville Pond is a beautiful area located in the heart of the Northern Forest. The owners of this land own a small campground that they needed to make some improvements which they could not afford. The sale of a permanent public access conservation easement was one way the property owners could raise the necessary funds without selling their land, and losing their livelihood. This is a win-win situation for everyone involved. The property owners were able to keep their land, the public was granted permanent access to the pond, and this beautiful area will remain undeveloped.

As I said, the National Fish and Wildlife Foundation has more than fulfilled the hopes of its original sponsors. It has helped to bring cooperative solutions to some difficult natural resource issues and is becoming widely recognized for its innovative approach to solving environmental problems. I strongly support the Foundation's work and want it to continue its important conservation efforts.

Mr. President, this legislation is quite simple. It makes three key changes to current law. First, the bill would expand the Foundation's governing Board of Directors from 15 members to 25 members. This will allow a greater number of individuals with a strong interest in conservation to actively participate in, and contribute to, the Foundation's activities.

The bill's second key feature would expand the Foundation's jurisdiction. Currently, the Foundation is only authorized to work with the Fish and Wildlife Service and the National Oceanic and Atmospheric Administration. S. 1653 would authorize them to work with all agencies within the Department of the Interior and the Department of Commerce. Mr. President, it is my view that the Foundation has an excellent track record, and all the agencies within the Departments of the Interior and Commerce should benefit from their knowledge and experience.

Finally, the bill would reauthorize appropriations to the Department of the Interior and the Department of Commerce through 2004.

Mr. President, last year this bill passed the Senate by unanimous consent, but unfortunately the House was unable to duplicate our efforts. I believe that this legislation will produce real conservation benefits and I thank my colleagues for once again giving the bill their support.

Mr. BAUCUS. Mr. President, I rise to strongly support the passage of S. 1653, the National Fish and Wildlife Foundation Establishment Act Amendments, a bipartisan bill that will encourage cooperative approaches to wildlife conservation.

By way of background, in 1984, with broad bipartisan support, Congress created the National Fish and Wildlife Foundation, a nonprofit corporation with the mission of conserving our nation's fish, wildlife, plant, and other natural resources.

Over the past 15 years, the Foundation has established a solid track record. It has achieved on-the-ground results. it has also stretched federal dollars and built public-private partnerships essential to conservation efforts. All told, the Foundation has provided more than 3,500 grants to over 940 private local organizations, state and country governments, tribes, federal and interstate agencies, and colleges and universities in all 50 states.

By requiring grantees to match Foundation grants with non-federal funds, the $135 million in federal funds invested by the Foundation have been leveraged to deliver more than $440 million to natural resource conservation efforts. Significantly, these funds are used to help build public-private partnerships among individual landowners, government and tribal agencies, conservation organizations, and business. The result is the development of consensus, locally-driven solutions to the challenges involved in protecting and managing fish, wildlife, plants, and other natural resources.

In my home state of Montana, where fishing, hunting, and the enjoyment of our natural resources are deeply ingrained into our way of life, the Foundation has made important contributions to conservation efforts. These contributions include supporting environmental education, habitat restoration and protection, resource management, and the development of conservation policy.

In 2000, the Foundation will support nine important projects in Montana, for a total $821,700. These projects include restoring arctic grayling within their historic range in the upper Missouri River basin; improving trout passage through the Milltown Dam to assist fluvial westslope cutthroat and bull trout moving upstream to spawn; supporting the Interagency Grizzly Bear Committee; supporting a comprehensive K thru 12 environmental education program for 300 Bitterroot Valley students; and partnerships with private landowners to conserve Montana's shortgrass prairie habitat and the bird species it supports.

Let me describe one of these efforts in a little more detail. In Northwest Montana, westslope cutthroat and bull trout have declined throughout their historic range over the last 100 years, in part because of barriers that limit their spawning migrations.

To address this problem, the Montana Department of Fish, Wildlife and Parks, working with the Blackfoot Chapter of Trout Unlimited will capture, tag, and transport mature westslope cutthroat and bull trout around Milltown Dam near Missoula and release them upstream of the dam so the fish can continue their spawning migration in the upper Clark Fork watershed (including the Blackfork River and its tributaries, and the Rock Creek drainage). Radio transmitters will be implanted in the fish to monitor their spawning sites and success.

This is just one example. Over the years, the Foundation has funded 187 projects and delivered a total of almost $13 million to conservation projects in Montana.

Mr. President, even with these accomplishments, the need to conserve the nation's natural resources remains. Today, in too many areas of the country, the health and sustainability of fish, wildlife, and plants, and the habitats on which they depend, are threatened. Bitter disputes continue to arise among interests when solutions to difficult natural resource problems are sought. Tight budgets often severely limit the ability of governments and private entities to adequately address conservation challenges. Because of all these factors, the Foundation, which promotes conservation by building partnerships and consensus, is as important today as it was in 1984.

The bill we are considering, the National Fish and Wildlife Foundation Establishment Act Amendments, will increase the Foundation's ability to carry out its mission. First and foremost, the legislation authorizes federal appropriations through 2004 to support the Foundation's work. The legislation also strengthens the Foundation by increasing the size of its board of directors and allowing board members to be removed for nonperformance. Finally, the bill broadens the Foundation's authority by allowing it to work with all agencies within the Departments of Interior and Commerce.

The legislation is nearly identical to legislation the Senate passed last year.

Mr. President, the National Fish and Wildlife Foundation has provided valuable assistance to this nation's natural resource conservation efforts over the past 15 years. If the legislation we are considering today is enacted, I have no doubt that the Foundation will continue its solid record of accomplishment. I urge my colleagues to support this important legislation.

Mr. GRAMS. 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 any statements relating to the bill be printed in the RECORD.

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

The bill (S. 1653) was read a third time and passed, as follows:

S. 1653

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 Fish and Wildlife Foundation Establishment Act Amendments of 1999''.

SEC. 2. PURPOSES.

Section 2(b) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701(b)) is amended by striking paragraph (1) and inserting the following:

''(1) to encourage, accept, and administer private gifts of property for the benefit of, or in connection with, the activities and services of the Department of the Interior and the Department of Commerce to further the conservation and management of fish, wildlife, plants, and other natural resources;''.

SEC. 3. BOARD OF DIRECTORS OF THE FOUNDATION.

(a) ESTABLISHMENT AND MEMBERSHIP.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (a) and inserting the following:

''(a) ESTABLISHMENT AND MEMBERSHIP.—

''(1) IN GENERAL.—The Foundation shall have a governing Board of Directors (referred to in this Act as the 'Board'), which shall consist of 25 Directors appointed in accordance with subsection (b), each of whom shall be a United States citizen.

''(2) REPRESENTATION OF DIVERSE POINTS OF VIEW.—To the maximum extent practicable, the membership of the Board shall represent diverse points of view relating to conservation and management of fish, wildlife, plants, and other natural resources.

''(3) NOT FEDERAL EMPLOYEES.—Appointment as a Director of the Foundation shall not constitute employment by, or the holding of an office of, the United States for the purpose of any Federal law.''.

(b) APPOINTMENT AND TERMS.—Section 3 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3702) is amended by striking subsection (b) and inserting the following:

''(b) APPOINTMENT AND TERMS.—

''(1) AGENCY HEADS.—The Director of the United States Fish and Wildlife Service and the Under Secretary of Commerce for Oceans and Atmosphere shall be Directors of the Foundation.

''(2) APPOINTMENTS BY THE SECRETARY OF THE INTERIOR.—

''(A) IN GENERAL.—Subject to subparagraph (B), after consulting with the Secretary of Commerce and considering the recommendations submitted by the Board, the Secretary of the Interior shall appoint 23 Directors who meet the criteria established by subsection (a), of whom—

''(i) at least 6 shall be educated or experienced in fish, wildlife, or other natural resource conservation;

''(ii) at least 4 shall be educated or experienced in the principles of fish, wildlife, or other natural resource management; and

''(iii) at least 4 shall be educated or experienced in ocean and coastal resource conservation.

''(B) TRANSITION PROVISION.—

''(i) CONTINUATION OF TERMS.—The 15 Directors serving on the Board as of the date of enactment of this paragraph shall continue to serve until the expiration of their terms.

''(ii) NEW DIRECTORS.—The Secretary of the Interior shall appoint 8 new Directors. To the maximum extent practicable, those appointments shall be made not later than 45 calendar days after the date of enactment of this paragraph.

''(3) TERMS.—

''(A) IN GENERAL.—Subject to subparagraph (B), each Director (other than a Director described in paragraph (1)) shall be appointed for a term of 6 years.

''(B) INITIAL APPOINTMENTS TO NEW MEMBER POSITIONS.—Of the Directors appointed by the Secretary of the Interior under paragraph (2)(B)(ii), the Secretary shall appoint—

''(i) 2 Directors for a term of 2 years;

''(ii) 3 Directors for a term of 4 years; and

''(iii) 3 Directors for a term of 6 years.

''(4) VACANCIES.—

''(A) IN GENERAL.—The Secretary of the Interior shall fill a vacancy on the Board. To the maximum extent practicable, a vacancy shall be filled not later than 45 calendar days after the occurrence of the vacancy.

''(B) TERM OF APPOINTMENTS TO FILL UNEXPIRED TERMS.—An individual appointed to fill a vacancy that occurs before the expiration of the term of a Director shall be appointed for the remainder of the term.

''(5) REAPPOINTMENT.—An individual (other than an individual described in paragraph (1)) shall not serve more than 2 consecutive terms as a Director, excluding any term of less than 6 years.

''(6) REQUEST FOR REMOVAL.—The Executive Committee of the Board may submit to the Secretary a letter describing the nonperformance of a Director and requesting the removal of the Director from the Board.

''(7) CONSULTATION BEFORE REMOVAL.—Before removing any Director from the Board, the Secretary shall consult with the Secretary of Commerce.''.

(c) TECHNICAL AMENDMENTS.—

(1) Section 4(c)(5) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)(5)) is amended by striking ''Directors of the Board'' and inserting ''Directors of the Foundation''.

(2) Section 6 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3705) is amended—

(A) by striking ''Secretary'' and inserting ''Secretary of the Interior or the Secretary of Commerce''; and

(B) by inserting ''or the Department of Commerce'' after ''Department of the Interior''.

SEC. 4. RIGHTS AND OBLIGATIONS OF THE FOUNDATION.

(a) PRINCIPAL OFFICE OF THE FOUNDATION.—Section 4(a)(3) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(a)(3)) is amended by inserting after ''the District of Columbia'' the following: ''or in a county in the State of Maryland or Virginia that borders on the District of Columbia''.

(b) INVESTMENT AND DEPOSIT OF FEDERAL FUNDS.—Section 4(c) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(c)) is amended—

(1) by redesignating paragraphs (3) through (7) as paragraphs (7) through (11), respectively; and

(2) by inserting after paragraph (2) the following:

''(3) to invest any funds provided to the Foundation by the Federal Government in obligations of the United States or in obligations or securities that are guaranteed or insured by the United States;

''(4) to deposit any funds provided to the Foundation by the Federal Government into accounts that are insured by an agency or instrumentality of the United States;

''(5) to make use of any interest or investment income that accrues as a consequence of actions taken under paragraph (3) or (4) to carry out the purposes of the Foundation;

''(6) to use Federal funds to make payments under cooperative agreements entered into with willing private landowners to provide substantial long-term benefits for the restoration or enhancement of fish, wildlife, plants, and other natural resources on private land;''.

(c) AGENCY APPROVAL OF ACQUISITIONS OF PROPERTY.—Section 4(e)(1) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)(1)) is amended by striking subparagraph (B) and inserting the following:

''(B) the Foundation notifies the Federal agency that administers the program under which the funds were provided of the proposed acquisition, and the agency does not object in writing to the proposed acquisition within 60 calendar days after the date of the notification.''.

(d) REPEAL.—Section 304 of Public Law 102–440 (16 U.S.C. 3703 note) is repealed.

(e) AGENCY APPROVAL OF CONVEYANCES AND GRANTS.—Section 4(e)(3)(B) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)(3)(B)) is amended by striking clause (ii) and inserting the following:

''(ii) the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided of the proposed conveyance or provision of Federal funds, and the agency does not object in writing to the proposed conveyance or provision of Federal funds within 60 calendar days after the date of the notification.''.

(f) RECONVEYANCE OF REAL PROPERTY.—Section 4(e) of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703(e)) is amended by striking paragraph (5) and inserting the following:

''(5) RECONVEYANCE OF REAL PROPERTY.—The Foundation shall convey at not less than fair market value any real property acquired by the Foundation in whole or in part with Federal funds if the Foundation notifies the Federal agency that administers the Federal program under which the funds were provided, and the agency does not disagree within 60 calendar days after the date of the notification, that—

''(A) the property is no longer valuable for the purpose of conservation or management of fish, wildlife, plants, and other natural resources; and

''(B) the purposes of the Foundation would be better served by use of the proceeds of the conveyance for other authorized activities of the Foundation.''.

(g) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—Section 4 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3703) is amended by adding at the end the following:

''(h) EXPENDITURES FOR PRINTING SERVICES OR CAPITAL EQUIPMENT.—The Foundation shall not make any expenditure of Federal funds in connection with any 1 transaction for printing services or capital equipment that is greater than $10,000 unless the expenditure is approved by the Federal agency that administers the Federal program under which the funds were provided.''.

SEC. 5. FUNDING.

Section 10 of the National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3709) is amended to read as follows:

''SEC. 10. FUNDING.

''(a) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated to carry out this Act for each of fiscal years 2000 through 2004—

''(A) $30,000,000 to the Department of the Interior; and

''(B) $10,000,000 to the Department of Commerce.

''(2) REQUIREMENT OF ADVANCE PAYMENT.—The amount made available for a fiscal year under paragraph (1) shall be provided to the Foundation in an advance payment of the entire amount on October 1, or as soon as practicable thereafter, of the fiscal year.

''(3) USE OF APPROPRIATED FUNDS.—Subject to paragraph (4), amounts made available under paragraph (1) shall be provided to the Foundation for use for matching, on a 1-to-1 basis, contributions (whether in currency, services, or property) made to the Foundation by private persons and State and local government agencies.

''(4) PROHIBITION ON USE FOR ADMINISTRATIVE EXPENSES.—No Federal funds made available under paragraph (1) shall be used by the Foundation for administrative expenses of the Foundation, including for salaries, travel and transportation expenses, and other overhead expenses.

''(b) ADDITIONAL AUTHORIZATION.—

''(1) IN GENERAL.—In addition to the amounts authorized to be appropriated under subsection (a), the Foundation may accept Federal funds from a Federal agency under any other Federal law for use by the Foundation to further the conservation and management of fish, wildlife, plants, and other natural resources in accordance with the requirements of this Act.

''(2) USE OF FUNDS ACCEPTED FROM FEDERAL AGENCIES.—Federal funds provided to the Foundation under paragraph (1) shall be used by the Foundation for matching, in whole or in part, contributions (whether in currency, services, or property) made to the Foundation by private persons and State and local government agencies.

''(c) PROHIBITION ON USE OF GRANT AMOUNTS FOR LITIGATION AND LOBBYING EXPENSES.—Amounts provided as a grant by the Foundation shall not be used for—

''(1) any expense related to litigation; or

''(2) any activity the purpose of which is to influence legislation pending before Congress.''.

SEC. 6. LIMITATION ON AUTHORITY.

The National Fish and Wildlife Foundation Establishment Act (16 U.S.C. 3701 et seq.) is amended by adding at the end the following:

''SEC. 11. LIMITATION ON AUTHORITY.

''Nothing in this Act authorizes the Foundation to perform any function the authority for which is provided to the National Park Foundation by Public Law 90–209 (16 U.S.C. 19e et seq.).''.

NATIONAL SAFE PLACE WEEK

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of Calendar No. 447, Senate Resolution No. 258.

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

The legislative clerk read as follows:

A resolution (S. Res. 258) designating the week beginning March 12, 2000, as ''National Safe Place Week.''

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

Mr. GRAMS. 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 any statements relating to this resolution be printed in the RECORD.

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

The resolution (S. Res. 258) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 258

Whereas today's youth are vital to the preservation of our country and will be the future bearers of the bright torch of democracy;

Whereas youth need a safe haven from various negative influences such as child abuse, substance abuse and crime, and they need to have resources readily available to assist them when faced with circumstances that compromise their safety;

Whereas the United States needs increased members of community volunteers acting as positive influences on the Nation's youth;

Whereas the Safe Place program is committed to protecting our Nation's most valuable asset, our youth, by offering short term ''safe places'' at neighborhood locations where trained volunteers are available to counsel and advise youth seeking assistance and guidance;

Whereas Safe Place combines the efforts of the private sector and non-profit organizations uniting to reach youth in the early stages of crisis;

Whereas Safe Place provides a direct means to assist programs in meeting performance standards relative to outreach/community relations, as set forth in the Federal Runaway and Homeless Youth Act guidelines;

Whereas the Safe Place placard displayed at businesses within communities stands as a beacon of safety and refuge to at-risk youth;

Whereas over 300 communities in 33 States and more than 6,800 business locations have established Safe Place programs;

Whereas over 35,000 young people have gone to Safe Place locations to get help when faced with crisis situations;

Whereas through the efforts of Safe Place coordinators across the country each year more than one-half million students learn that Safe Place is a resource if abusive or neglectful situations exist; and

Whereas increased awareness of the program's existence will encourage communities to establish Safe Places for the Nation's youth throughout the country: Now, therefore, be it

Resolved, That the Senate—

(1) proclaims the week of March 12 through March 18, 2000, as ''National Safe Place Week''; and

(2) requests that the President issue a proclamation calling upon the people of the United States and interested groups to promote awareness of and volunteer involvement in the Safe Place programs, and to observe the week with appropriate ceremonies and activities.

TIBETAN DAY OF COMMEMORATION

Mr. GRAMS. Mr. President, I ask unanimous consent that the Judiciary Committee be discharged from further consideration of Senate Resolution 60 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 legislative clerk read as follows:

A resolution (S. Res. 60) recognizing the plight of the Tibetan people on the 40th anniversary of Tibet's attempt to restore its independence and calling for serious negotiations between China and the Dalai Lama to achieve a peaceful solution to the situation in Tibet.

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

Mr. MACK. Mr. President, S. Res. 60, makes March 10, 2000 the Tibetan Day of Commemoration. This marks the forty-first anniversary of the 1959 Lhasa uprising over the course of which over 87,000 Tibetans were killed, arrested, or deported to labor camps by the People's Liberation Army. So tomorrow, we honor the memory of the more than 87,000 Tibetans who struggled for the preservation of Tibet. We also honor the 6 million Tibetans today who keep alive the hope of freedom in Tibet and the tens of thousands of exiles who hope to return home.

The Dalai Lama of Tibet has issued a statement for this anniversary which I would ask unanimous consent appear in the record immediately following my remarks. My distinguished colleague from California, Senator FEINSTEIN, has also issued a statement in favor of this resolution and commemorating the 41st anniversary of the Lhasa uprising.

From 1949, when the new communist government in Beijing sent an army to invade Tibet, through to the present, Tibet has been a victim of PLA tyranny, oppression, and cultural genocide. Unfortunately, there has been no respite from persecution over the past year and Tibetans in the world today are facing the very real and unfortunate threat of seeing their homeland and culture obliterated. According to the most recent State Department Report on Human Rights, ''Chinese government authorities continued to commit serious human rights abuses in Tibet, including instances of torture, arbitrary arrest, detention without public trial, and lengthy detention of Tibetan nationalists for peacefully expressing their political or religious views.'' Things continue to get worse in Tibet, and this resolution recognizes their ongoing struggle with the PRC.

President Clinton has demonstrated an interest in Tibet and has spoken to President Jiang Zemin both privately and publicly, urging him to begin serious negotiations with the Dalai Lama. I urge President Clinton in the final months of his administration to match his rhetoric with actions and do what he can to get negotiations started between the Dalai Lama and the People's Republic of China.

I am pleased that we have acted today to formally recognize the continual denial of basic rights to the people of Tibet and to encourage a peaceful resolution between China and the

Dalai Lama, or his representatives, as an entire body. We can agree unanimously and in a bipartisan manner that there should be a peaceful resolution to this situation and that this Senate can stand united in our support for the Tibetan people, the preservation of their culture, and the right for them to negotiate peacefully for an end to over 50 years of brutal rule by the PRC.

Mr. President, I ask unanimous consent that a statement of the Dalai Lama be printed in the RECORD.

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

STATEMENT OF HIS HOLINESS THE DALAI LAMA ON THE OCCASION OF THE 41ST ANNIVERSARY OF THE TIBETAN NATIONAL UPRISING MARCH 10, 2000

My sincere greetings to my fellow countrymen in Tibet as well as in exile and to our friends and supporters all over the world on the occasion of the 41st anniversary of the Tibetan National Uprising Day of 1959.

We are at the beginning of the 21st century. If we look at the events that took place in the 20th century mankind made tremendous progress in improving our material well-being. At the same time, there was massive destruction, both in terms of human lives and physical structures as peoples and nations sought recourse to confrontation instead of dialogue to resolve bilateral and multilateral problems. The 20th century was therefore in a way a century of war and bloodshed. I believe that we have learned valuable lessons through these experiences. It is clear that any solution resulting from violence or confrontation is not lasting. I firmly believe that it is only through peaceful means that we can develop better understanding between ourselves. We must make this new century a century of peace and dialogue.

We commemorate this March 10th anniversary at a time when the state of affairs of our freedom struggle is complex and multifarious, yet the spirit of resistance of our people inside Tibet continues to increase. It is also encouraging to note that worldwide support for our cause is increasing. Unfortunately, on the part of Beijing there is an evident lack of political will and courage to address the issue of Tibet sensibly and pragmatically through dialogue.

Right from the beginning, ever since the time of our exile, we have believed in hoping for the best but preparing for the worst. In this same spirit, we have tried our best to reach out to the Chinese government to bring about a process of dialogue and reconciliation for many years. We have also been building bridges with our overseas Chinese brothers and sisters, including those in Taiwan, and to enhance significantly mutual understanding, respect and solidarity. At the same time we have continued with our work of strengthening the base of our exiled community by creating awareness about the true nature of the Tibetan struggle, preserving Tibetan values, promoting nonviolence, augmenting democracy and expanding the network of our supporters throughout the world.

It is with great sadness I report that the human rights situation in Tibet today has taken a critical turn in recent years. The ''strike hard'' and ''patriotic re-education'' campaigns against Tibetan religion and patriotism have intensified with each passing year. In some spheres of life we are witnessing the return of an atmosphere of intimidation, coercion and fear, reminiscent of the days of the Cultural Revolution. In 1999 alone there have been six known cases of deaths resulting from torture and abuse. Authorities have expelled a total of 1,432 monks and nuns from their monasteries and nunneries for refusing to either oppose Tibetan freedom or to denounce me. There are 615 known and documented Tibetan political prisoners in Tibet. Since 1996, a total of 11,409 monks and nuns have been expelled from their places of worship and study. It is obvious that there has been little change with regard to China's ruthless political objective in Tibet since the early sixties when the late Panchen Lama, who personally witnessed Communist China's occupation of Tibet from the 50s to the beginning of the 60s, wrote his famous 70,000 character petition. Even today the present young reincarnate Panchen Lama is under virtual house arrest, making him the youngest political prisoner in the world. I am deeply concerned about this.

The most alarming trend in Tibet is the flood of Chinese settlers who continue to come to Tibet to take advantage of Tibet's opening to market capitalism. This along with the widespread disease of prostitution, gambling and karaoke bars, which the authorities quietly encourage, is undermining the traditional social norms and moral values of the Tibetan people. These, more than brute force, are successful in reducing the Tibetans to a minority in their own country and alienating them from their traditional beliefs and values.

This sad state of affairs in Tibet does nothing to alleviate the suffering of the Tibetan people or to bring stability and unity to the People's Republic of China. If China is seriously concerned about unity, she must make honest efforts to win over the hearts of the Tibetans and not attempt to impose her will on them. It is the responsibility of those in power, who rule and govern, to ensure that policies towards all its ethnic groups are based on equality and justice in order to prevent separation. Though lies and falsehood may deceive people temporarily and the use of force may control human beings physically, it is only through proper understanding, fairness and mutual respect that human beings can be genuinely convinced and satisfied.

The Chinese authorities see the distinct culture and religion of Tibet as the principal cause for separation. Accordingly, there is an attempt to destroy the integral core of the Tibetan civilization and identity. New measures of restrictions in the fields of culture, religion and education coupled with the unabated influx of Chinese immigrants to Tibet amount to a policy of cultural genocide.

It is true that the root cause of the Tibetan resistance and freedom struggle lies in Tibet's long history, its distinct and ancient culture, and its unique identity. The Tibetan issue is much more complex and deeper than the simple official version Beijing upholds. History is history and no one can change the past. One cannot simply retain what one wants and abandon what one does not want. It is best left to historians and legal experts to study the case objectively and make their own judgements. In matters of history political decisions are not necessary. I am therefore looking towards the future.

Because of lack of understanding, appreciation and respect for Tibet's distinct culture, history and identity China's Tibet policies have been consistently misguided. In occupied Tibet there is little room for truth. The use of force and coercion as the principal means to rule and administer Tibet compel Tibetans to lie out of fear and local officials to hide the truth and create false facts in order to suit and to please Beijing and its stewards in Tibet. As a result China's treatment of Tibet continues to evade the realities in Tibet. This approach is shortsighted and counter-productive. These policies are narrow-minded and reveal the ugly face of racial and cultural arrogance and a deep sense of political insecurity. The development concerning the flights of Agya Rinpoche, the Abbot of Kumbum Monastery, and more recently Karmapa Rinpoche are cases in point. However, the time has passed when in the name of national sovereignty and integrity a state can continue to apply such ruthless policies with impunity and escape international condemnation. Moreover, the Chinese people themselves will deeply regret the destruction of Tibet's ancient and rich cultural heritage. I sincerely believe that our rich culture and spirituality not only can benefit millions of Chinese but can also enrich China itself.

It is unfortunate that some leaders of the People's Republic of China seem to be hoping for the Tibetan issue to disappear with the passage of time. Such thinking on the part of the Chinese leaders is to repeat the miscalculations made in the past. Certainly, no Chinese leader would have thought back in 1949/50 and then in 1959 that in 2000 China would still be grappling with the issue of Tibet. The old generation of Tibetans has gone, a second and a third generation of Tibetans have emerged. Irrespective of the passage of time the freedom struggle of the Tibetan people continues with undiminished determination. It is clear that this is not a struggle for the cause of one man nor is it that of one generation of Tibetans. It is therefore obvious that generations of Tibetans to come will continue to cherish, honor and commit themselves to this freedom struggle. Sooner or later, the Chinese leadership will have to face this fact.

The Chinese leaders refuse to believe that I am not seeking separation but genuine autonomy for the Tibetans. They are quite openly accusing me of lying. They are free to come and visit our communities in exile to find out the truth for themselves.

It has been my consistent endeavor to find a peaceful and mutually acceptable solution to the Tibetan problem. My approach envisages that Tibet enjoy genuine autonomy within the framework of the People's Republic of China. Such a mutually beneficial solution would contribute to the stability and unity of China—their two topmost priorities—while at the same time the Tibetans would be ensured of the basic right to preserve their own civilization and to protect the delicate environment of the Tibetan plateau.

In the absence of any positive response from the Chinese government to my overtures over the years, I am left with no alternative but to appeal to the members of the international community. It is clear now that only increased and concerted international efforts will persuade Beijing to change its policy on Tibet. In spite of immediate negative reactions from the Chinese side, I strongly believe that such expressions of international concern and support are essential for creating an environment conducive for the peaceful resolution of the Tibetan problem. On my part, I remain committed to the process of dialogue. It is my

firm belief that dialogue and a willingness to look with honesty and clarity at the reality of Tibet can lead us to a viable solution.

I would like to take this opportunity to thank the numerous individuals, governments, members of parliaments, non-governmental organizations and various religious orders for their support. The sympathy and support shown to our cause by a growing number of well-informed Chinese brothers and sisters is of special significance and a great encouragement to us Tibetans. I also wish to convey my greetings and express my deep sense of appreciation to our supporters all over the world who are commemorating this anniversary today. Above all I would like to express on behalf of the Tibetans our gratitude to the people and the Government of India for their unsurpassed generosity and support during these past forty years of our exile.

With my homage to the brave men and women of Tibet who have died for the cause of our freedom, I pray for an early end to the sufferings of our people.

Mr. GRAMS. Mr. President, I ask unanimous consent that an amendment at the desk to the resolution be agreed to, the resolution, as amended, be agreed to, the amendment to the preamble be agreed to, and the preamble, as amended, be agreed to, the title amendment be agreed to, and the motion to reconsider be laid upon the table, and, finally, any statements be printed in the RECORD.

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

The amendment (No. 2884) was agreed to, as follows:

AMENDMENT NO. 2884

(Purpose: To provide a complete substitute)

On page 3, strike lines 2 through 16 and insert the following:

(1) March 10, 2000 should be recognized as the Tibetan Day of Commemoration in solemn remembrance of those Tibetans who sacrificed, suffered, and died during the Lhasa uprising, and in affirmation of the inherent rights of the Tibetan people to determine their own future; and

(2) March 10, 2000 should serve as an occasion to renew calls by the President, Congress, and other United States Government officials on the Government of the People's Republic of China to enter into serious negotiations with the Dalai Lama or his representatives until such a time as a peaceful solution, satisfactory to both sides, is achieved.

In the preamble, strike all the whereas clauses and insert the following:

Whereas during the period 1949–1950, the newly established communist government of the People's Republic of China sent an army to invade Tibet;

Whereas the Tibetan army was ill equipped and outnumbered, and the People's Liberation Army overwhelmed Tibetan defenses;

Whereas, on May 23, 1951, a delegation sent from the capital city of Lhasa to Peking to negotiate with the Government of the People's Republic of China was forced under duress to accept a Chinese-drafted 17-point agreement that incorporated Tibet into China but promised to preserve Tibetan political, cultural, and religious institutions;

Whereas during the period of 1951–1959, the failure of the Government of the People's Republic of China to uphold guarantees to autonomy contained in the 17-Point Agreement and the imposition of socialist reforms resulted in widespread oppression and brutality;

Whereas on March 10, 1959, the people of Lhasa, fearing for the life of the Dalai Lama, surrounded his palace, organized a permanent guard, and called for the withdrawal of the Chinese from Tibet and the restoration of Tibet's independence;

Whereas on March 17, 1959, the Dalai Lama escaped in disguise during the night after two mortar shells exploded within the walls of his palace and, before crossing the Indian border into exile two weeks later, repudiated the 17-Point Agreement;

Whereas during the 'Lhasa uprising' begun on March 10, 1959, Chinese statistics estimate 87,000 Tibetans were killed, arrested, or deported to labor camps, and only a small percentage of the thousands who attempted to escape to India survived Chinese military attacks, malnutrition, cold, and disease;

Whereas for the past forty years, the Dalai Lama has worked in exile to find ways to allow Tibetans to determine the future status of Tibet and was awarded the Nobel Peace Prize for his efforts in 1989;

Whereas it is the policy of the United States to support substantive dialogue between the Government of the People's Republic of China and the Dalai Lama or his representatives;

Whereas the State Department's 1999 Country Report on Human Rights Practices finds that ''Chinese government authorities continued to commit serious human rights abuses in Tibet, including instances of torture, arbitrary arrest, detention without public trial, and lengthy detention of Tibetan nationalists for peacefully expressing their political or religious views.'';

Whereas President Jiang Zemin pointed out in a press conference with President Clinton on June 27, 1997, that if the Dalai Lama recognizes that Tibet is an inalienable part of China and Taiwan is a province of China, then the door to negotiate is open;

Whereas all efforts by the U.S. and private parties to enable the Dalai Lama to find a negotiated solution have failed;

Whereas the Dalai Lama has specifically stated that he is not seeking independence and is committed to finding a negotiated solution within the framework enunciated by Deng Xiaoping in 1979; and

Whereas China has signed but failed to ratify the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights: Now, therefore, be it

Amend the title of the resolution to read as follows: ''Recognizing the plight of the Tibetan people on the forty-first anniversary of Tibet's 1959 Lhasa uprising and calling for serious negotiations between China and the Dalai Lama to achieve a peaceful solution to the situation in Tibet.''.

The resolution (S. Res. 60), as amended, was agreed to.

The preamble, as amended, was agreed to.

The title amendment was agreed to.

The resolution, as amended, with its preamble, as amended, reads as follows:

(S. Res. 60 was not available for printing. It will appear in a future issue of the RECORD.)

ORDER FOR COMMITTEES TO FILE

Mr. GRAMS. Mr. President, I also ask unanimous consent that notwithstanding the adjournment of the Senate, committees have from 12 noon until 2 p.m. on Wednesday, March 15, 2000, in order to file legislative matters.

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

COMMEMORATING THE TWELFTH ANNIVERSARY OF THE HALABJA MASSACRE

Mr. GRAMS. Mr. President, I ask unanimous consent that the Senate now proceed to the immediate consideration of S. Con. Res. 95, submitted earlier by Senator LOTT for himself and others.

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

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 95) commemorating the twelfth anniversary of the Halabja massacre.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. GRAMS. I ask unanimous consent that the concurrent resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to the resolution be printed in the RECORD.

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

The concurrent resolution (S. Con. Res. 95) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 95

Whereas on March 16, 1988, Saddam Hussein attacked the Iraqi Kurdish city of Halabja with chemical weapons, including nerve gas, VX, and mustard gas;

Whereas more than 5,000 men, women, and children were murdered in Halabja by Saddam Hussein's chemical warfare, in gross violation of international law;

Whereas the attack on Halabja was part of a systemic, genocidal attack on the Kurds of Iraq known as the ''Anfal Campaign'';

Whereas the Anfal Campaign resulted in the death of more than 180,000 Iraqi Kurdish men, women, and children;

Whereas, despite the passage of 12 years, there has been no successful attempt by the United States, the United Nations, or other bodies of the international community to bring the perpetrators of the Halabja massacre to justice;

Whereas the Senate and the House of Representatives have repeatedly noted the atrocities committed by the Saddam Hussein regime;

Whereas the Senate and the House of Representatives have on 16 separate occasions called upon successive Administrations to work toward the creation of an International Tribunal to prosecute the war crimes of the Saddam Hussein regime;

Whereas in successive fiscal years monies have been authorized to create a record of the human rights violations of the Saddam Hussein regime and to pursue the creation of an international tribunal and the indictment of Saddam Hussein and members of his regime;

Whereas the Saddam Hussein regime continues the brutal repression of the people of Iraq, including the denial of basic human, political, and civil rights to Sunni, Shiite, and Kurdish Iraqis, as well as other minority groups;

Whereas the Secretary General of the United Nations has documented annually the failure of the Saddam Hussein regime to deliver basic necessities to the Iraqi people despite ample supplies of food in Baghdad warehouses;

Whereas the Saddam Hussein regime has at its disposal more than $12,000,000,000 per annum (at current oil prices) to expend on all categories of human needs;

Whereas, notwithstanding a complete lack of restriction on the purchase of food by the Government of Iraq, infant mortality rates in areas controlled by Saddam Hussein remain above pre-war levels, in stark contrast to rates in United Nations-controlled Kurdish areas, which are below pre-war levels; and

Whereas it is unconscionable that after the passage of 12 years the brutal Saddam Hussein dictatorship has gone unpunished for the murder of hundreds of thousands of innocent Iraqis, the use of banned chemical weapons on the people of Iraqi Kurdistan, and innumerable other human rights violations: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) commemorates the suffering of the people of Halabja and all the victims of the Anfal Campaign;

(2) condemns the Saddam Hussein regime for its continued brutality towards the Iraqi people;

(3) strongly urges the President to act forcefully within the United Nations and the United Nations Security Council to constitute an international tribunal for Iraq;

(4) calls upon the President to move rapidly to efficiently use funds appropriated by Congress to create a record of the crimes of the Saddam Hussein regime;

(5) recognizes that Saddam Hussein's record of brutality and belligerency threaten both the people of Iraq and the entire Persian Gulf region; and

(6) reiterates that it should be the policy of the United States to support efforts to remove the regime headed by Saddam Hussein from power in Iraq and to promote the emergence of a democratic government to replace that regime, as set forth in Public Law 105–338.

RECOGNIZING THE 50TH ANNIVERSARY OF THE KOREAN WAR AND THE SERVICE BY MEMBERS OF THE ARMED FORCES

Mr. GRAMS. Mr. President, I ask unanimous consent the Senate now proceed to the immediate consideration of Calendar No. 446, Senate Joint Resolution 39.

The PRESIDING OFFICER. The clerk will report the joint resolution by title.

The legislative clerk read as follows:

A resolution (S.J. Res. 39) recognizing the 50th anniversary of the Korean War and the service by members of the Armed Forces during such war, and for other purposes.

There being no objection, the Senate proceeded to the immediate consideration of the joint resolution.

Mr. GRAMS. I ask unanimous consent that the joint resolution be read the third time and passed, the preamble be agreed to, the motion to reconsider be laid upon the table, and any statements relating to the resolution be printed in the RECORD.

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

The joint resolution (S.J. Res. 39) was read the third time and passed.

The preamble was agreed to.

The joint resolution, with its preamble, reads as follows:

S. J. RES. 39

Whereas on June 25, 1950, Communist North Korea invaded South Korea with approximately 135,000 troops, thereby initiating the Korean War;

Whereas on June 27, 1950, President Harry S Truman ordered military intervention in Korea;

Whereas approximately 5,720,000 members of the Armed Forces served during the Korean War to defeat the spread of communism in Korea and throughout the world;

Whereas casualties of the United States during the Korean War included 54,260 dead (of whom 33,665 were battle deaths), 92,134 wounded, and 8,176 listed as missing in action or prisoners of war; and

Whereas service by members of the Armed Forces in the Korean War should never be forgotten: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Congress—

(1) recognizes the historic significance of the 50th anniversary of the Korean War;

(2) expresses the gratitude of the people of the United States to the members of the Armed Forces who served in the Korean War;

(3) honors the memory of service members who paid the ultimate price for the cause of freedom, including those who remain unaccounted for; and

(4) calls upon the President to issue a proclamation—

(A) recognizing the 50th anniversary of the Korean War and the sacrifices of the members of the Armed Forces who served and fought in Korea to defeat the spread of communism; and

(B) calling upon the people of the United States to observe such anniversary with appropriate ceremonies and activities.

ORDERS FOR MONDAY, MARCH 20, 2000

Mr. GRAMS. Mr. President, I ask unanimous consent when the Senate completes its business today, it stand in adjournment under the provisions of S. Con. Res. 94 until the hour of 12 noon on Monday, March 20. I further ask consent that on Monday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business with Senators permitted to speak for up to 5 minutes each, with the following exceptions:

Senator DURBIN or his designee, from 12 to 2 p.m.; Senator THOMAS or his designee from 2 p.m. until 4 p.m.

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

PROGRAM

Mr. GRAMS. For the information of all Senators, the Senate will convene at noon on Monday, March 20, and will be in a period of morning business throughout the day. As a reminder, there will be no votes on Monday. On Tuesday, March 21, the Senate will begin consideration of H.R. 5, the Social Security earnings legislation. Under a previous agreement, there will be approximately 4 hours of debate with three amendments in order to the bill. Therefore, Senators can expect votes throughout the afternoon on Tuesday.

During the remainder of the week of March 20, the Senate could consider any of the following items: Crop insurance, budget resolution, agricultural sanctions, satellite bill, or the Export Administration Act, and therefore votes can be expected to occur.

ADJOURNMENT UNTIL MONDAY, MARCH 20, 2000

Mr. GRAMS. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the provisions of S. Con. Res. 94.

The PRESIDING OFFICER. Under the previous order, the Senate is adjourned until the hour of 12 noon on Monday, March 20, 2000.

Thereupon, the Senate, at 6:22 p.m. adjourned until Monday, March 20, 2000, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate March 9, 2000:

DEPARTMENT OF ENERGY

MADELYN R. CREEDON, OF INDIANA, TO BE DEPUTY ADMINISTRATOR FOR DEFENSE PROGRAMS, NATIONAL NUCLEAR SECURITY ADMINISTRATION. (NEW POSITION)

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES AIR FORCE TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. JOHN L. WOODWARD, JR., 0000

THE FOLLOWING AIR NATIONAL GUARD OF THE UNITED STATES OFFICER FOR APPOINTMENT IN THE RESERVE OF THE AIR FORCE TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 12203:

To be brigadier general

COL. DAVID F. WHERLEY, JR., 0000

THE JUDICIARY

S. DAVID FINEMAN, OF PENNSYLVANIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF PENNSYLVANIA, VICE NORMA LEVY SHAPIRO, RETIRED.

MARY A. MCLAUGHLIN, OF PENNSYLVANIA, TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF PENNSYLVANIA, VICE MARVIN KATZ, RETIRED.

DEPARTMENT OF STATE

W. ROBERT PEARSON, OF TENNESSEE, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE REPUBLIC OF TURKEY.

IN THE AIR FORCE

THE FOLLOWING NAMED AIR NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE AIR FORCE UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12212:

To be colonel

JAMES L. ABERNATHY, 0000
DAVID S. ANGLE, 0000
DAVID E. AVENELL, 0000
TRAVIS D. BALCH, 0000
JOSEPH G. BALSKUS, 0000
ANTHONY B. BASILE, 0000
DANIEL W. BECK, 0000
DONALD M. BOONE, 0000
RICHARD S. CAIN, 0000
CRAIG E. CAMPBELL, 0000
DONALD H. CHAMBERLAIN, 0000
MICHAEL G. COLANGELO, 0000
ARTHUR O COMPTON, 0000
JAMES D. CONRAD, 0000
DOUGLAS T. CROMACK, 0000
THOMAS L. DODDS, 0000
PATRICK F DUNN, 0000
CLAUDE J. EICHELBERGER, 0000
WILLIAM H. ETTER, 0000
DANTE M. FERRARO, JR., 0000
KATHLEEN E. FICK, 0000
RONALD K. GIRLINGHOUSE, 0000
THOMAS M. GREENE, 0000
DAVID J. HATLEY, 0000
THOMAS J. HAYNES, 0000
DEBORA F. HERBERT, 0000
RANDALL D. HERMAN, 0000
ALLISON A. HICKEY, 0000
ROBERT A. HICKEY, 0000
RANDALL E. HORN, 0000
WILLIAM E. HUDSON, 0000
THOMAS INGARGIOLA, 0000
JOHN C. INGLIS, 0000
RICHARD W. JOHNSON, 0000
VERLE L. JOHNSTON, JR., 0000
RICHARD W. KIMBLER, 0000
DEBRA N. LARRABEE, 0000
MICHAEL L. LEEPER, 0000
ALAN E. LEW, 0000
CONNIE S. LINTZ, 0000
SALVATORE J. LOMBARDI, 0000
HENRY J. MACIOG, 0000
NAOMI D. MANADIER, 0000
GREGORY L. MARSTON, 0000
EUGENE A. MARTIN, 0000
THADDEUS J. MARTIN, 0000
CRAIG M. MC CORMICK, 0000
DENNIS W. MENEFEE, 0000
DENNIS J. MOORE, 0000
MARIA A. MORGAN, 0000
BARBARA J. NELSON, 0000
ROBERT B. NEWMAN, JR., 0000
CHRISTOPHER M. NIXON, 0000
DONALD D. PARDEN, 0000
FRANCIS W. PEDROTTY, 0000
KATHLEEN T. PERRY, 0000
THOMAS F. PRENGER, 0000
JOHN A. RAMSEY, 0000
MARVIN L. RIDDLE, 0000
RENNY M. ROGERS, 0000
RUSSELL H. SAHR, 0000
LOIS H. SCHMIDT, 0000
TIMOTHY W. SCOTT, 0000
JACK F. SCROGGS, 0000
SAMUEL S. SIVEWRIGHT, 0000
JOHN B. SOILEAU, JR., 0000
BENJAMIN J. SPRAGGINS, 0000
JAY T. STEVENSON, 0000
DAVID K. TANAKA, 0000
TIMOTHY G. TARRIS, 0000
WAYNE L. THOMAS, 0000
JAMES K. TOWNSEND, 0000
TERRANCE R. TRIPP, 0000
KAY L. TROUTT, 0000
BRIAN A. TRUMAN, 0000
CURTIS M. WHITAKER, 0000
MARK WHITE, 0000
KENNARD R. WIGGINS, JR., 0000
BRENT E. WINGET, 0000
DARRYLL D.M. WONG, 0000

IN THE ARMY

THE FOLLOWING NAMED ARMY NATIONAL GUARD OF THE UNITED STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTIONS 12203 AND 12211:

To be colonel

JAMES G. AINSLIE, 0000
SHAWN W. FLORA, 0000
DOUGLAS MC CREADY, 0000
THERESA M. ODEKIRK, 0000
THOMAS M. PENTON, JR., 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY UNDER TITLE 10, U.S.C., SECTIONS 531 AND 624:

To be lieutenant colonel

JANE H. EDWARDS, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES ARMY AND FOR REGULAR APPOINTMENT IN THE NURSE CORPS (AN), MEDICAL SERVICE CORPS (MS), MEDICAL SPECIALIST CORPS (SP) AND VETERINARY CORPS (VC) (IDENTIFIED BY AN ASTERISK(*)) UNDER TITLE 10, U.S.C., SECTIONS 624, 531, AND 3064:

To be lieutenant colonel

JEFFREY J. ADAMOVICZ, 0000 MS
ROXANNE AHRMAN, 0000 AN
MATTHEW J. ANDERSON, 0000 AN
RANDALL G. ANDERSON, 0000 MS
DEBRA C. APARICIO, 0000 AN
DONALD F. ARCHIBALD, 0000 MS
DAVID R. ARDNER, 0000 MS
KIMBERLY K. ARMSTRONG, 0000 AN
CHERYL M. BAILLY, 0000 AN
FRANCIS W. BANNISTER, 0000 MS
LINDA M. BAUER, 0000 AN
*TERRY K. BESCH, 0000 VC
STEVEN G. BOLINT, 0000 MS
LORI L. BOND, 0000 AN
CRYSTAL M. BRISCOE, 0000 VC
HORTENSE R. BRITT, 0000 AN
*HENRIETTA W. BROWN, 0000 AN
DAVID P. BUDINGER, 0000 MS
KAY D. BURKMAN, 0000 VC
*SPENCER J. CAMPBELL, 0000 MS
BRIAN T. CANFIELD, 0000 MS
*CHARLES E. CANNON, 0000 MS
*CALVIN B. CARPENTER, 0000 VC
*MARGARET N. CARTER, 0000 VC
JANICE E. CARVER, 0000 AN
THOMAS H. CHAPMAN, JR., 0000 AN
STEVEN H. CHOWEN, 0000 MS
*JAMES A. CHURCH, 0000 AN
EDWARD T. CLAYSON, 0000 MS
*RUSSELL E. COLEMAN, 0000 MS
JOHN M. COLLINS, 0000 MS
JOHN P. COLLINS, 0000 MS
JOYCE CRAIG, 0000 AN
*JOSEPH F. CREEDON, JR., 0000 SP
PETER C. DANCY, JR., 0000 MS
SHERYL L. DARROW, 0000 AN
RAYMOND A. DEGENHARDT, 0000 AN
*DONALD W. DEGROFF, 0000 MS
DANNY R. DEUTER, 0000 MS
CHERYL D. DICARLO, 0000 VC
GEORGE A. DILLY, 0000 SP
LAURIE L. DURAN, 0000 AN
RHONDA L. EARLS, 0000 AN
WANDA I. ECHEVARRIA, 0000 AN
SAMUEL E. EDEN, 0000 MS
RICHARD T. EDWARDS, 0000 MS
BRENDA K. ELLISON, 0000 SP
*RICHARD J. ELLISTON, 0000 MS
STEVEN D. EUHUS, 0000 MS
*ANN M. EVERETT, 0000 AN
SHERI L. FERGUSON, 0000 AN
JULIE A. FINCH, 0000 AN
DANIEL J. FISHER, 0000 MS
ELAINE D. FLEMING, 0000 AN
LORRAINE A. FRITZ, 0000 AN
MARY S. GAMBREL, 0000 AN
ALEXANDER GARDNER III, 0000 MS
MARY E. GARR, 0000 MS
KATHRYN M. GAYLORD, 0000 AN
DAVID G. GILBERTSON, 0000 MS
MARK H. GLAD, 0000 MS
RICARDO A. GLENN, 0000 MS
ROBERT E. GRAY, 0000 MS
*STEVEN W. GRIMES, 0000 AN
CHRISTINA M. HACKMAN, 0000 AN
*KAREN A. HAGEN, 0000 AN
CHRISTINE S. HALDER, 0000 MS
TERESA I. HALL, 0000 AN
RITA K. HANNAH, 0000 AN
BRYANT E. HARP, JR., 0000 MS
*SALLY C. HARVEY, 0000 MS
BRUCE E. HASELDEN, 0000 MS
BERNARD F. HEBRON, 0000 MS
HEIDI A. HECKEL, 0000 SP
DAVID HERNANDEZ, 0000 AN
CLAUDE HINES, JR., 0000 MS
MARK E. HODGES, 0000 AN
CHARLOTTE L. HOUGH, 0000 AN
ROBERT E. HOUSLEY, JR., 0000 MS
RANDOLPH G. HOWARD, JR., 0000 MS
LINDA L. HUNDLEY, 0000 AN
DONNA L. HUNT, 0000 AN
THOMAS C. JACKSON II, 0000 MS
CLIFETTE JOHNSON II, 0000 AN
RICHARD N. JOHNSON, 0000 MS
DARIA D. JONES, 0000 AN
DAVID D. JONES, 0000 MS
SANDRA D. JORDAN, 0000 AN
VAN A. JOY, 0000 MS
PHILIP KAHUE, 0000 MS
JUNG S. KIM, 0000 AN
JOSHUA P. KIMBALL, 0000 MS
MICHAEL S. LAGUTCHIK, 0000 VC
MARSHA A. LANGLOIS, 0000 MS
*TERRY J. LANTZ, 0000 MS
*JAMES L. LARABEE, 0000 AN
WILLIAM J. LAYDEN, 0000 MS
JOHN R. LEE, 0000 MS
CATHY E. LEPPIAHO, 0000 MS
PATRICIA M. LEROUX, 0000 AN
GLORIA R. LONG, 0000 AN
LESLIE S. LUND, 0000 AN
LISA C. MAC PHEE, 0000 MS
LEO H. MAHONY, JR., 0000 SP
LANCE S. MALEY, 0000 MS
THIRSA MARTINEZ, 0000 MS
BRUCE W. MC VEIGH, 0000 MS
JOHN R. MERCIER, 0000 MS
TALFORD V. MINDINGALL, 0000 MS
ULISES MIRANDA III, 0000 MS
RAFAEL C. MONTAGNO, 0000 MS
OCTAVIO C. MONTVAZQUEZ, 0000 MS
CONNIE J. MOORE, 0000 AN
JOSEF H. MOORE, 0000 SP
JANET MOSER, 0000 VC
SHONNA L. MULKEY, 0000 MS
MICHAEL C. MULLINS, 0000 MS
DAVETTE L. MURRAY, 0000 MS
SUSAN M. MYERS, 0000 AN
JANE E. NEWMAN, 0000 AN
DOUGLAS E. NEWSON, 0000 AN
*VICKI J. NICHOLS, 0000 AN
KIMBERLY A. NIKO, 0000 AN
MARY C. OBERHART, 0000 AN
JOHN F. PARE, 0000 AN
JESSIE J. PAYTON, JR., 0000 MS
JOSEPH A. PECKO, 0000 MS
JEROME PENNER III, 0000 MS
SUZANNE R. PIEKLIK, 0000 AN
FONZIE J. QUANCEFITCH, 0000 VC
*DORIS A. REEVES, 0000 AN
*LUE D. REEVES, 0000 AN
MICHAEL L. REISS, 0000 MS
GEORGE C. RENISON, 0000 VC
KAROLYN RICE, 0000 MS
MARIA D. RISALITI, 0000 AN
CHRISTOPHER V. ROAN, 0000 MS
GEORGE A. ROARK, 0000 MS
LAURA W. ROGERS, 0000 AN
MIGUEL A. ROSADO, 0000 AN
DENISE M. ROSKOVENSKY, 0000 AN
ROBBIN V. ROWELL, 0000 SP
YOLANDA RUIZISALES, 0000 AN
MICHAEL P. RYAN, 0000 MS
KRISTINE A. SAPUNTZOFF, 0000 AN
PATRICK D. SARGENT, 0000 MS
WAYNE R. SMETANA, 0000 MS
SUSAN G. SMITH, 0000 AN
EARLE SMITH II, 0000 MS
WADE L. SMITH, JR., 0000 MS
NANCY E. SOLTEZ, 0000 AN
KERRY L. SOUZA, 0000 AN
EMERY SPAAR, 0000 MS
GLENNA M. SPEARS, 0000 AN
DEBRA A. SPENCER, 0000 AN
JOYCE D. STANLEY, 0000 AN
BARRY T. STEEVER, 0000 AN
MARC J. STEVENS, 0000 MS
JOHN R. STEWART, 0000 MS
ROBINETTE J. STRUTTONAMAKER, 0000 SP
STEPHANIE M. SWEENY, 0000 AN
JOHN R. TABER, 0000 VC
REGINA L. TELLITOCCI, 0000 AN
ROBERT D. TENHET, 0000 MS
JOHN H. TRAKOWSKI, JR., 0000 MS
JOE M. TRUELOVE, 0000 MS
*CORINA VAN DE POL, 0000 MS
LORNA M. VANDERZANDEN, 0000 VC
LINDA J. VANWEELDEN, 0000 AN
KEITH R. VESELY, 0000 VC
JIMMY C. VILLIARD, 0000 VC
ROBERT W. WALLACE, 0000 MS
KEVIN M. WALSH, 0000 AN
JASPER W. WATKINS III, 0000 MS
VIRGIL G. WIEMERS, 0000 AN
PATRICIA A. WILHELM, 0000 AN
JAMES A. WILKES, 0000 MS
*KATHLEEN J. WILTSIE, 0000 AN
KELLY A. WOLGAST, 0000 AN
JOHN S. WONG, 0000 AN
JOHN F. ZETO, 0000 MS

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

JOSEPH L. BAXTER, JR., 0000

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be commander

ROBERT F. BLYTHE, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant commander

GEORGE P. HAIG, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant commander

MELVIN J. HENDRICKS, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant commander

JON E. LAZAR, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant commander

LAWRENCE R. LINTZ, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant commander

DAVID E. LOWE, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant commander

MICHAEL S. NICKLIN, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant commander

ROBERT J. WERNER, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY UNDER TITLE 10, U.S.C., SECTION 624:

To be captain

CARL M. JUNE, 0000

CONFIRMATIONS

EXECUTIVE NOMINATIONS CONFIRMED BY THE SENATE MARCH 9, 2000:

THE JUDICIARY

MARSHA L. BERZON, OF CALIFORNIA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE NINTH CIRCUIT.

RICHARD A. PAEZ, OF CALIFORNIA, TO BE UNITED STATES CIRCUIT JUDGE FOR THE NINTH CIRCUIT.

HOUSE OF REPRESENTATIVES—*Thursday, March 9, 2000*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. LAHOOD).

DESIGNATION OF THE SPEAKER PRO TEMPORE

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

WASHINGTON, DC,
March 9, 2000.

I hereby appoint the Honorable RAY LAHOOD to act as Speaker pro tempore on this day.

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

PRAYER

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

We are privileged and thankful, O God, that we can begin a new day with these words of prayer. With gratefulness for the wonder and beauty and glory of Your creation; with appreciation for friends who care for us and support us in our every need; with enthusiasm for the honor of being called to serve the people of our Nation; with joy for the opportunities to live and breathe the meaning of faith and hope and love, we offer these words of thanksgiving and praise. 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. GIBBONS. 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 Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. GIBBONS. 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 Pennsylvania (Mr. PITTS) come forward and lead the House in the Pledge of Allegiance.

Mr. PITTS 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 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. 1000) ''An Act to amend title 49, United States Code, to reauthorize programs of the Federal Aviation Administration, and for other purposes.''

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair announces that there will be 10 one-minute speeches on each side.

BABY BODY PARTS

(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, there is a doctor in Illinois who produced the following advertisement. It reads, ''Fresh fetal tissue harvested and shipped to your specifications, where and when you need it.''

It also reads: ''Liver, spleen, pancreas, intestines, kidney, brain, lungs,'' and I will not read them all, ''with appropriate discounts that apply if specimen is significantly fragmented.''

And at the bottom it says, ''All that you need to initiate service is a purchase order number, payment type, and your billing address.''

Mr. Speaker, this is horrific. These are body parts of babies sold on the open market like toys or collectibles. This is a violation of law. Selling body parts of babies is wrong, it is unethical, it is illegal, it is dangerous to the women from whom these body parts are taken and it must stop. The administration must enforce the law. We do not live in Nazi Germany. There is a hearing at 2 o'clock before the Committee on Commerce. I hope, Mr. Speaker, this practice will be stopped in America.

INCREASE THE MINIMUM WAGE

(Ms. EDDIE BERNICE JOHNSON of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I am appalled today that there is going to be real debate on whether or not we are going to raise the minimum wage by one dollar over 2 years or 3 years. We are talking about present minimum wage of $5.15 an hour. Can we imagine that in the greatest economy that we have ever known? Persons who are heads of these companies are making multi-million-dollar salaries per year and the ones who make them get there cannot even get a dollar raise in minimum wage. These are working mothers who have to pay child care, shelter, food, transportation. Most do not even have health care, so we have to pay that as taxpayers. I cannot believe this Nation ought to be outraged that we are debating whether or not we are going to raise minimum wage by one dollar, just one dollar, over a 2-year or a 3-year period. That is unconscionable. I do not know anyone in any State that can live on minimum wage and take care of all of their responsibilities. Their responsibilities become ours.

AID FOR COLOMBIA

(Mr. BALLENGER asked and was given permission to address the House for 1 minute.)

Mr. BALLENGER. Mr. Speaker, there are those who compare providing aid to Colombia to providing aid to Vietnam. This is an expected but faulty comparison.

Unlike Vietnam, the consequences for failure in Colombia will not be another fallen domino in a far-off land. It will be more drug-related deaths in our own streets among our own children. Without immediate action on the proposed aid package to Colombia, the drug lords will continue, largely unimpeded, to produce and distribute their deadly drugs which kill almost as many American kids and young adults each year as died in Vietnam. That, Mr. Speaker, should be a wake-up call.

Because Colombia is right here in our own hemisphere and not halfway around the world, what happens there will affect us more profoundly than what happened in Vietnam. The fact

that Colombia is only 4 hours away by plane and can be reached by a car or truck, it becomes that much more important for us to help the country fight the narco-terrorists. The drugs which enter the United States each day from Colombia are far more of a threat to our national security than any Communist regime in Southeast Asia.

MINIMUM WAGE

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

Mr. GREEN of Texas. Mr. Speaker, last week the Republican majority and the Democratic minority passed with no negative votes the removal of caps on the Social Security earnings. But it seems the Republican majority did not learn how to pass legislation on a bipartisan basis. Today we have a Frankenstein piece of legislation. None of the parts fit together. Even the names do not fit. Bipartisan legislation should be what is on this floor, but instead we have a budget-busting tax cut that does not even help small business.

I support a minimum-wage increase. The Republican proposal falls short of meeting the needs of the American family. The Republican leadership is more willing to push a budget-busting, debt-increasing $123 billion tax cut that will go to the top 1 percent than to help American small business with a reasonable tax cut.

We are presently enjoying one of the strongest economies ever, but the benefits are not flowing fairly to both the working people but also to the small business. We need to bring legislation to this floor that provides a real pay increase and a tax package that is sensible and responsible, not one that is just going to increase our debt. Hopefully, we will see the error of our ways and reject this Frankenstein piece of legislation.

KILL THE DEATH TAX

(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, we have all experienced the loss of a loved one. It is a time when family and friends come together to console each other in an effort to ease the sorrow. Unfortunately, it is also a time when the callous Federal tax collector comes knocking. Today when someone dies, the Federal Government assesses a tax of up to 55 percent on the value of their estate. As a result, approximately 70 percent of family-owned businesses and small farms are not passed on to the next generation, another loss that the grieving family and American society as a whole must endure.

But today, Mr. Speaker, we have the opportunity to ease this unfair burden. The Wage and Employment Growth Act reduces the top estate tax from 55 percent down to 50 by 2002 and will further reduce all rates by 1 percent in the years 2003 and 2004. Mr. Speaker, 77 percent of the American public believes the death tax is unfair and should be repealed. This will be one loss that the American family will not grieve for.

LEAVE ''TOUCHED BY AN ANGEL'' ON TELEVISION

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute.)

Mr. TRAFICANT. Mr. Speaker, hundreds of thousands of Americans signed petitions to have the popular TV show ''Touched by an Angel'' removed from television. They want it canceled. They said, quote-unquote, ''It refers too much to God.'' Unbelievable. But just turn on the TV. Murder, rape, terrorism, graphic depiction of sex. Beam me up, Mr. Speaker. Mass murder is okay, but God is offensive? I think it is time, ladies and gentlemen, for Congress to tell these petitioners to leave God and ''Touched by an Angel'' alone. Leave it on TV.

I yield back all the sex, drugs, and murder on television.

RELIEF FROM THE DEATH TAX

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

Mr. BARTLETT of Maryland. Mr. Speaker, when someone in a family dies, the whole family necessarily goes through a very painful experience. Losing a loved one is difficult enough, but unfortunately the Government makes it even tougher. This is because of the death tax. Today when someone dies, the Federal Government assesses a tax of up to 55 percent on the value of his or her estate. This makes it nearly impossible for farmers to pass on the family farm to their children or for a small business owners to pass on their life's work to their children. This is ridiculous. Mr. Speaker, Americans should not have to visit both the IRS and the undertaker on the same day. We need to give Americans relief from the death tax. This week we are voting on the Small Business Tax Fairness Act which would lessen the tax bite families feel when a loved one passes away. This is the right thing to do. I hope my colleagues will join me in helping give the American people relief from the death tax.

SKYROCKETING FUEL PRICES

(Mr. DEFAZIO asked and was given permission to address the House for 1 minute.)

Mr. DEFAZIO. Mr. Speaker, fuel prices are skyrocketing through the roof while Congress and the administration sit and twiddle their thumbs mumbling platitudes about waiting for the free market to work. I have got a news flash for the President, the Secretary of Energy and my colleagues that do not want to do anything.

There is no free market in oil. The huge oil conglomerates secretly conspire against consumers to drive up oil prices and the OPEC countries openly collude to reduce production and create an artificial shortage. The Justice Department should vigorously investigate and prosecute the price fixing and anticompetitive actions by the major oil companies. And the President as a big supporter of the WTO and rules-based trade should file a complaint against the OPEC nations.

The WTO charter, article 11, says that they cannot do this. They cannot artificially depress production. We should file a complaint and collect hundreds of millions of dollars in damages levied through the WTO organization. If the administration is willing to use the full force and credibility of the Government on behalf of a single banana exporter with no export production in the United States, then they should certainly act on behalf of U.S. consumers who are being gouged by OPEC and other oil-producing nations.

ADDRESSING THE DEATH TAX

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

Mr. CHABOT. Mr. Speaker, with the economy strong and our government taking in budget surpluses, the time has come to address some nagging fairness issues in our Tax Code. The House has already done that twice this year by passing relief from the marriage tax penalty and voting to end the Social Security earnings limit.

Now the time has come to address another unfair provision in our Tax Code, the death tax. Today, when a person dies, the Federal Government assesses a tax of up to 55 percent on the value of his or her estate. Thus, many Americans, small business owners and farmers, are unable to pass on their life's work to their children. This is totally unfair. Today, the House will be voting on the Small Business Tax Fairness Act which will deliver relief from the death tax. This commonsense legislation will make it easier for Americans to pass on a small business to the next generation. We should all support this bill that will help restore the American dream to American families. In fact, we ought to get rid of the unfair death tax altogether.

TIME TO INCREASE MINIMUM WAGE

(Mr. WISE asked and was given permission to address the House for 1 minute.)

Mr. WISE. Mr. Speaker, I rise today in support of increasing the minimum wage for America's workers. In West Virginia alone, at least 5 percent of the hourly workforce makes the bare minimum wage, but by raising it from $5.15 an hour to $6.15 an hour over 2 years, at least 106,000 workers would get an increase. That would also mean 50,000 full-time workers in West Virginia would see an increase in their wages. Who are they? It is the senior citizen who is cooking the biscuits in a convenience store. It is the mother who is working full time at a health care center. Today in West Virginia, a full-time minimum-wage worker with two children earns $10,700 a year, or $3,200 below the Federal poverty line. I hear the argument that the minimum wage only goes to students. I was one of those students working my way through college on the minimum wage, and the only wage increase I ever got was when this Congress raised the minimum wage. It is time to give workers an increase.

□ 1015

THE PRESIDENT'S HUMAN RIGHTS REPORT SHOULD NOT BE IGNORED

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

Mr. WOLF. Mr. Speaker, yesterday in his comments about giving China MFN, the President said, ''I believe the choice between economic rights and human rights, between economic security and national security is a false one.''

If that is the case, Mr. President, why is the Chinese Government continuing to persecute the Catholic Church? Why is the Chinese Government persecuting the Protestant Church? Why is the Clinton administration going against its own human rights report and not speaking out for those who are being plundered and killed in Tibet? Why is the Chinese government persecuting the Muslims in China? Why, if one reads today's Washington Times, are we allowing the Chinese Government to increase its spying activities in the United States?

Mr. President, if you really believe that there is no connection, then you have not read your own human rights report.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair would advise Members to address the Chair and not the President.

INTERNATIONAL ABDUCTION OF CHILDREN MUST BE STOPPED

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

Mr. LAMPSON. Mr. Speaker, I rise today to tell the story of Tom Sylvester and his daughter Carina. Her story is the fifth account in my series of one minutes on the more than 10,000 American children who have been abducted to foreign countries.

Carina Sylvester was born in 1994 and was abducted by her mother Monika in 1995 and was taken to Austria. An Austrian trial court found Monika Sylvester to have violated The Hague Convention, but she refused to comply with the court order and did not voluntarily return Carina. Carina is now 5 years old and has lived in the home of her maternal grandparents in Graz, Austria; and since 1995, Tom has seen Carina only occasionally and only under strict supervision.

Mr. Speaker, this Nation has an enormous problem with children who have been abducted internationally and Congress must be part of the solution. These one minutes are about families and reuniting children and parents. They are just the first steps in our ongoing dialogue with the American people and my colleagues in an effort to bring our children home.

THE TRAFFICKING OF BABY BODY PARTS

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

Mr. WELDON of Florida. Mr. Speaker, last night ABC's 20/20 brought something very important to the public's attention, the trafficking of babies' body parts and organs. Even today the House Subcommittee on Health and Environment is holding a hearing on this issue.

As a physician and a Congressman, I find this practice disturbing, disgusting, and, of course, highly immoral; but the truth of the matter is that this is currently going on in our country. Evidence has shown us that private companies and even public universities buy and sell baby organs for the sole purpose of experimentation. It has been brought to my attention that they pay as much as $150 for skin, $990 for a brain, and $325 for a spinal cord.

To make it worse, companies are making special syringes for abortion doctors so that they can prolong the abortion procedure itself and keep the baby alive long enough to get more money for these parts.

This practice is illegal. It is against the law. It is outrageous, and it boils down to human exploitation and death. I encourage my colleagues to oppose it.

THERE SHOULD BE AN INCREASE IN THE MINIMUM WAGE

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

Mr. BACA. Mr. Speaker, I rise today to speak on behalf of working families across America. I am speaking in behalf of a $1.00 increase of the minimum wage over the next 2 years and opposing the passage of tax provisions of the Republicans' H.R. 3081.

The minimum wage proposal would benefit 11.8 million families and allow some comfort and economic dignity. Forty percent of minimum-wage working families are the sole bread winners in their families.

Raising the minimum wage would not cost additional jobs. It is our responsibility to allow everyone, I state everyone, a chance in America to have that dream, that opportunity, to enjoy life, an opportunity of quality of life by earning wages that are so important to a lot of us.

Raising the minimum wage, increasing it from $5.15 an hour, is our responsibility. We have the responsibility to assure that people can afford a decent living. We have individuals who cannot afford to pay for food to put on the table. We have the responsibility to make sure that America enjoys life a lot better. Let us increase the minimum wage.

SELLING OF BABY BODY PARTS MUST BE STOPPED

(Mrs. CHENOWETH-HAGE asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. CHENOWETH-HAGE. Mr. Speaker, I rise today to talk about the health risks to women that the sale of body parts represents. The evidence that these parts have actually been sold is overwhelming. More than one legitimate organization has been able to independently confirm their sale, including the National Conference of Catholic Bishops and ABC's 20/20.

More troubling is the fact that published price lists exist for certain parts of unborn children. This enables doctors to decide what the most effective procedure for delivery of intact unborn children might be for the highest profit. If procedures are changed to increase profit, this is inexcusable, Mr. Speaker.

The insertion of laminaria and forced dilation of women, often necessary for delivering intact fetuses, present real and legitimate risks to a woman's health. Think about it. Would not a virtually intact cadaver of a child raise the price that one could charge for the remains?

Mr. Speaker, this must stop.

HUD'S GUN BUYBACK PROGRAM SHOULD NOT BE ELIMINATED

(Mrs. McCARTHY of New York asked and was given permission to address

the House for 1 minute and to revise and extend her remarks.)

Mrs. McCARTHY of New York. Mr. Speaker, the House Committee on Appropriations wants to eliminate the gun buyback program at the Nation's public housing authorities. This just makes no sense.

Last week, a first grader killed another first grader with a handgun. Yesterday, four people in Memphis were killed in what started as a domestic dispute but ended when a gunman shot to death his wife, two firefighters, and a sheriff's deputy.

The daily gun violence in this country is a national problem. It calls for a national solution.

The American people know that 13 children are killed every day by gun violence. Meanwhile, the Congress has done nothing. Now the leadership has directed the House appropriations to eliminate the Department of Housing Urban Development's gun buyback program. This program has been highly successful in partnering police with housing officers to remove guns from public housing and in curbing gun violence.

In fact, Memphis, the site of Wednesday's gun killings, would lose its buyback program and so would 80 public housing authorities across the Nation.

The supplemental appropriations bill now has language in it that rescinds more than $700,000 from the gun buyback program.

Mr. Speaker, this is crazy. When we have programs that work, we should not take them back. We have a moral obligation to reduce gun violence in this country.

A GREAT VICTORY FOR JACKSON COUNTY, OREGON, IN ELIMINATING THE SCOURGE OF ILLEGAL DRUGS

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

Mr. WALDEN of Oregon. Mr. Speaker, I rise today to commend the efforts of law enforcement officers in Jackson County, Oregon. Yesterday, 110 law enforcement officers from the FBI, Drug Enforcement Agency, IRS, INS, the Social Security Administration and the Jackson County Narcotics Enforcement Team, also called Jacnet, shut down a drug ring that was thought to supply 90 percent of the area's heroin and most of its methamphetamines.

Nineteen people were arrested; 28 houses and vehicles were searched in this early morning bust.

Mr. Speaker, this is a great victory for the work to protect our communities from the scourge of illegal narcotics, and I congratulate the law enforcement personnel who were involved.

The bust is also a great victory for cooperative collaborative counter-drug efforts. Jacnet is itself made up of people of the Jackson County Sheriff's Office, the Oregon State Police, Medford and Central Point Police Departments, and the Oregon National Guard. Add Federal agencies and we have all levels of government working together to fight drugs, and it works.

That is why I am working to increase funding for the federally-designated High Intensity Drug Trafficking Areas, including Jackson County.

Mr. Speaker, this is a program that works, and I intend to keep pursuing it. I congratulate those law enforcement agencies that were involved in making our communities safer.

AT A TIME OF EXTRAORDINARY PROSPERITY, THE MINIMUM WAGE SHOULD BE INCREASED

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Mr. Speaker, today we have an opportunity to vote on a measure that will truly make a difference in the lives of all Americans and that is an increase in the minimum wage. At this time of extraordinary prosperity, hard-working Americans deserve to have a much needed raise, to bring the minimum wage closer to a living standard.

Unfortunately, once again, the Republican leadership is attempting to delay, to derail this meaningful legislation. I call upon that leadership to end their delay tactics and allow a fair vote on this bill. This increase in the minimum wage should not be tied to an irresponsible $120 billion tax package that will benefit only the richest of the rich, the super rich. Instead, we should be voting for an alternative which would provide a much needed increase in minimum wage and responsible tax relief for small businesses.

It is time for us to do the right thing. It is time for us to raise that minimum wage fifty cents this year, fifty cents next year from $5.15 to $6.15. We send a message if we do that, that we honor their hard work, commitment and dedication.

DR. JONES, A MODERN DAY DR. MENGELA WHEN IT COMES TO SELLING BABY BODY PARTS

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

Mr. TANCREDO. Mr. Speaker, last night I watched in amazement as the owner of a company, Opening Lines, made it known in a 20/20 undercover investigation that his company is in the business of selling fetal tissue for profit.

When asked by the actor posing as a potential investor how much they could make from selling body parts, Dr. Miles Jones, the owner of Opening Lines and a pathologist, stated, ''It is market force. It is whatever it can go for.''

He went on to say that a single fetus could make his company up to $2,500.

Mr. Speaker, this is in blatant defiance of the law passed in 1993 under the NIH Reauthorization Act, namely that baby body parts cannot be sold for valuable consideration.

The Hippocratic Oath has gone out the window and been replaced by greed.

Dr. Jones went on further to state, over drinks and dinner at a fine restaurant, that his dream job would be to operate down in Mexico where laws are less stringent and where he could set up a system reminiscent of an assembly line.

This makes me sick. I am grateful that the Subcommittee on Health and Environment is holding a hearing today, in fact, to look into this barbaric issue. It is time that Congress gets off the sidelines, sheds the light of day on people like Dr. Jones, or should I say a modern day Dr. Mengela.

PROVIDING FOR CONSIDERATION OF H.R. 1695, IVANPAH VALLEY AIRPORT PUBLIC LANDS TRANSFER ACT

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 433 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 433

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 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. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Resources. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Resources now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. All points of order against the committee amendment in the nature of a substitute are waived. The amendment printed in the report of the Committee on Rules accompanying this resolution shall be considered as read and shall not be subject to a demand for division of the question in the

House or in the Committee of the Whole. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be 15 minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

□ 1030

Mr. HASTINGS of Washington. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the distinguished gentleman from Ohio (Mr. HALL), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, H.R. 433 would grant H.R. 1695, the Ivanpah Valley Public Lands Transfer Act, an open rule. The rule waives all points of order against consideration of the bill and provides 1 hour of general debate, equally divided between the chairman and ranking minority member of the Committee on Resources.

The rule makes in order the Committee on Resources amendment in the nature of a substitute now printed in the bill as an original bill for the purpose of amendment, which shall be open for debate at any point. The rule also waives all points of order against the committee amendment in the nature of a substitute.

The rule further provides that the amendment printed in the report of the Committee on Rules accompanying the resolution shall be considered as read and shall not be subject to a demand for a division of the question in the House or in the Committee of the Whole.

The rule authorizes the Chair to accord priority and recognition to Members who have preprinted their amendments in the CONGRESSIONAL RECORD. It allows the Chairman of the Committee of the Whole to postpone votes during consideration of the bill and to reduce voting time to 5 minutes on a postponed question if the vote follows a 15 minute vote.

Finally, the rule provides one motion to recommit with or without instructions.

Mr. Speaker, H.R. 1695 has been introduced by the gentleman from Nevada (Mr. GIBBONS) in order to address a problem of increasing concern in his district. Southern Nevada is the fastest growing area in the United States. Both the rapidly expanding population and the area's growing popularity as a destination for travel and tourism have placed great strain on its existing commercial airport.

This bill would make available land currently in Federal ownership for the construction of a second major airport to be known as the Ivanpah Valley Airport, which would serve as an alternative for cargo and charter flight operations. The site is in an ideal location for such a facility and is on land that is no longer needed by the Interior Department's Bureau of Land Management. The bill requires the county to pay fair market value for this land.

Because the Congressional Budget Office estimates that implementing H.R. 1695 would result in a net increase in spending of approximately $1 million over the years 2001 to 2004, pay-as-you-go procedures would apply.

Those of us who represent districts in the West where so much of our land is owned by the Federal Government and that is not on the local tax rolls tend to be very supportive of proposals that move unneeded land out of Federal ownership, especially when it can be put to the kind of high-priority use as envisioned by the legislation of the gentleman from Nevada (Mr. GIBBONS). Members who have concerns about the provisions of this bill will be pleased that the Committee on Rules has reported an open rule so that any proposed amendments to H.R. 1695 that are consistent with House rules may be fully considered and debated.

Accordingly, Mr. Speaker, I urge my colleagues to support the open rule for H.R. 1695.

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

Mr. HALL of Ohio. Mr. Speaker, I thank the gentleman for yielding me this time. I yield myself such time as I may consume.

Mr. Speaker, this is an open rule. It will allow for full consideration of a bill to transfer land in Nevada to construct an airport which will serve Las Vegas.

As the gentleman from Washington (Mr. HASTINGS) has described, the rule for the debate time provides that the bill be equally divided and controlled by the Chairman and ranking minority member of the Committee on Resources.

The rule permits amendments under the 5-minute rule, which is the normal amending process in the House. All Members on both sides of the aisle will have an opportunity to offer germane amendments.

The rule also makes in order an amendment that is expected to be offered by the gentleman from Utah (Mr. HANSEN) that addresses several concerns in the bill.

Southern Nevada is one of the fastest growing areas in the country, which has placed increasing demands on Las Vegas's McCarran International Airport. Because so much of Nevada is owned by the Federal Government, the land transfer is necessary to satisfy the region's growing need for air service.

Mr. Speaker, this legislation brings to mind a related issue that is very important to me, and that is the need for regional cooperation and broad citizen support for airport expansion. In my own community in the Miami Valley of Ohio, the City of Dayton is proposing a major expansion that attempts to address the region's future air travel needs. It is important to the citizens of the area to have sufficient opportunity to contribute to the planning process and for key segments of the community to reach a mutually acceptable agreement. The process can be long and frustrating, but there is no other way to advance public cause, even one that has the potential to provide long-term benefits to the region.

The House Committee on Rules has permitted a compromise measure to come before the House that is acceptable to both sides of the aisle. It is this kind of creative problem-solving and a willingness to compromise that will advance the project and serve the Las Vegas area.

Mr. Speaker, this open rule was approved by a voice vote by the Committee on Rules, and I urge its adoption.

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

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

The SPEAKER pro tempore (Mr. LAHOOD). Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HASTINGS of Washington. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The Chair will reduce to 5 minutes the time for a record vote, if ordered, on the Speaker's approval of the Journal following this vote.

The vote was taken by electronic device, and there were—yeas 406, nays 0, not voting 28, as follows:

[Roll No. 34]

YEAS—406

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth-Hage
Clay
Clayton
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Doggett
Dooley
Doolittle
Dreier
Duncan
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
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
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schakowsky
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Sununu
Sweeney
Talent
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)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (FL)

NOT VOTING—28

Barr
Boswell
Brown (OH)
Clement
Cooksey
Dixon
Doyle
Dunn
Frost
Granger
Herger
Kleczka
Larson
LaTourette
McCollum
McIntosh
Moran (VA)
Payne
Pickering
Salmon
Sanchez
Scarborough
Schaffer
Scott
Spence
Stupak
Vento
Young (AK)

□ 1058

Messrs. MALONEY of Connecticut, KLINK and KANJORSKI changed their vote from ''nay'' to ''yea.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated For:

Ms. SANCHEZ. Mr. Speaker, during rollcall vote No. 34 on March 9, 2000, I was unavoidably detained. Had I been present, I would have voted "aye."

THE JOURNAL

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to clause 8 of rule XX, the pending business is the question of agreeing to the Speaker's approval of the Journal of the last day's proceedings.

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.

RECORDED VOTE

Mr. HASTINGS of Washington. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. The Chair will reverse an earlier statement and announce that this will be a 15-minute vote on approving the Journal.

The vote was taken by electronic device, and there were—yeas 369, noes 45, answered ''present'' 1, not voting 19, as follows:

[Roll No. 35]

AYES—369

Abercrombie
Ackerman
Allen
Andrews
Archer
Armey
Baca
Bachus
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Boswell
Boucher
Boyd
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Clayton
Coble
Collins
Combest
Condit
Conyers
Cook
Cox
Coyne
Cramer
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Green (WI)
Greenwood
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Herger
Hill (IN)
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
Lazio
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
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)

Miller, Gary
Minge
Mink
Moakley
Mollohan
Moran (KS)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pastor
Paul
Pease
Pelosi
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Rangel
Regula
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Schakowsky
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stabenow
Stark
Stearns
Stenholm
Stump
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Upton
Velázquez
Vitter
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NOES—45

Aderholt
Baird
Bilbray
Borski
Brady (PA)
Chenoweth-Hage
Clay
Clyburn
Coburn
Costello
Crane
Dickey
English
Filner
Gibbons
Gutierrez
Hastings (FL)
Hefley
Hill (MT)
Hilleary
Hilliard
Hinchey
Kucinich
Lewis (GA)
LoBiondo
McDermott
Miller, George
Moore
Oberstar
Pascrell
Peterson (MN)
Pickett
Ramstad
Sabo
Strickland
Stupak
Sweeney
Taylor (MS)
Thompson (CA)
Thompson (MS)
Udall (NM)
Visclosky
Waters
Weller
Wu

ANSWERED ''PRESENT''—1

Tancredo

NOT VOTING—19

Bono
Brown (OH)
Capuano
Clement
Cooksey
Frank (MA)
Frost
Granger
Kasich
LaTourette
McCollum
McIntosh
Moran (VA)
Payne
Scarborough
Schaffer
Scott
Spence
Vento

□ 1112

So the Journal was approved.

The result of the vote was announced as above recorded.

□ 1113

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H. CON. RES. 396

Mr. BERMAN. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of House Concurrent Resolution 396.

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

There was no objection.

IVANPAH VALLEY AIRPORT PUBLIC LANDS TRANSFER ACT

The SPEAKER pro tempore. Pursuant to House Resolution 433 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1695.

□ 1114

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 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, with Mr. LAHOOD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Utah (Mr. HANSEN) and the gentleman from California (Mr. GEORGE MILLER) each will control 30 minutes.

The Chair recognizes the gentleman from Utah (Mr. HANSEN).

Mr. HANSEN. Mr. Chairman, I yield myself such time as I may consume, and I rise in support of H.R. 1695, introduced by my colleague, the gentleman from Nevada (Mr. GIBBONS).

An enormous amount of effort has gone into the preparation of this bill, and I would like to commend the gentleman from Nevada (Mr. GIBBONS) for working so diligently on this bill and bringing it to the floor. I do not think a lot of my colleagues realize that the gentleman from Nevada probably knows as much about aviation as any Member in the Congress, serving both as a military pilot and a commercial pilot, as well as the many other accomplishments he has had in his life. And I commend him on doing an excellent job on a piece of legislation that has been quite controversial, but which I think we now have a meeting of the minds on.

Clark County, Nevada, is the fastest growing metropolitan area in the Nation, and its current McCarran Airport, located in Las Vegas, is quickly exceeding capacity. The exorbitant growth in development and tourism has made the need for another airport in the Las Vegas metro area absolutely critical. The ever-increasing influx of visitors to southern Nevada is overrunning the present airport. Approximately half of the visitors to Las Vegas arrive as passengers at McCarran Airport, and that figure will continue to climb as the city increasingly becomes an international destination. I have been given to understand that it is now the ninth busiest airport in America.

H.R. 1695 authorizes the sale of Federal lands to Clark County for the construction of a new airport which will serve southern Nevada and the Las Vegas Valley. Clark County would pay fair market value for 6,500 acres in Ivanpah Valley, the proceeds of which would be used to purchase and preserve environmentally-sensitive areas within the State of Nevada.

The topography and orientation of the Ivanpah Valley make it an ideal location for an airport. The land is a dried-up lakebed, with nothing more than an interstate highway and a railroad on either side. An airport in this valley would be close enough to serve the metro area; however, its existence will not interfere with the current airspace needs of McCarran Airport or Nellis Air Force Base.

The environmental impact of this airport will be minimal. Nevertheless, H.R. 1695 ensures full compliance with all of the National Environmental Protection Act's provisions prior to operation of this airport. The airport will be located 16 miles away from the Mojave Preserve to avoid interference with that area. The Secretary of Transportation will design an airspace management plan that will avoid, to the maximum extent possible, overflights of the Mojave Preserve.

Mr. Chairman, at the appropriate time I will be offering an en bloc amendment to address the outstanding concerns with this legislation. The amendment has been agreed to by the minority and provides bipartisan support for this legislation, and I thank my staff and the staff of the gentleman from Nevada (Mr. GIBBONS) and the minority for working diligently to work out this en bloc amendment.

Mr. Chairman, I reiterate my support for H.R. 1695 and ask for the endorsement of the Members to provide this much-needed improvement to Nevada's infrastructure.

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

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

Mr. Chairman H.R. 1695 directs the conveyance of a substantial tract of public lands located near the Mojave National Preserve for the development of a large commercial airport and related facilities for the Las Vegas area.

As reported by the Committee on Resources, H.R. 1695 was a controversial measure. The bill was opposed by the administration, the environmental community, and many Members because the legislation failed to adequately address the potential environmental impacts, land-use conflicts, and administrative problems associated with large-scale land conveyance.

Attempts were made to address these significant issues in the Committee on Resources. These efforts were spearheaded by our colleague, the gentleman from Minnesota (Mr. VENTO), who is unable to be here with us today because he is recovering from major surgery; but I know he is watching this closely. The gentleman from Minnesota has been involved in the legislative consideration of this matter for several years, and his expertise on public lands issues gave him keen insight into the problems associated with the bill. The gentleman from Minnesota offered several constructive amendments to the legislation in committee. Although the committee did not adopt these amendments at that time, the seeds of his efforts are bearing fruit.

H.R. 1695 was headed to the floor this week with solid opposition from the administration, from the environmental community, and from many Members of Congress, including myself, concerned about the environmental consequences of this proposal. Fortunately, efforts have been underway to address these concerns, and for that I want to commend our colleague, the gentlewoman from Nevada (Ms. BERKLEY). The involvement of the gentlewoman from Nevada (Ms. BERKLEY) was critical in helping to diffuse that opposition and make possible the manager's amendment that will be offered to this legislation.

In helping to craft these changes, the gentlewoman from Nevada showed herself to be a strong advocate for her community and the environment. I can attest to that fact because I have been cornered by her numerous times over the last couple of months about this legislation and about her concerns for the opposition to the legislation that was being registered at that time.

As a result of that, I believe the manager's amendment that we now have before us makes a significant improvement to the bill by providing a joint lead agency status for the Department of the Interior on the Environmental Impact Statement necessary for the planning and construction of an airport facility on the conveyed lands. This is important, since the lands to be conveyed are currently administered by the Department of the Interior; and the potential environmental impacts of such an airport involve the Mojave National Preserve and other resource responsibilities of the Interior Department.

A detailed EIS will be crucial in determining whether an airport should be placed within the Ivanpah Valley. As noted in the NEPA regulations, found in 40 CFR 1502.14, the EIS must rigorously explore and objectively evaluate all reasonable alternatives, including the no-action alternative. Further, it will have to include a detailed analysis of environmental issues and consequences associated with the proposed airport facilities and the related infrastructure.

These are questions that cannot be answered today. With the potential impacts to the environment that exist with the proposal, especially for the Mojave National Preserve, it is incumbent the EIS thoroughly address all alternatives and environmental consequences.

As one of the cosponsors of the California Desert Protection Act, I have a long-standing interest in protecting the biological diversity of the region's desert ecosystem, especially as it relates to the Mojave National Preserve and the wilderness areas designated in the 1994 act. These are areas that some might dismiss as dirt and rock but in truth hold significant environmental values that ought to be addressed before any decision is made about a new airport that could negatively impact these areas.

Even with these changes made by the manager's amendment, the bill is not perfect; but it is certainly an improvement as to what the House would otherwise have been faced with. And again I want to commend the committee and the gentlewoman from Nevada (Ms. BERKLEY) for their efforts in putting together this amendment.

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

Mr. HANSEN. Mr. Chairman, I yield such time as he may consume to the gentleman from Nevada (Mr. GIBBONS), the sponsor of this legislation.

Mr. GIBBONS. Mr. Chairman, before I begin, I would like to take this moment to thank my colleague, the gentleman from Utah (Mr. HANSEN), for having participated diligently with me in 3 years of effort to bring this bill to the floor here today. The efforts of the gentleman from Utah have been critical in terms of his work and his support to bridge those gaps between the questions that have been raised by the environmental and minority committees and bringing together all of those parties so that we have a workable resolution, a workable bill here today.

The en bloc amendment of the gentleman from Utah (Mr. HANSEN) offered here today, Mr. Chairman, is certainly one which I think allows for us to proceed with this bill and which will accomplish the goals that Las Vegas needs to have in the coming years with a new airport that will relieve the stress of congestion at the ninth busiest airport in America today.

Mr. Chairman, as has already been mentioned, southern Nevada is the fastest growing area in the United States. Last year alone, in Las Vegas, there were more than 20,000 new homes constructed in the area. And because Nevada has somewhere between 87 and 92 percent of its land owned by the Federal Government, it makes expansion for many of our communities almost impossible. Fortunately, H.R. 1695 addresses the issue of smart growth and expansion and prepares Clark County, the home of Las Vegas, for the 21st century.

As Las Vegas and southern Nevada continue to grow, a greater demand is put upon its airport and its facility. Currently, passengers traveling through the Las Vegas McCarran International Airport account for approximately 50 percent of the 31 million visitors who come to Las Vegas each and every year. As the Valley's resorts increasingly become desirable nationally and internationally as travel destinations, this percentage can be expected to climb, and an exhausting strain will be placed on McCarran Airport. That is why this legislation is so critically important to the future of the Las Vegas Valley, indeed the economy of our State.

This is similar to the Dulles International Airport and the National Airport situation that we had existing right here in Washington, D.C. When Washington National, now Ronald Reagan National Airport, was becoming overcrowded and burdened by excess travel, there was a demand, 30 years ago, to increase its capacity by building a facility 30 miles to the west of here. That became known as Dulles International Airport. Today, the same problems, the same stress, are occurring in Las Vegas with the McCarran International Airport. Thirty miles to the Southwest will be the Ivanpah Airport as a reliever facility for McCarran's International Airport.

The Ivanpah Airport will be located far enough away from McCarran's Airport and the Nellis Air Force Base in Las Vegas to be free from their flight restrictions, yet it has a close proximity to Interstate 15 and the Union Pacific Railroad which will provide an excellent union of intermodal and multimodal transportation opportunities. And lastly, it is surrounded by vacant Federal land, which gives Clark County an opportunity to continue their forward-thinking and responsible growth while protecting the airport from incompatible land uses.

As McCarran reaches its physical capacity, expected to be in the year 2008, H.R. 1695 becomes a necessity to accommodate this county's favorable oasis in the desert and its future. There are those who rally against smart growth, forward-thinking planning, or even needed expansion. However, with the guidance and hard work, as I said earlier, of our colleague, the gentleman from Utah (Mr. HANSEN), and after working on this legislation for over 3 years, dedicating many hours to working out these compromises with the administration and environmental organizations, I believe we have finally found a common ground among all groups.

This compromise is reflected, as I said earlier, in the manager's amendment. It allows greater say by the Secretary of the Interior on initial Environmental Impact Statement planning processes to take care of the administration's objections. The manager's amendment also takes care of a small technical problem associated with the revisionary clause; and, finally, it addresses a small concern brought up by the Committee on the Budget. However, if there are still concerns by some in this body, I would like to take the next few minutes, Mr. Chairman, to dispel these thoughts and concerns.

Some have stated that H.R. 1695 makes the National Environmental Protection Agency process moot.

□ 1130

Realize, however, that NEPA is a necessity. Before the Ivanpah site can be developed as an airport, the Secretary of Transportation and the Secretary of Interior will be required to prepare a full Environmental Impact Statement pursuant to NEPA. H.R. 1695 merely authorizes the sale of the land which otherwise could not be sold.

Another question has been raised that others have stated that the bill obstructs policy comment required by FLPMA. There is only one reference to FLPMA in H.R. 1695, and it is not a waiver of public comment or environmental protections.

Since the Ivanpah Airport project is to be Congressionally mandated, this subsection merely relieved the Secretary from the requirement that the project be accounted for in land inventories, maps, and land use plans. Not to mention there have been numerous local public meetings by the Clark County Commission concerning the Ivanpah Airport project.

There is no significant local opposition to providing Southern Nevada a much needed second airport site. The bill is supported by the entire bipartisan Congressional delegation, the State, city, county and many local businesses and labor unions in Nevada.

Another concern raised was that one of the most timely and important issues facing Clark County is growth and the protection of their natural resources. Mr. Chairman, this issue was weighed heavily when I crafted H.R. 1695 because of its proximity to the Mojave Preserve.

However, the Ivanpah site is more than 16 miles from the Mojave Preserve and there is already a substantial community between the Mojave Preserve and the airport site known as Primm, Nevada. This community is located at the California State line, which includes three casinos and a large regional outlet mall.

Because of this existing development, the BLM land management plan has already decided to sell over 5,000 acres of land along Interstate 15 for private development. Any further releases of land will require an amendment to the land management plan. If an airport is built at Ivanpah, a clear zone will be established around it which will preclude additional growth surrounding the site.

A provision was added to H.R. 1695 which requires the Secretary of Transportation to work with the Secretary of the Interior to develop an air space management plan which precludes, except when safety requires, arrivals or departures over the Mojave Preserve.

H.R. 1695 also mandates that the air space management plan determine the optimum flight approach and departure corridors. This was done in a proactive manner to minimize overflight impacts on the preserve.

Another question that was raised was to ensure that the people of America receive fair compensation for their public lands. H.R. 1695 requires that the land be sold at fair market value. I repeat, Mr. Chairman, that the land will be sold at fair market value. This is not a give-away. The bill originally allowed the land to be purchased in phases and the new appraisals were required every 3 years. At a resources hearing, however, the County has indicated its intent to purchase the entire site as soon as possible; and the bill was amended in committee to require Clark County to buy the entire parcel for fair market value.

It is important to ensure that our citizens not only realize the benefits of this new airport but are justly compensated for its use, for the use of our public lands.

Another concern was that flights over or near the preserve will destroy the scenic vistas, natural quiet, and night skies.

Mr. Chairman, let me say that, although H.R. 1695 precludes flights from the Ivanpah Airport over the Mojave National Preserve, the preserve is already heavily impacted by aircraft overflight. In fact, the preserve is actually located beneath one of the world's most concentrated air traffic corridors. Air traffic in and out of the Los Angeles basin airports, such as Los Angeles International, Palmdale Airport, John Wayne/Orange County Airport, Burbank, Ontario, and the Long Beach Airport, to name a few. Those airports require current overflights of the Mojave Preserve.

Additionally, there are a number of military airfields in California which also impact the Mojave Preserve with their operations. To give my colleagues an idea, there are in excess of 400,000 operations on the airways over the Mojave Preserve at 6,000 feet or more above the preserve.

Mr. Chairman, once again, there are 400,000 operations each year over the Mojave Preserve at 6,000 feet or more above the preserve.

Additionally, there are 147,000 operations that fly over the Mojave Preserve annually at altitudes of 10,000 to 16,000 feet, which is comparable to the elevations of aircraft 16 miles from the Ivanpah location.

This is the same distance between the Ivanpah Airport and the Mojave Preserve, which simply means that all aircraft arriving and departing at Ivanpah at a distance of 16 miles will be at least 10,000 feet and probably 16,000 feet or more above the preserve.

Finally, concerns have been advanced about airport related light emissions impacting star gazing activities within the Mojave Preserve. Frankly, a small commercial service airport located between the two communities, such as Jean and Primm, Nevada, will contribute little, if any, to the local light emulating from the Ivanpah Valley.

The last concern I would like to address this morning is the potential impact to the desert tortoise, mountain sheep, and their habitats. Clark County and I are extremely sensitive to the concerns regarding the potential impact of the airport on these desert animals. However, it was determined that the airport did not impact the critical habitat for the desert tortoise or areas of critical concern as set forth in the BLM Resource Management Plan.

Remember that the site will also have to pass the rigorous standards of the National Environmental Policy Act process, as well as a possible section 7 consultation under the Endangered Species Act.

It is important to note that the United States Air Force Research Laboratory studied the effects of subsonic as well as supersonic aircraft noise on the desert tortoise. The report, dated May 1999, stated, ''There was no increase in blood lactate levels during or post exercise. The most extreme response to simulated subsonic aircraft noise was a typical reptilian defense response.''

The University of Arizona also evaluated the effects of simulated low-altitude F–16 jet aircraft noise on the behavior of captive mountain sheep. They concluded ''that when F–16 aircraft flew over the sheep, the noise levels created did not alter behavior or increase heart rates to the detriment of the population.''

Mr. Chairman, I would like to point out that these aircraft were flying along a ridge line at 125 meters, that is approximately 375 feet, above the ground, not the 6,000 feet or more that would be used by aircraft traveling to, arriving, or departing from the Ivanpah Airport and possibly over the Mojave Preserve.

And if there were a safety issue requiring them to fly over, that would be a rare and abnormal occurrence that would only occur infrequently, at best.

Finally, I would again like to thank the gentleman from Utah (Mr. HANSEN), the chairman of the subcommittee, for his hard work once

again and dedication in helping me see this project through over the last 3 years.

As a freshman, and with the help of former Congressman John Ensign, the gentleman from Utah (Chairman HANSEN) stood behind the people of Southern Nevada and enabled us to get to this point today. The State of Nevada owes the gentleman many thanks.

Mr. Chairman, I ask everyone to support H.R. 1695, which is so very important to the Southern Nevada area and its future.

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

Mr. Chairman, I thank the gentleman from Nevada (Mr. GIBBONS) for all of his work and effort in coming to an agreement on this legislation. I know that he has been involved with it for a considerable period of time.

Mr. Chairman, I yield such time as she may consume to the gentlewoman from Nevada (Ms. BERKLEY); and I again thank her for all of her help and effort on this legislation.

Ms. BERKLEY. Mr. Chairman, I rise in support of H.R. 1695.

I particularly wish to thank the gentleman from California (Mr. GEORGE MILLER) for his help with this issue; the gentleman from Minnesota (Mr. OBERSTAR), who was instrumental in making sure that this, in fact, was heard by all the parties; the gentleman from Utah (Chairman HANSEN) for his extraordinarily diplomatic work on these efforts; and I want to thank my colleague the gentleman from Nevada (Mr. GIBBONS) for graciously acknowledging my involvement, and I wish to do the same to him.

Mr. Chairman, I represent the fastest growing district in the United States, which is located in one of the fastest growing States in the United States. I have 5,000 new residents a month coming into Southern Nevada to establish residence and raise their families there.

In addition to that, we have 32 million visitors a year coming to Southern Nevada to enjoy the exciting family entertainment that Las Vegas offers to its visitors. A very large percentage of that 32 million visitors that come to Las Vegas do so by accessing McCarran Airport. Because of the unprecedented growth and the extraordinary growth that we have experienced in Southern Nevada, it has become apparent recently that the McCarran Airport will be at 100 percent capacity by the year 2008.

It was, therefore, imperative that we moved quickly in order to facilitate the ability of Southern Nevada to continue to grow, continue to prosper, continue to allow people easy access to enjoy our Southern Nevada life-style. Therefore, it became very important for us to pass this legislation so that we might have another access route for people to come to Southern Nevada.

The Ivanpah Airport is not a new idea. It is certainly a very important one for the people of Southern Nevada, particularly for our continued growth and development.

One of the things that is particularly important about this legislation is the fact that we have been able to marry and blend not only the economic needs of our community but the environmental needs, as well. And for somebody like me and my family that are now three generations of Southern Nevadans, the environment was as important to me as the future growth and development of my community.

To be able to blend both needs for future prosperity and to continue the vibrant economy of Southern Nevada, blend that with the environmental concerns, which we all have, in order to maintain the beauty of the environment and keep it as pristine as possible, to be able to blend both of those very important needs in a piece of legislation that all parties concerned about this have agreed to support I think is great statesmanship, and I applaud everybody that was involved in the process.

It was very important that we have all the parties at the table agreeing not only to see that the future of Southern Nevada is in very good hands and the economy, the future growth, and prosperity of our economy is ensured into the next several decades, but also to make sure that the thing we care about the most, our beautiful desert environment, is protected.

So I want to applaud my colleagues for working very diligently to make sure that this piece of legislation was, in fact, crafted in a way that everybody could be very excited about the future of Las Vegas, the future of Southern Nevada, not only the economic side but the environmental side, as well.

Mr. HANSEN. Mr. Chairman, I yield myself such time as I may consume.

□ 1145

Mr. Chairman, the gentleman from Alaska (Mr. YOUNG), the chairman of the full committee, is not able to be here and has asked that I read into the RECORD his brief statement.

He says,

Mr. Chairman, I rise in strong support of H.R. 1693, a bill to provide for the conveyance of certain Federal-owned land for the development of a much needed airport for the Ivanpah Valley in Nevada. This piece of legislation was introduced by one of our most active and effective resource committee members, our colleague, Congressman Jim Gibbons from Nevada.

I want to commend the gentleman for his hard work on this bill that is so important to Nevada and to the many visitors to Nevada who will someday use this airport facility.

Nevada has the highest percentage of Federally owned lands of any State in the union with more than 80 percent of Nevada's land base owned and managed by Federal conservation agencies. This of course makes it very difficult to provide for public services in fast growing areas such as Clark County, Nevada. I can sympathize with the problem. Alaska has similar problems since so much of my State is owned by the Federal Government.

However, I am satisfied that this land transfer will not in any way lessen or diminish the quality of the environment in Nevada but is absolutely necessary to provide an essential means of air transportation for the region. My committee has held hearings not only on the issues relating to this airport but also to the impacts of the Minneapolis-St. Paul Airport expansion on the Minnesota Valley National Wildlife Refuge.

The Minnesota refuge is home to a broad range of wildlife species, including threatened bald eagles, 35 mammal species, 23 reptile and amphibian species and 97 species of birds including tundra swans migrating all the way from Alaska. Our hearings revealed that the expansion of the Minneapolis Airport would result in overflights as low as 500 feet above the wildlife refuge. Yet the environmental impact statement for the Minnesota Airport revealed that the wildlife would not be disturbed so much that the airport expansion should be stopped. They also found no impact on the threatened bald eagle and no need for the protections of the endangered species act. The scientist studying the impacts of the airport found that the wildlife in the refuge would adjust to the noise from the low overflights. They found that there is little scientific evidence that wildlife would be seriously harmed by over 5,000 takeoffs and landings per month at less than 2,000 feet above these important migratory bird breeding, feeding and resting areas.

Just as the Minneapolis Airport has no impact on the wildlife refuge less than one mile away, I am sure that the new airport in the Ivanpah Valley of Nevada will have little if any impact on the environment and will have no impact on any wildlife refuges or preserves. Building this much-needed airport is, however, an issue of public safety and the safety of the flying public as well as those who will operate private planes and commercial flights.

I strongly support this legislation and urge my colleagues to do so as well.

Mr. Speaker, I insert the following letters for the RECORD.

COMMITTEE ON RESOURCES,
Washington, DC, March 8, 2000.

Hon. BUD SHUSTER,
Chairman, Committee on Transportation and Infrastructure, Rayburn HOB, Washington, DC.

DEAR MR. CHAIRMAN: This week the leadership may schedule H.R. 1695, the Ivanpah Valley Public Lands Transfer Act, for consideration under a rule. This bill, authored by Congressman Jim Gibbons, directs the Secretary of the Interior to sell approximately 6400 acres of Bureau of Land Management land just south of Las Vegas, Nevada, to Clark County to develop an airport facility and related infrastructure. The bill was referred to the Committee on Resources, which filed its report on the bill on November 16, 1999 (H. Rept. 106–471).

While the H.R. 1695 is primarily a public land transfer bill, Section 4 directs the Secretary of Transportation, in consultation with the Secretary of the Interior, to develop an airspace management plan that shall, to the maximum extent practicable, avoid the airspace for the Mojave Desert Preserve in California. In addition, under Section 4(b), the Federal Aviation Administration must make certain certifications to the Secretary

of the Interior regarding Clark County's airspace assessment.

The Committee on Resources recognizes your Committee's jurisdiction over Section 4 under Rule X of the Rules of the House of Representatives. I agree that allowing this bill to go forward in no way impairs your jurisdiction over this or any similar provisions, and I would be pleased to place this letter and any response you may have in the Congressional Record during our deliberations on this bill. In addition, if a conference is necessary on this bill, I would support any request to have the Committee on Transportation and Infrastructure be represented on the conference.

This bill is vitally important to Congressman Jim Gibbons and the people of Clark County, Nevada, so I very much appreciate your cooperation, and that of Aviation Subcommittee Chairman John Duncan (who serves on both our Committees) and Rob Chamberlin of your staff during this very busy time. I look forward to passing this bill on the Floor soon and thank you again for your assistance.

Sincerely,

DON YOUNG,
Chairman.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC, March 8, 2000.

Hon. DON YOUNG,
Chairman, Committee on Resources, Longworth House Office Building, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for you letter of March 8, 2000 regarding H.R. 1695, the Ivanpah Valley Public Lands Transfer Act. I understand that this bill is primarily a land transfer bill. However, as you point out, Section 4 of the bill requires the Secretary of Transportation, in consultation with the Secretary of the Interior, to develop an airspace management plan that shall, to the maximum extent practicable, avoid the airspace for the Mojave Desert Preserve in California. In addition, under Section 4(b), the Federal Aviation Administration must make certain certifications to the Secretary of the Interior regarding Clark County's airspace assessment. These provisions are of jurisdiction interest to the Committee on Transportation and Infrastructure.

Your recognition of the Committee's jurisdiction and your acknowledgment that allowing this bill to go forward will not impair the Committee's jurisdiction over this or other similar provisions allay my jurisdiction concerns. In addition, I am pleased to accept your offer of placing our letters in the Congressional Record as well as your offer of support if the Committee on Transportation & Infrastructure requests representation on any potential conference.

Thank you for your assistance on this issue and your continued support of aviation matters.

With warm personal regards, I remain,

Sincerely,

BUD SHUSTER,
Chairman.

Mr. VENTO. Mr. Chairman, I would like to express my vigorous opposition to H.R. 1695, the "Ivanpah Valley Airport Public Lands Transfer Act." Since this project could not meet the environmental or procedural expectations of the federal government to transfer 6,600 acres of public land administratively, this body must now debate the merits of legislation that visibly flaunts thirty years of sound federal land use policy and procedure. It is my hope that as the full House debates this measure it will see the numerous inconsistencies with regard to standard federal policy that makes this legislation unacceptable. Frankly, the advocates have systematically avoided the administrative procedure this measure was before the bill's sponsors introduced it three years ago. During this time, a transfer could have been achieved administratively without forcing a policy and land transfer down the Department of Interior's throat. One wonders if the sponsors want an airport site or a political confrontation.

H.R. 1695 directs the sale of 6,600 acres of public land near the Mojave Desert Preserve for the development of a commercial cargo airport for the city of Las Vegas and its surrounding suburbs. Although the Bureau of Land Management (BLM) has failed to identify this land for disposal because of the important environmental and recreational resources it contains, Clark County, Nevada is seeking ownership of this land at substantially discounted prices. This mandatory conveyance of public lands circumvents the existing statutory requirements for land use planning and the sale of public lands including the Federal Land Policy and Management Act (FLMPA) and the National Environmental Policy Act (NEPA). As a result of this directed land sale, Clark County is circumventing the necessary environmental safeguards that, under normal circumstances would allow this project to proceed in an environmentally responsible manner and make it accountable to the public through the NEPA and FLPMA public participation processes prior to the land transfer taking place.

The intent of this legislation makes it apparent that Clark County has self-determined that there is not need for them to follow a national policy regarding the disposal of federal lands. It became apparent during the hearing on this legislation that the county has independently, and subjectively, studied the issue and determined that there is no other feasible alternative than construction of an airport in this area. The feasibility review obtained by the Committee shows that Clark County only briefly mentions any harmful environmental impacts associated with the construction of this airport and that the county made no attempt to study alternative areas on which to locate the airport.

While in committee, I offered an amendment that would have addressed the problems associated with this bill by requiring a full environmental review of the proposed airport and its surrounding facilities. This amendment contained language from the Airport and Airway Development Act of 1970 (PL 91–258) that directs the Secretary of Transportation to consult with the Secretary of the Interior regarding environmental impacts associated with the construction of an airport facility. If adverse impacts were found, but there were no alternative sites on which to locate the airport, then the amendment allowed for reasonable steps to be taken to reduce the impact of this airport on the environment. Unfortunately, it was defeated and, instead, replaced with a toothless amendment that only references NEPA after the land transfer is complete.

It is my understanding that an agreement has been made to address the Department of Interior's concerns. This agreement allows the Federal Aviation Administration and the National Park Service to jointly proceed on the development of the Environmental Impact Statement prior to construction of the airport. This amendment follows the premise of the amendment I offered in Committee by not making the location of the airport an irrevocable decision regardless of the environmental impacts associated with its construction. This represents a positive step forward in the development of this legislation by all interested parties. Although I am still troubled by H.R. 1695, I am grateful that supporters of this legislation were able to find common ground with its opponents to include a firewall that may provide a small measure of environmental protection to this ecologically sensitive region.

Should construction of this airport be allowed to proceed, it would be a mistake to not discuss the irreversible impacts that it may have on the land and its inhabitants. In 1994, Congress established the Mojave National Preserve that is adjacent to the proposed airport. Because of prevailing winds to the south, the airport can only accommodate a north-south facing runway that forces all departing planes to fly directly over the northern portion of the preserve. The environmental degradation associated with the airport and low-flying planes will ultimately threaten one of the most ecologically diverse desert landscapes in the world. The low-flying craft would destroy the natural quiet and visitor experience to those exploring the area, harm wildlife and destroy spectacular views of the night sky through light pollution.

In addition to displacing the migratory habits of humans while on vacation in the area, the construction and operation of this airport will have dire consequences for the 700 plants and 200 animal species that permanently reside here. Unlike humans, the wildlife does not have the ability to escape the intrusion of man's inventions into their increasingly displaced and ecologically fragmented world. Two animals that would be especially threatened by noise generated from the airport include the desert bighorn sheep and the endangered desert tortoise. Studies have demonstrated that repeated jet noise at regular intervals could increase the stress levels of these animals and have an adverse impact on their reproductive efforts and their ability to detect and escape predators.

The location of the proposed airport on a dry lakebed also raises important hydrologic concerns that may threaten to ground this project before it gets its wings in the air. The BLM testified during the hearing on H.R. 1695 that this dry lakebed periodically floods and that displaced water could affect development in the area. Furthermore, the region lacks any reliable source of water. The closest water resource is located south of Primm, Nevada in a California aquifer. Should the proposed airport and its facilities tap into this aquifer, it could place a severe strain on water resources for the flora and fauna, in addition to creating clean air problems, resulting from dust storms created by the evaporation of what little moisture remains in the dry lakebed.

Finally, I would like to point out the administrative shortcomings of this legislation. Firstly, H.R. 1695 makes the United States liable for

claims that may arise from a conveyance by failing to protect the valid and existing rights that under normal circumstances would be standard policy for such legislation. This legislation also fails to compensate the federal government for the fair market value of the land by requiring it to be appraised without reflecting any future enhancements that may increase its value. Lastly, there are a number of administrative costs associated with the bill that the federal government, not Clark County, must pay, including land and resource surveys, appraisals and land transfer patent expenses. I would like to stress that it is Clark County directing the purchase of this land and not the federal government.

Mr. Chairman, this project deserves the same environmental scrutiny as other similar projects being pursued around the Nation. I find it disturbing that this Congress may blatantly disregard the rules and procedures established by them to practically give away federal land to a county that has determined the sites of its next large airport, without the benefit of a full environmental review. If the sponsors worked as hard to resolve the problems and work with the Department of Interior as they have the past three years to circumvent the policy and laws in place, we would have a resolution, not a confrontation as is evident today! It is my hope that this body will find it beneficial to carry out the proper studies so Clark County can provide to its citizens and visitors a safe and environmentally friendly solution for air transport. Without adequate safeguards, though, I fear that Congress will give its nod of approval to a project that essentially subsidizes a community's efforts to carry out an ill-conceived plan. While it is true that the Las Vegas area is in need of a new airport, a project of this magnitude should proceed in the same responsible manner as required by other communities to ensure the safety and health of their communities and surrounding environment.

Mr. OBERSTAR. Mr. Chairman, I rise in strong support of H.R. 1695, a bill that would allow for the sale of certain Federal public lands in the Ivanpah Valley, Nevada to Clark County for the purposes of building a new airport. I applaud the efforts of the Gentlewoman from Nevada, Congresswoman BERKLEY, not only for her early recognition that a third airport is key to accommodate the explosive growth in the Las Vegas area, but also for her dedication to ensure that the construction of any new airport will be balanced with environmental concerns in the nearby Mojave Preserve. As of a few days ago, many issues with regard to H.R. 1695 were still unresolved. However, through Congresswoman BERKLEY's tireless efforts to bridge the gap on a bipartisan basis, those issues have been resolved such that H.R. 1695 has full support from all parties involved.

The demand for aviation has grown dramatically over the last several decades, a trend that is expected to continue for the foreseeable future. In 1998, 656 million passengers flew commercially, twice the number in 1980. This number is expected to grow to almost 1 billion over the next 10 years. In addition, the air cargo market is growing faster than any other sector of the aviation industry, an average of 6.6% a year. To accommodate that growth, the Boeing Company estimates that the world's jet freighter fleet will have to double by 2017—that means adding 1,000 more aircraft.

No where has this explosive growth in aviation been evident as in the Las Vegas, Nevada area. Passenger traffic at Las Vegas' McCarran International Airport has increased by 64 percent since 1990, with growth at 13 percent alone in 1999. In less than eight years, McCarran will be at full capacity. To accommodate this rapid growth, several options have been carefully considered, such as adding a 5th runway at McCarran. However, the costs of constructing an additional runway are estimated at upwards of 1.7 billion—four times the cost of the Ivanpah proposal—and would have involved the condemnation of several homes surrounding the airport. After careful consideration of other possible sites, the Department of Aviation concluded that the site located in the Ivanpah Valley was the most suitable. Importantly, the site located in the Ivanpah Valley is the only area that will allow aircraft to use a full precision instrument approach that will not result in airspace conflict with nearby McCarran Airport.

Although H.R. 1695 will allow for the sale by the Bureau of Land Management of approximately 6,600 acres of public land located in Ivanpah Valley to Clark County for purposes of developing this third airport, it also contains many safeguards to preserve environmental interests at the Mojave Preserve. First, H.R. 1695 would require the Secretaries of Transportation and Interior to work together to develop an airspace management plan to restrict arrivals or departures over the Mojave Preserve, unless necessary for safety. In addition, Clark County would have to conduct an assessment, with Federal Aviation Administration (FAA) approval, to identify potential impacts on access to the Las Vegas Basin under VFR flight rules.

Importantly, the Managers Amendment to H.R. 1695, offered by the Gentleman from Utah, Congressman HANSEN, would require, prior to construction of the airport, a full environmental assessment under the National Environmental Policy Act, with the Departments of Interior and Transportation as co-lead agencies. If, at the conclusion of the NEPA process, the FAA and Clark County determine that the site is not suitable for an airport facility, custody of the land would revert back to the Department of Interior. This provision is pivotal in ensuring that all potential impacts of aircraft overflights on the Mojave Preserve are assessed before any construction begins.

Passage of H.R. 1695 will allow the Las Vegas area to plan for its future growth by increasing air capacity, while preserving the integrity of the environment in the Mojave Preserve. I urge my colleagues to support this important legislation.

Mr. HANSEN. Mr. Chairman, I reserve the balance of my time.

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

Mr. HANSEN. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time for general debate has expired.

Pursuant to the rule, the committee amendment in the nature of a substitute printed in the bill is considered as an original bill for the purpose of amendment and is considered read.

The text of the committee amendment in the nature of a substitute is as follows:

H.R. 1695

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 ''Ivanpah Valley Airport Public Lands Transfer Act''.

SEC. 2. CONVEYANCE OF LANDS TO CLARK COUNTY, NEVADA.

(a) IN GENERAL.—Notwithstanding the land use planning requirements contained in sections 202 and 203 of the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1712 and 1713), but subject to subsection (b) of this section, the Secretary shall convey to the County all right, title, and interest of the United States in and to the Federal public lands identified for disposition on the map entitled ''Ivanpah Valley, Nevada-Airport Selections'' numbered 01, and dated April 1999, for the purpose of developing an airport facility and related infrastructure. The Secretary shall keep such map on file and available for public inspection in the offices of the Director of the Bureau of Land Management and in the district office of the Bureau located in Las Vegas, Nevada.

(b) CONDITIONS.—The Secretary shall make no conveyance under subsection (a) until each of the following conditions are fulfilled:

(1) The County has conducted an airspace assessment to identify any potential adverse effects on access to the Las Vegas Basin under visual flight rules that would result from the construction and operation of a commercial or primary airport, or both, on the land to be conveyed.

(2) The Federal Aviation Administration has made a certification under section 4(b).

(3) The County has entered into an agreement with the Secretary to retain ownership of Jean Airport, located at Jean, Nevada, and to maintain and operate such airport for general aviation purposes.

(c) PAYMENT.—

(1) IN GENERAL.—As consideration for the conveyance of each parcel, the County shall pay to the United States an amount equal to the fair market value of the parcel.

(2) DEPOSIT IN SPECIAL ACCOUNT.—The Secretary shall deposit the payments received under paragraph (1) in the special account described in section 4(e)(1)(C) of the Southern Nevada Public Land Management Act (31 U.S.C. 6901 note).

(d) REVERSION AND REENTRY.—

(1) IN GENERAL.—During the 5-year period beginning 20 years after the date on which the Secretary conveys the lands under subsection (a), if the Secretary determines that the County is not developing or progressing toward the development of the conveyed lands as an airport facility, all right, title, and interest in those lands shall revert to the United States, and the Secretary may reenter such lands.

(2) PROCEDURE.—Any determination of the Secretary under paragraph (1) shall be made only on the record after an opportunity for a hearing.

(3) REFUND.—If any right, title, and interest in lands revert to the United States under this subsection, the Secretary shall refund to the County all payments made to the United States for such lands under subsection (c).

SEC. 3. MINERAL ENTRY FOR LANDS ELIGIBLE FOR CONVEYANCE.

The public lands referred to in section 2(a) are withdrawn from mineral entry under the Act of

May 10, 1872 (30 U.S.C. 22 et seq.; popularly known as the Mining Law of 1872) and the Mineral Leasing Act (30 U.S.C. 181 et seq.).

SEC. 4. ACTIONS BY THE DEPARTMENT OF TRANSPORTATION.

(a) DEVELOPMENT OF AIRPSACE MANAGEMENT PLAN.—The Secretary of Transportation shall, in consultation with the Secretary, develop an airspace management plan for the Ivanpah Valley Airport that shall, to the maximum extent practicable and without adversely impacting safety considerations, restrict aircraft arrivals and departures over the Mojave Desert Preserve in California.

(b) CERTIFICATION OF ASSESSMENT.—The Administrator of the Federal Aviation Administration shall certify to the Secretary that the assessment made by the County under section 2(b)(1) is thorough and that alternatives have been developed to address each adverse effect identified in the assessment, including alternatives that ensure access to the Las Vegas Basin under visual flight rules at a level that is equal to or better than existing access.

SEC. 5. COMPLIANCE WITH NATIONAL ENVIRONMENTAL POLICY ACT OF 1969 REQUIRED.

Prior to operation of an airport facility on lands conveyed under section 2, all actions required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to that operation shall be completed.

SEC. 6. DEFINITIONS.

In this Act—

(1) the term ''County'' means Clark County, Nevada; and

(2) the term ''Secretary'' means the Secretary of the Interior.

The CHAIRMAN. The amendment printed in House Report 106–515 shall be considered read and shall not be subject to a demand for division of the question.

During consideration of the bill for amendment, the Chair may accord priority in recognition to a Member offering an amendment that he has printed in the designated place in the CONGRESSIONAL RECORD. Those amendments will be considered read.

The Chairman of the Committee of the Whole may postpone a request for a recorded vote on any amendment and may reduce to a minimum of 5 minutes the time for voting on any postponed question that immediately follows another vote, provided that the time for voting on the first question shall be a minimum of 15 minutes.

AMENDMENT NO. 1 OFFERED BY MR. HANSEN

Mr. HANSEN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 1 printed in House Report 106–515 offered by Mr. HANSEN:

Page 2, line 12, after ''section'' insert ''and valid existing rights''.

Page 3, strike line 22 and insert the following:

Management Act of 1998 (112 Stat. 2345). The second sentence of section 4(f) of such Act (112 Stat. 2346) shall not apply to interest earned on amounts deposited under this paragraph.

Page 3, strike line 23 and all that follows through page 4, line 14, and insert the following:

(d) REVERSION AND REENTRY.—If, following completion of compliance with section 5 of this Act, the Federal Aviation Administration and the County determine that an airport cannot be constructed on the conveyed lands—

(1) the Secretary of the Interior shall immediately refund to the County all payments made to the United States for such lands under subsection (c); and

(2) upon such payment—

(A) all right, title, and interest in the lands conveyed to the County under this Act shall revert to the United States; and

(B) the Secretary may reenter such lands.

Page 5, strike line 16 and all that follows through line 19 and insert the following:

Prior to construction of an airport facility on lands conveyed under section 2, all actions required under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.) with respect to initial planning and construction shall be completed by the Secretary of Transportation and the Secretary of the Interior as joint lead agencies.

Mr. HANSEN. Mr. Chairman, I am happy to note that we recently reached a compromise with the minority to add these en bloc amendments to the bill. The amendments would make fairly technical changes to the environmental review requirements and the revisionary clause in the bill.

The original reversionary clause of this bill in section 2(d) gave a lengthy period of time before the Secretary of the Interior could assess the development and progress of land and determine whether it should be given back to the United States. Under the amendment, Clark County and the FAA would determine whether the airport could be constructed on the conveyed lands through the NEPA process. If it was determined that the airport could not be constructed, the title to the land would immediately revert to the United States and the Secretary of the Interior must refund to the county all payments made for the land. This language is agreed to by the majority and the minority as well as the airport authority.

The second major change is a complete rewrite of section 5 dealing with compliance of the National Environmental Protection Act of 1969. Under the amendment, NEPA compliance must occur prior to the initial planning and construction of the airport. Moreover, the language provides that the Secretary of Transportation and Secretary of the Interior will be joint lead agencies in conducting the NEPA work for the initial planning and construction. However, we do not expect the Secretary of the Interior to be a joint lead agency in subsequent NEPA compliance which the airport may experience during its long-term development.

Lastly, Mr. Chairman, there is a technical amendment to the nature of how the proceeds are expended by the Secretary. This amendment is made at the request of the Committee on the Budget.

Mr. Chairman, these are bipartisan amendments that serve to make this bill acceptable to both sides of the aisle. I urge my colleagues to support the amendments.

Mr. GEORGE MILLER of California. Mr. Chairman, I rise in support of this amendment. I thank the gentleman from Utah, the gentleman from Nevada, and the gentlewoman from Nevada for working out this amendment to make the bill acceptable to both sides of the aisle. I urge Members to support the amendment.

Mr. GIBBONS. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise today in strong support of the en bloc amendments to H.R. 1695 as offered by the gentleman from Utah (Mr. HANSEN). First as we have already heard, there is a change to how the revenues generated from the sale of this property to Clark County, Nevada will be handled. This amendment simply states that those revenues were to be applied under section 4(f) of the act, 112 Statutes 2346, which provided for those proceeds to be generated in the same fashion that the southern Nevada land sales proceeds were developed. However, the Committee on the Budget decided that it needed to revise its treatment of the interest since that was not covered in the prior act. That interest amount will go to the general treasury on any funds that are generated from the sale of this property.

Secondly, as the gentleman from Utah has already explained, the reentry revision finally recognizes that, if under the Secretary's determination that this project cannot go forward under the NEPA process and that there is a determination of a no-action alternative, this property then will be reverted back to the United States and title to the United States and the money which will be paid by Clark County shall be returned to Clark County for the reversionary interest.

Lastly, of course, is the determination that prior to construction, facility owned lands will be required to address all of the National Environmental Policy Act requirements of 1969. To dispel any concerns, Mr. Chairman, that Members may have, I would like to share with them the environmental process that this airport will have to comply with. Under title 49, section 47101, subsection H, Consultation, let me say that to carry out the policy of this section, the Secretary of Transportation shall consult with the Secretary of Interior and the administrator of the Environmental Protection Agency about any project included in a project grant application involving the location of an airport or runway or any major runway extension that may have a significant effect on, one, natural resources including fish and wildlife; two, natural scenic and recreational assets; three, water and air quality; or, four, another factor affecting the environment.

Under subsection C, the environmental requirements, the Secretary of Transportation may approve an application under this subchapter for an airport development project involving the location of an airport or runway or a major runway extension, A, only if the sponsor certifies to the secretary that (i) an opportunity for a public hearing was given to consider the economic, social and environmental impacts of the location and the location's consistency with the objectives of any planning that the community has carried out and (ii) the airport management board has voting representation from the communities in which the project is located or has advised the communities that they have the right to petition the secretary about a proposed project.

Subsection B of that part says that only if the chief executive officer of the State in which the project will be located certifies in writing to the secretary that there is a reasonable assurance that the project will be located, designed, constructed and operated in compliance with the applicable air and water quality standards, except that the administrator of the Environmental Protection Agency shall make the certification instead of the chief executive officer if, subsection (i) the State has not approved any applicable State or local standards, and (ii) the administrator has prescribed applicable standards.

And subsection C finally says that if the application is found to have a significant adverse effect on natural resources including fish and wildlife, natural, scenic and recreational assets, water and air quality, or another factor affecting the environment, only after finding that no possible and prudent alternative to the project exists and that every reasonable step has been taken to minimize the adverse effect.

Mr. Chairman, these are simply items that this project is going to have to comply with. There is no attempt in this bill to skirt or circumvent any of the environmental process. We think that this amendment brings forward and highlights those aspects. We certainly rise in support of the en bloc amendment offered by the gentleman from Utah.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Utah (Mr. HANSEN).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. HANSEN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 417, noes 3, not voting 14, as follows:

[Roll No. 36]

AYES—417

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Collins
Combest
Condit
Conyers
Cook
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Hostettler
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E.B.
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
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)
Peterson (PA)
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
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—3

Chenoweth-Hage
Coburn
Paul

NOT VOTING—14

Brown (OH)
Cooksey
Granger
Horn
Hunter
Johnson, Sam
LaTourette
McCollum
Murtha
Scarborough
Schaffer
Spence
Vento
Wise

□ 1224

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. Are there any other amendments? If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. OSE) having assumed the chair, Mr. LAHOOD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 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, pursuant to House Resolution 433, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 420, nays 1, not voting 13, as follows:

[Roll No. 37]

YEAS—420

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Capuano
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth-Hage
Clay
Clayton
Clement
Clyburn
Coburn
Collins
Combest
Condit
Conyers
Cook
Costello
Cox
Coyne
Cramer
Crane
Crowley
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Green (TX)
Green (WI)
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson, E. B.
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Kasich
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Knollenberg
Kolbe
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Largent
Larson
Latham
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCrery
McDermott
McGovern
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Oxley
Packard
Pallone
Pascrell
Pastor
Paul
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
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
Schakowsky
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Souder
Spratt
Stabenow
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Vitter
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
Whitfield
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—1

Coble

NOT VOTING—13

Brown (OH)
Cooksey
Granger
Johnson, Sam
LaTourette
McCollum
Saxton
Scarborough
Schaffer
Spence
Tiahrt
Vento
Waters

□ 1339

Mr. SENSENBRENNER and Mr. BRADY of Texas changed their vote from ''nay'' to ''yea.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. COBLE. Mr. Speaker, on rollcall No. 37 I inadvertently pressed the "no" button. I meant to vote "yes."

GENERAL LEAVE

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill, H.R. 1695.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Nevada?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 3081, WAGE AND EMPLOYMENT GROWTH ACT OF 1999, AND H.R. 3846, MINIMUM WAGE INCREASE ACT

Mr. SESSIONS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 434 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 434

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3081) to increase the Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes. The bill shall be considered as read for amendment. In lieu of the amendment recommended by the Committee on Ways and Means now printed in the bill, an amendment in the nature of a substitute consisting of the text of H.R. 3832 shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except: (1) two hours of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; and (2) one motion to recommit with or without instructions.

SEC. 2. Upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill and any amendment thereto 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 Education and the Workforce; (2) the amendments printed in the report of the

Committee on Rules accompanying this resolution, which shall be in order without intervention of any point of order (except those arising under section 425 of the Congressional Budget Act of 1974) and which may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

SEC. 3. (a) In the engrossment of H.R. 3081, the Clerk shall—

(1) await the disposition of H.R. 3846;

(2) add the text of H.R. 3846, as passed by the House, as new matter at the end of H.R. 3081;

(3) conform the title of H.R. 3081 to reflect the addition of the text of H.R. 3846 to the engrossment;

(4) assign appropriate designations to provisions within the engrossment; and

(5) conform provisions for short titles within the engrossment.

(b) Upon the addition of the text of H.R. 3846 to the engrossment of H.R. 3081, H.R. 3846 shall be laid on the table.

□ 1345

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

Mr. SESSIONS. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to the gentleman and my friend from Massachusetts (Mr. MOAKLEY), pending which I yield myself such time as I may consume. During consideration of this resolution, all time is yielded for the purpose of debate only.

Mr. Speaker, this resolution provides for the consideration of H.R. 3081 in the House under a closed rule without intervention of any point of order.

The rule provides that the bill be considered as read and that, in lieu of the amendment recommended by the Committee on Ways and Means now printed in the bill, the text H.R. 3832 shall be considered as adopted.

The rule provides two hours of debate equally divided and controlled by the chairman and the ranking minority member of the Committee on Ways and Means.

The rule provides one motion to recommit H.R. 3081 with or without instructions.

The rule also provides for consideration of H.R. 3846 in the House under a modified closed rule. It provides that the bill be considered as read and provides for 1 hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce.

The rule provides for consideration of the amendments printed in the Committee on Rules report accompanying the resolution, which shall be in order without intervention of any point of order, except those arising under section 425 of the Congressional Budget Act of 1974, prohibiting consideration of legislation containing certain unfunded mandates.

The rule provides that the amendments printed in the Committee on Rules report accompanying the resolution may only be offered by the Member designated in the report, shall be considered as read, and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent.

The rule provides one motion to recommit H.R. 3846 with or without instructions.

Finally, the rule provides that in the engrossment of H.R. 3081, The Clerk shall add the text of H.R. 3846 as passed by the House as a new matter at the end of H.R. 3081, after which H.R. 3846 shall be laid upon the table.

Mr. Speaker, the rule before us today is a carefully crafted rule that makes in order two separate bills. The first is a bill out of the Committee on Ways and Means, H.R. 3081, the Wage and Employment Growth Act of 1999, which provides a series of tax benefits to small businesses.

The second piece of legislation, H.R. 3846, is a bill to increase the minimum wage by $1.00 through incremental steps over the course of 3 years.

Mr. Speaker, the Committee on Ways and Means bill, like almost every tax bill for many, many years, will not be open to further amendments on the House Floor. This long-standing policy is designed to keep the Internal Revenue Code from becoming more cluttered than it is already with special interest provisions.

Also, amendments offered on short notice on the House floor might have unintended consequences which may not be fully appreciated without the adequate time to research those issues.

The Committee on Ways and Means bill will be subject to 2 hours of debate and allows the minority a motion to recommit with instructions. The minimum wage bill will receive 1 hour of general debate and makes in order two amendments, one to increase the minimum wage over the course of 2 years rather than 3 and another allows States flexibility to determine their own minimum wage.

By making these amendments in order, the rule facilitates a thorough debate and vote on the major issues associated with the two bills under consideration, and by allowing a motion to recommit the legislation with or without instructions, the minority is assured their perspective on this issue will be aired and will be voted upon.

Mr. Speaker, I am particularly pleased that Congress is undertaking an important effort to give tax relief to hard working people who run small businesses and create jobs. Through small business provisions, they include an acceleration of the increase in the self-employed health insurance deduction to 100 percent. This is crucial to making health care more available to innovative people who take risks by starting and running their own businesses.

It is often too difficult and costly for a small business to set up pensions or retirement plans for their employees, especially in their new and start-up years. The legislation before the House today provides pension reform and improves retirement security. It increases contribution and benefit levels and limits in tax-favored retirement plans. It shortens investing requirements of employer matching contributions which is very important in today's marketplace, where a worker often spends only a few years on the job and then moves on.

Mr. Speaker, I represent a district in Texas that has many, many small businesses. In my district and all across America, small businesses are an important part of our economy. Small business is the engine that drives the economy and creates new jobs in America. In fact, small businesses create more jobs than any other types of businesses, including large corporations. Too many businesses fail because our unfair Tax Code and because of heavy regulatory burdens that consume critical operating capital in their early years. These small business tax provisions do not just help small businesses but they help everyone by encouraging job growth.

I remind my colleague that this rule allows for vigorous debate on every major issue related to the underlying legislation.

Mr. Speaker, like many other conservative Members of this body, I question if raising the minimum wage might actually hurt those it is intended to help. I am afraid that employers may look at their rising payroll ledgers and decide to cut back on the number of employees that they hire to offset the added expense of the minimum wage hike.

Having said that, it is apparent to me that a majority of Members feel now that it is the appropriate time to pass a minimum wage increase. I strongly support this rule because by allowing for an increase in the minimum wage, it ensures measures to offset the impact of doing so as part of a major deal that has been encouraged by my party.

Mr. Speaker, I encourage all Members to support the rule so that the House may debate the important issues contained in the underlying legislation.

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

Mr. MOAKLEY. Mr. Speaker, I thank my colleague and my friend from Texas (Mr. SESSIONS) for yielding me the customary half-hour, and I yield myself such time as I may consume.

Mr. Speaker, this rule provides for the consideration of two bills, a minimum wage bill and a bill providing

predominately estate tax breaks. Then once both bills pass, they lump them together and they go to the entire White House.

Mr. Speaker, this is a very bad combination of tax breaks and much too slow minimum wage hikes. By stretching the minimum wage out to 3 years, the Republican minimum wage bill is a year late and several dollars short, while their tax bill could just as well be called who wants to make a millionaire a multimillionaire.

Mr. Speaker, once again my Republican colleagues have taken a perfectly good idea to raise the $5.15 minimum wage by a dollar and turned it into another way to make the rich richer while stiffing the rest of the citizenry.

Furthermore, Mr. Speaker, by linking these two bills together and creating this very unholy marriage, they have doomed both of these bills to the veto bin, and American workers deserve better.

Over 10 million people work for minimum wage in this country, and minimum wage workers are predominately women and minorities. They are the people who take care of our youngsters, our senior citizens. They clean up our offices. They cook our food. They pump our gas. Mr. Speaker, despite working full-time they earn only $10,700 a year.

Let me repeat, Mr. Speaker, full-time a minimum wage worker in the United States makes only $10,700 a year. That is only $3,200 below the poverty line. I think it is high time they get a raise, even if it is only a dollar an hour, but my Republican colleagues want to phase this raise in over 3 years instead of 2.

Mr. Speaker, for those who say there is not much difference between 2 and 3 years, let me add that that extra year will mean a net loss of $1,000 over 3 years to minimum wage workers.

Any Member who is committed to welfare reform, any Member who is committed to getting families off the dole and into the workplace should take that commitment to the next step and give these people that very much needed raise. They will still be below the poverty level but at least the poverty line will be in sight.

A dollar an hour may not sound like much to most people, but let me say it does make a big difference. It will mean an overall raise of about $2,000 to over 10 million Americans. Instead of giving these people the help they need, my Republican colleagues are watering it down by stretching it out to 3 years and then dooming it by attaching this very lopsided tax break for the very rich.

Last month, my colleagues on the Republican side of the aisle introduced a marriage penalty bill and most of the benefits of that bill went to the top 25 percent of wage earners and half of it went to people who pay no marriage tax at all. Today's Republican tax bill is no different. 91.4 percent of the tax cuts in this bill will go to the richest top 10 percent of taxpayers and most of those people do not even own small businesses.

What it means, Mr. Speaker, is that for every dollar in higher wages for minimum wage workers, the rich will get $10.90 in tax breaks. We had a marriage penalty bill for people who pay no marriage penalty, and now we have a small business tax bill for people who do not own small businesses.

Mr. Speaker, this is just the second installment of that $800 billion tax break that they tried to get through last year.

Mr. Speaker, minimum wage workers are not looking for a handout. They work hard for a living, and they deserve a fair day's pay. Our country is enjoying a tremendous economic expansion so now really is the time to make sure that the minimum wage workers can share in it.

My Democratic colleagues want to offer a minimum wage bill, a real minimum wage bill, to make sure that they can share in it, and we want to offer a small business tax bill that will actually help small businesses. Yes, we have a small business tax bill that will help small businesses instead of helping the rich get richer. Under this rule, we just cannot do it.

Just this morning, a Washington Post editorial warns that these tax cuts are much too high a price to pay for a wage increase to which they bear very little relationship.

□ 1400

If I may at this time read a column from The Washington Post, today's editorial page.

> Inverting the Minimum Wage. Congressional Republicans are seeking enactment of still another batch of deceptively packaged tax cuts whose long-term cost the Government just cannot afford. The latest are to be voted on today in the House in connection with the minimum-wage increase. The gloss is that they will compensate small employers for the added cost of the higher wage. The fact is that most of the benefit will go to other than small employers and has nothing to do with the wage.

Then I will skip, Mr. Speaker, because I do not want to read the whole thing, but it is a very interesting column, and these are not my words, these are the words of the editorial writers of the Washington Post. Then they say,

> An estimated three-fourths of the tax savings in the bill would go to the highest income 1 percent of all the taxpayers and 90 percent to the highest income 10 percent. The tax savings are 11 times greater than the estimated cost to employers of the minimum wage increase because that is the pretext for them.

Then it goes on to say, Mr. Speaker, ''The tax cuts are too high a price to pay for the wage increase to which they bear so little relation.''

It goes on and on, Mr. Speaker. I think the people in this Chamber get the picture.

I urge my colleagues to really look at this closely and see if the title really matches the contents. I urge my colleagues to defeat the previous question in order that we can put a Democratic alternative forward that really does give a minimum wage and really does help small business.

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

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

I really enjoy being in debates with my colleagues on the other side. They want to argue about how we have to give and give and give, but when it comes time for the taxpayer or the small businessperson or the person that has made the investment to get something that is fair treatment back, they get nothing in return from my friends. I would like to also add that there were 48 of my colleagues on the other side of the aisle that voted for this outrageous marriage penalty; 48 Democrats joined the majority party because it is the right thing to do for the American families to get 1,400 more dollars rather than giving it to Uncle Sam.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules.

Mr. DREIER. Mr. Speaker, I thank my friend for yielding and I congratulate him on managing what obviously is a somewhat challenging and controversial rule.

I happen to be one who believes very much that we have a responsibility to put into place economic policies which will ensure that everyone, regardless of where they are on the economic scale, has an opportunity to improve their plight. I want to see those at the lower end of the economic spectrum get their wages up. I want us to encourage growth and investment and productivity so that those wages can increase.

I do have a difficulty, however, with having the Federal Government mandate a wage rate that frankly has the potential to jeopardize economic growth and has the potential again to hurt most those we are trying to assist.

Now, having said that, I realize that a majority of this House supports an increase in the minimum wage. I am in the minority here in believing that we should simply encourage economic growth through tax and other investment incentives. But I am in the minority. I am in the minority, so I feel the responsibility to do everything that we possibly can to allow a free flow of ideas and debate on these very important questions that are before us; and that is why we have, as the gentleman from Texas (Mr. SESSIONS) has outlined, an extraordinarily fair and balanced rule which allows all of the

alternatives that are out there to be considered. One over two, one over three. We have tax incentives which some of us do support. So we have a wide range of options that are there, put into place.

I will say that I happen to think that tax relief is something that is much needed, and the issues that my friend from his summer spot in South Boston mentioned, the tax issue, is something that enjoys bipartisan support. The gentleman from Texas (Mr. SESSIONS) said that 48 Democrats joined in support of the marriage tax penalty. President Clinton stood here during his State of the Union message and talked about his support for that. He indicated that he was adamantly opposed to increasing the earnings cap for retirees. Now, he is prepared to sign it and we welcome that.

So aspects that were in that tax bill that he vetoed last year, he has clearly indicated that he supports and we welcome that kind of support and recognition of the fact that we as a country need to do everything, and as a Congress, need to do everything that we can to encourage this kind of economic growth.

Specifically, the items that are in this tax package that are particularly beneficial, of course, allow us to deal with this health care question by providing for the self-employed workers to deduct their health care insurance expenses. We also, and I see my very dear friend from New York (Mr. RANGEL) here, we want to encourage community redevelopment. We want the community renewal movement to go ahead. Again, President Clinton has joined with Speaker HASTERT in supporting that. So I know that my friend from New York will strongly embrace that provision that is in this measure.

So there are very, very good aspects of it; and I hope that we will see a strong vote for this rule. But before my colleagues get a chance to vote for the rule, I suspect that there just may be a vote on the previous question. So in light of that, I urge my colleagues on both sides of the aisle to join in support of the previous question so that we can move ahead with a fair, balanced rule that allows all of the different ideas out there to be considered, and then we will do what Speaker HASTERT said when he on the opening day of the 106th Congress just a little over a year ago stood here and said we will allow the House to work its will so that the majority will prevail.

Mr. MOAKLEY. Mr. Speaker, I am very happy that my chairman really has the courage to say he is against the minimum wage. Unfortunately, many people are hiding behind this bill who are also against the minimum wage.

Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. RANGEL), the ranking Democrat on the Committee on Ways and Means, who is in favor of a real minimum-wage increase.

Mr. RANGEL. Mr. Speaker, let me join in congratulating the distinguished chairman of the Committee on Rules. His honesty in terms of opposing the minimum wage for the lowest working employees is really to be commended for coming forward and saying it, because like Governor Bush, I wondered about the meanness on this side of the aisle; and it is good to see that people are willing to say that there is a reason behind it.

Mr. Speaker, one can be reforming and want results if one is going to cave in to the things that one believes in, and I would like to join with my Senator who makes it abundantly clear that the country is really not looking for tax cuts, but looking for us to do the right thing, protecting Social Security, Medicare, the Patients' Bill of Rights, affordable drugs. These are the things that the Congress, not Republicans and not Democrats, but working together, should be doing. There is very, very little compassion for the working people at a time that our country is doing so great.

I oppose the rule because my colleagues do not even give us an opportunity to have an alternative. What is the fear in just allowing the House to work its will? There was a time that the tax-writing committee used to be involved in taxes. We yield to the distinguished people on the Committee on Rules to pick and choose what they would like. But when they do not have the courage of the gentleman from California (Mr. DREIER) to say that they are against the minimum-wage increase, for God's sake, do not kill it by just burdening taxes on it. Just say that we do not want reform on this side of the House of Representatives.

How dare my colleagues say, how dare my colleagues say that the tax provisions in this bill is to protect small businesses. That is outrageous. It is an insult to the American people. It is clear that two-thirds of the tax benefits, they do not go to small businesses, they go to the richest Republicans that we have. So do what you want politically and kill the minimum-wage bill, but for God's sake, do not say that you are doing it fairly.

The same thing applies to the Patients' Bill of Rights. If you do not want patients to have a bill of rights, and your leadership does not, do not compromise and say you are coming out for it and then load it up with hundreds of billions of dollars in tax cuts.

Mr. Speaker, it was clear to us a long time ago what our Republican colleagues' game plan was, and that is to do absolutely nothing and get out of this House of Representatives. And how did they intend to do it? By getting this big $800 billion tax cut, thinking about anything you could imagine, and having the President veto it so that you could go home and campaign on just how we Democrats are against tax cuts. Well, guess what? We Democrats are for tax cuts, but we also are for saving Social Security, saving Medicare, and helping all Americans enjoy it and not just the chosen and the blessed few.

Why is it that when my colleagues' tax cut was vetoed, they did not move to override the veto? Could it be that they had lack of votes, or could it be they had lack of guts? In any event, now they have to give us an $800 billion tax cut $200 billion at a time. What does the $122 billion tax cut have to do with giving working people a buck increase from $5.15 to $6.15? Why did my Republican colleagues wait until the President said he would veto it before they brought it to the floor?

Many of the things that my colleagues have in the tax provision we support. Why did they overdo it? If they really wanted to be fair, why did they not give us a chance really to report out a tax bill that the President will sign?

Now, if my Republican colleagues want to be against the working poor, do it. But at least have the courage to stand up here and to say that every time you steal one of the President's good ideas that you have to load it up with some piece of the $800 billion tax cut until you have to force him to veto it.

So if we want to talk about reformists with results, we better walk away from many of the critics outside of our side of the aisle that are talking about the way my colleagues on the other side of the aisle are not taking care of the people's business.

Mr. Speaker, I want to thank my colleagues for seeing their way clear to allowing the gentleman from Ohio (Mr. TRAFICANT) to have an amendment to this bill, and I wondered why my colleagues could not reach beyond that to allow some of us on the tax-writing committee to have an amendment to the tax bill.

I know one thing: my Republican colleagues may be for reform, but they certainly are not supporting results.

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

Hearing my colleagues talk about this rule would make me think that they simply do not understand what the Committee on Rules did. First of all, the Committee on Rules, under Republicans, has always insisted or guaranteed that there will be a motion to recommit to the minority party. As my recollection tells me, that rarely happened when the Democrats were in control.

Secondly, the fairness of this rule is very obvious to everyone. We will have a separate vote that will be on the provisions for minimum wage from the vote for the tax package, which means if the gentleman from New York or any

of my colleagues wish to vote yes or no on minimum wage, they will be allowed to do that. If they want to vote yes or no on the tax package, they will be allowed to do that. If we were being unfair, we would have put them together. Then we would have heard that would be a poison pill, and I think that that could be said and it would be true.

The fact of the matter is that the wisdom of this Committee on Rules is that we are trying to present an opportunity of fairness to fully debate the issue, to allow open votes that will take place; and I am very, very proud of what we have done. I believe that any criticism like this is from someone that simply has not read the rule, taken the time to read the rule, or who is trying to dissuade someone else by not using the facts that are at hand.

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

□ 1415

Mr. SHIMKUS. Mr. Speaker, I want to thank the Committee on Rules and commend them for the work they have done. We worked in a bipartisan manner with a group of Republicans and Democrats, myself, the gentleman from New York (Mr. LAZIO), the gentleman from California (Mr. CONDIT), and the gentleman from Alabama (Mr. CRAMER) to try to reach across the divide to address an issue that would do two things: It would increase the minimum wage, while protecting those jobs that could be lost through the increase of a minimum wage.

In this rule, the will of the House will be heard. I think that is the important thing. If we want to judge the fairness of a rule, the question is, does the House have the ability to have their will heard on votes? We will have a debate, and we will have a vote on the tax cut portion of this bill, so those who believe that it is important to cut taxes to help offset the cost of small business can vote yes, and those who do not can vote no.

Not many people in the 20th District of Illinois read the Washington Post. I have great respect for the gentleman from Massachusetts (Mr. MOAKLEY), but they do read the Herald and Review from Decatur, Illinois.

In an October 26, 1999, editorial, it reads: ''Minimum Wage Tax Break Sensible.'' I will quote just a portion of it.

The paper stated that ''When the minimum wage increases, someone has to pay for it, because business owners have to maintain a profit level. The result could be higher prices or fewer jobs at minimum wage. Just as a worker will offer his labor at an acceptable wage level, an employer will pay workers a wage that will permit his company to earn a profit. That is why a minimum wage increase alone won't work, and why a bill to raise the rate linked to some tax breaks for small businesses makes sense.''

Again, that is from the October 26 Herald and Review from Decatur, Illinois.

So we are going to have a vote on the tax cut. We are going to have a vote and debate on an issue that me and my friends on the conservative side want, State flexibility. We are going to have a debate. We are going to have a debate and a vote, and the will of the House is going to move forward.

We are going to have a debate and we are going to have a vote on the increase, whether it should be $1 over 3 years or $1 over 2 years. The will of the House will have an opportunity to be spoken.

I think the rule is pretty fair and pretty balanced, but what I really appreciate about the rule is that I think it respects the work that we tried to do over an entire year of keeping a balance, trying to get to the center ground to raise the minimum wage and cut taxes and protect jobs, a group of two Republicans and two Democrats that worked long and hard to get to the point where we are here today.

I want to thank the gentleman from California (Mr. DREIER), the chairman, I want to thank the Committee on Rules, and I urge all my colleagues to support the rule.

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

Mr. Speaker, I would just like to correct my dear friend, the gentleman from Texas. Since 1892, the rules of the House have prohibited the Committee on Rules from reporting any rule that prevents a motion to recommit from being made.

Mr. SESSIONS. Mr. Speaker, will the gentleman yield?

Mr. MOAKLEY. I yield to the gentleman from Texas.

Mr. SESSIONS. A motion to recommit with instructions.

Mr. MOAKLEY. I thought the gentleman was just talking about a motion to recommit.

Mr. SESSIONS. With instructions.

Mr. MOAKLEY. That was added later.

Mr. SESSIONS. I thank the gentleman for helping me with that history, Mr. Speaker.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. GEPHARDT), the leader of the Democratic Party in the House of Representatives.

Mr. GEPHARDT. Mr. Speaker, do not be fooled. This is not an illustration of bipartisanship at work. This debate is a good illustration of how to turn what should have been a proud bipartisan moment for the House into a partisan action by Republican leaders. The majority is performing a charade of bipartisanship. It is not the real thing.

For more than 2 years, there has been a true bipartisan effort in this House to increase the minimum wage by $1 over 2 years. This effort has repeatedly run head on into the desire by Republican leaders to keep this issue off the floor for good, but the bipartisan coalition never gave up, thanks to the efforts of Members on both sides of the aisle like the gentleman from Michigan (Mr. BONIOR) and the gentleman from New York (Mr. QUINN). Because of their persistence and because of the insistence of the American people, Republican leaders had no choice but to bring a minimum wage bill to the floor.

Like so many times before, Republican leaders decided if they could not kill a popular bill they disagree with, they would kill it through neglect. They would try and kill it, attacking it in the light of day on the floor of the House with legislative trickery.

Today they are dispensing dollars to the wealthy through the tax bill that is going to be attached at the end, but pennies to the working poor. Republican leaders are forcing us to vote on a minimum wage bill originally designed to help hard-working low-income families that is tied to a regressive tax bill designed to give $120 billion in tax breaks to the very wealthiest Americans. They are preventing Democrats from even offering an alternative that would provide tax cuts targeted to owners of small businesses and family farms, giving relief to those who need it.

For every penny that would go to working low-income Americans, Republicans want to give 10 cents or a dime to the wealthiest Americans among us.

It is really emblematic of their values. Republicans do not seem able to ever give a break to working families without making sure that they first take care of the wealthiest in America with even greater largesse.

We should be voting on a minimum wage that provides a real pay increase and a tax package that provides sensible, responsible tax relief to small businesses, just as the Democratic tax alternative would do. We should be voting on a bill that will be signed by the President, so we can get this minimum wage increase to the people who need it now.

The Republican rule is designed to produce a bill that will eliminate the possibility that we can ever get this minimum wage done this year. The people who need it need it now. They do not need to have a bill vetoed by the President because the bill gets joined up with a tax bill that the President will not sign.

If we are really, truly committed to working in a bipartisan manner and ensuring that a minimum wage bill passes this year, Members will join me in voting against this rule and putting together a rule that will allow us to have a tax bill joined with the minimum wage that will get this bill signed by the President of the United States.

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. CLAY), the ranking member of the Committee on Education and the Workforce, a gentleman who knows what the minimum wage is, he has been fighting it for so long.

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

Mr. Speaker, I rise in opposition to this rule, because it limits the opportunity for Members to have a fair and open debate on a pocketbook issue affecting millions of workers.

First, it denies us an opportunity to offer a Democratic substitute that would phase in a $1 increase over a 2-year period. This parliamentary maneuver bars Members from debating and amending provisions of the bill that repeal overtime pay for millions of employees working in computers, sales, and funeral services.

This maneuver is even more insulting to Members of this body because the effect of these overtime provisions were never considered in this Congress by the Committee on Education and the Workforce, or evaluated by expert witnesses to determine what impact they may have on the work force.

Second, Mr. Speaker, the rule automatically includes the DeMint amendment, which will destroy the concept of a Federal minimum wage by allowing 50 States to enact 50 different Federal minimum wage provisions.

What a disaster, Mr. Speaker. What an administrative nightmare: fifty States, some of them competing against each other to see who can reduce their State's minimum wage to a level as close to Mexico's and other Nations that exploit their workers.

Mr. Speaker, this House should not be in the business of relegating our workers to slave wages in order to compete with cruel, insensitive economic systems of Third World countries. This rule should be opposed because it abuses the House rules, because it violates fair play, and because it stacks the deck against American workers. I urge its defeat, Mr. Speaker.

Mr. MOAKLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. BONIOR), the Democratic whip.

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

Mr. Speaker, the dictionary defines ''outrage'' as a forcible violation of others' rights, and a gross or wanton offense or indignity. That definition could easily apply to this rule. But what else can we expect when the Republican leader once again this year tells the American people that raising the minimum wage is, and I quote ''the wrong thing?''

Let me tell the Members what Democrats think is wrong, Mr. Speaker. We think it is wrong that even as our economy is surging ahead, millions of Americans are left behind. They are the workers who earn the minimum wage. These are the folks that look after our children at day care, that take care of our parents and our grandparents when they are sick. These are the folks who work in our hospitals, who clean our offices.

Most of them are women. They have families of their own, in many instances. They struggle to keep a roof over their heads, the heads of their children, food on the table; to give their kids a better life, a little bit of hope; to spend some time with them, but they cannot spend any time with them because they are making $10,700 a year, $2,300 below the poverty level, if they have two children.

What do they end up doing? They are out there working two and often three jobs, and it is not right. They deserve a raise, just like the rest of America. By providing a $1 increase over 2 years, our plan will help them achieve just that.

Some may ask, what is the difference between a $1 increase over 2 years or $1 over 3 years? The answer to that is, $1,000. I know some of my Republican leadership friends may seem to think, well, that is pocket change. That is not a lot of money. But to a poverty wage worker, it can make all the difference in the world. It can make a difference on whether their children get another pair of blue jeans, whether they can meet the bills at the end of the month, whether they may even have a little left over to go to the movies. It makes a heck of a difference.

Our initiative does not stop with providing a fair wage, Mr. Speaker. We understand that small businesses are creating most of the jobs in this country and we want to help them. That is why our plan expands the tax relief for family businesses and family farms. It provides for the deductibility of health care premium insurance. Our plan offers a higher minimum wage to workers who have earned it, and tax relief to the businesses who need it.

Under the outrageous rule that we have before us right now, it is a plan we will not even have a fair chance to consider. Instead, the leadership on this side of the aisle is presenting us with an elaborate scheme. They will provide a wage increase all right, but only if it is tied to this jumbo tax cut for the wealthy and the super rich, tax cuts that are reckless and that are enormous.

Their message basically is this, to working families: Sure, we will give you a little bologna sandwich, but first you have to buy my friends who belong to the country club a really nice, thick, juicy steak dinner. Mr. Speaker, we have news for the Republican leaders, and it is that the minimum wage was never intended to become a meal ticket for their fat cat friends.

Mr. Speaker, what the Republican leaders propose is not policy-making, it is a shell game. No wonder the President has pledged that he will veto the Republican plan. Whether we agree with it or not, every Member of this House deserves a chance to consider our substitute, but this rule would deny us that opportunity, and that is why we are fighting it.

We will not be denied. We will offer motions to recommit that will give workers a fair minimum wage and provide real tax relief for small businesses and family farms.

□ 1430

Mr. Speaker, our plan is the only one that provides the raise that workers have earned and the tax relief small business and family farms need. Vote against this outrageous rule. Bring back a rule that will give us some sense of equity and fairness and stand with us for America's workers, for small business, for the family farmer. We are not asking for anything more; and by God, the country deserves nothing less.

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

Mr. Speaker, when I hear the debate on the other side, the debate is as though these Republicans have not allowed a fair and open rule, a great vote for people who think we ought to raise the minimum wage and a great vote and an opportunity for small businesses, men and women who create opportunity for America. You would think by listening to the other side that they do not want to create opportunity and jobs and growth and happiness and the opportunity for the next generation to be employed.

I want to stand up and say that my Republican Party has the provisions that accelerate the increase and the self-employed health insurance deduction to 100 percent because we want people to be able to have, not only health insurance, we want people to have their own doctors; that we want to do the things that will extend work opportunities and tracks credits to extend welfare to work.

We want to put America to work, want to have opportunity and jobs that are available for everyone. That is what this fair and open rule is about.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Perry Township, Ohio (Ms. PRYCE) who sits on the Committee on Rules with me.

Ms. PRYCE of Ohio. Mr. Speaker, I rise in support of this very fair rule which will allow the House to work its will on the question of raising the minimum wage and providing tax relief to the very businesses that will pay the cost of this new Federal mandate.

Now, no matter what my colleagues' position may be on the minimum wage or on tax relief, they will have an opportunity to make their views very clear through the procedure by which we will consider these two bills. Now what could be fairer?

For those who support this minimum wage, this rule makes in order legislation to increase it by a dollar over 3 years. If that table is not fast enough, the rule allows Members to vote for a Democrat amendment that increases the minimum wage by $1 over 2 years.

Now, of course, many of my colleagues do not think the government should play any role in setting the wages and telling businesses what to pay employees. Even these Members will have at least two opportunities to make their disapproval known when they vote against the Martinez-Traficant amendment and final passage.

Whatever one's view is on the minimum wage, I hope that we all recognize that this policy is not free. Someone actually has to pay the higher wages. Those who pay the highest prices are the small businesses across this Nation, the engines of our economy, those businesses which are creating jobs for some of our workers who are the very, very hardest to employ.

That is why this rule also allows the House to vote on tax relief for these small companies. The mom and pop store fronts and the new start-up businesses, the dreams of our country's entrepreneurs.

Under this rule, Members can register their support for these businesses by voting for legislation that increases the self-employed health insurance deduction to 100 percent, reduces the death tax so that family businesses can be passed on from one generation to the next. It increases the deduction for business meal expenses, and it reforms pension laws to help businesses offer more retirement security to their workers.

All of these changes will be helpful to the businessmen and women who are responsible for the innovations and job creation that are making this economy so very strong.

Mr. Speaker, we are dealing with some controversial issues today on which Members of the House have very, very different views. But this rule gives all Members a fair opportunity to express their position and let the House work its will.

Many of my colleagues on the other side of the aisle are not happy, but believe me, Mr. Speaker, many of our colleagues on this side of the aisle are not happy either; and it is my experience that that usually means we have a pretty good rule.

I urge all of my colleagues to support it.

Mr. MOAKLEY. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, I rise today to support raising the minimum wage over a period of 2 years instead of 3 years. The current minimum wage is $5.15 per hour. At this rate, a full-time year-round minimum wage earner in the United States makes approximately $10,712 per year. In 1998, the yearly salary determined necessary for a family of three to rise above the poverty level in this country was $13,003, an amount $2,291 more than the minimum wage salary provides. Clearly, the current minimum wage is too low.

Congress has already inexcusably allowed the value of the minimum wage to fall 21 percent lower than in 1979. If the minimum wage is not increased by the year 2001, recent studies show that the inflation adjusted value will fall to $4.90 per hour.

It is essential that the minimum wage is raised over the course of 2 years instead of 3. That is why I will support the Traficant amendment, and I urge everyone to support the Traficant amendment.

Mr. MOAKLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, the previous speaker was right. Not all of us are happy with this rule. I believe it deals fairly with the minimum wage question. But I continue to not understand why the majority party continues to refuse to allow a substitute tax bill when there are sufficient Members on both sides of the aisle who I believe would like our version better than the version that is put before us.

But here again, the fundamental question is why not allow a simple vote? Why not allow the package put together by the gentleman from New York (Mr. RANGEL) and the gentleman from Tennessee (Mr. TANNER) to have the opportunity to have the will of the House worked?

The bill that we will be voting on today continues the fiscal irresponsible pattern of legislation coming from the majority side that, once again, will squander our national surplus and our opportunity to deal with Social Security and Medicare. This, when one adds up this $122 billion unpaid for, will amount to something over $400 billion now voted by the House and by the Senate in spending the surplus that is not yet real.

The tax bill that this rule will allow is the latest in the series of tax bills that will drain the projected budget surplus drip by drip without regard for the consequences.

If we pass this bill today, it will be fiscally reckless for this body to continue to rush down this path of passing tax cuts and spending bills without a road map.

Why do we continue to casually waive the budget rules? Why do we just continue to come to this floor of the House without first bringing a road map so we can deal with how we are going to spend money and cut taxes this year?

The tax bill before us is simply a political document that will never become law. We know this. It appears the majority wants a political issue rather than dealing with the estates of family farmers and small businessmen and women.

If my colleagues are truly concerned about estate tax relief, which I am and have been, I very much appreciate what could have been an opportunity to vote on an immediate exemption exclusion of $4 million estates immediately. But, yet, the bill that we have before us pays more attention to estates over $10 million. I do not understand this.

The President has promised that he will sign into law the Democratic tax package. The fact the leadership will not allow the House to vote on this amendment suggests they are more interested in keeping a political issue, which I fail to understand, than they are on actually providing tax relief to small businesses.

This rule is unfair to our children and grandchildren who will face the consequences of our fiscal irresponsibility if this bill should become law, which it will not.

What I do not understand is why we never allow the House of Representatives to work our will so that we might send something to the President that the President will actually sign. Mr. Speaker, I ask that simple question. Why not let the House be the House?

Mr. MOAKLEY. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. WATT).

Mr. WATT of North Carolina. Mr. Speaker, I was sitting in my office not intending to participate in this debate and really got incensed. I sat there, and I wondered, what must the American people be thinking is going on here? What must my Republican colleagues be thinking? Do they think the American people are stupid? What are they doing?

It is obvious that their leadership does not support the minimum wage increase, and they are trying to kill the minimum wage increase by loading it up with an irresponsible tax cut that benefits the richest people in America. Are we stupid? Do they think we are stupid? That is exactly what is going on here.

The President has said, I will veto this bill. We cannot stand here on the floor and say, hey, we are being bipartisan. There is no bipartisanship here.

All we are trying to do is get a wage increase for people in America who need it and want it. All they are trying to do is kill that minimum wage increase. They will try anything and everything to accomplish that objective.

We should not sit here and pretend that we are doing something being bipartisan. There is nobody being bipartisan in this House. If they were being bipartisan, they would separate these two bills, let them be voted up or down, give us the opportunity to offer amendments on both bills, and let the House work its will.

That is all we are asking for in this equation. It is quite obvious that the Republicans are not going to give it to us and not going to give the opportunity to the American people to have a wage increase.

Mr. MOAKLEY. Mr. Speaker, just directing my conversation to the gentleman from Texas (Mr. SESSIONS), is he the only remaining speaker?

Mr. SESSIONS. Mr. Speaker, I have one additional speaker who I am going to give 7 minutes to, rundown the time to where we have a minute or so left, and then I will reserve 1 minute for myself when that speaker is through.

Mr. MOAKLEY. Then I would be delighted to sit back and listen to the gentleman's speaker for 7 minutes right now.

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

In response to both gentlemen who have just spoken, the fact of the matter is that the Republican House of Representatives is not going to send a tax increase, which is what President Clinton wants to sign. The American people understand this. The bills that the President wants to sign are tax increases that take money away from people.

Forty-eight of my colleagues on the Democrat side came across just within weeks to sign the marriage penalty. The President of the United States cannot join us.

What we are doing today is talking about a minimum wage that is good for America and great for the people who employ those people, small businesses.

Mr. Speaker, I yield 7 minutes to the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I disagree with the Democrat leadership on their analysis of this bill. I support the rule. I will support the tax break. I will support an amendment to increase the minimum wage $1 over a 24-month span, and I will vote for final passage when they are linked together.

My district desperately needs an increase in the minimum wage. The sharpest politician to ever sit on Independence Avenue, with great political wisdom, owns two-thirds of the votes, and there are many political machinations that follow down the road on this bill. But a tax break for the boss who raises the wages of my workers is a decent trade-off for me.

Am I totally crazy about their tax break? Not totally. There is a thing called a conference. But in the last 4 years, we have had two increases in the minimum wage that were under Republican Party leadership.

The Republicans could have brought a bill out here today that did not have an opportunity for $1 over 2 years. They could have left it $1 over 3 years. They did that. I thank them for that. But I want to also say this, those who say that the Republican Party's tactics are simply mean spirited, trying to kill a minimum wage are not truthful.

□ 1445

Their concerns over inflation causing a downward spiral that could hurt my workers is a valid concern that I share, just as they do. I believe our economy is strong enough that it can absorb both.

But I think the point that I would like to make today is this: there are many people who come from different backgrounds. I look around and I see great Members coming from very, very poor families. I come from a very poor family. My dad finally got on his feet maybe when I was about 11 years old. My dad never worked for a poor man.

This business of bashing one another should stop. Is this bill good for America or not? My Democrat colleagues are saying it is not. I am a Democrat. I am saying it is, after it goes through the conference and after we go through the political machinations to work out those problems. That is what the process is all about, my colleagues.

But let us look at this. How many times do we come to the floor that we bash, that we pit old against the young; rich against the poor; black against the white; man against the woman; worker against the company? My colleagues, without a company there is no worker. Without an entrepreneur there is no company. I think the Democrat Party has got to look at this issue.

I am appealing to the Democrat Party to pass the rule. I do not want to see the Republican Party on their own pass the rule and give an opportunity for a minimum-wage increase on their own, because President Clinton is sharp. I believe if the Clinton White House and the Republican leadership, whose intentions I believe are honorable, were to get together in reasonableness on that tax scheme, we will have a minimum-age increase, and my people desperately need it.

My colleagues, the gas prices in America are beginning to approach $2 a gallon. So I want to say this: I want to commend the Republican Party and the Republican leadership for bringing out an opportunity for a minimum-wage increase and, yes, politically machinating the process to accommodate some of their goals. That is what we do here. We are not the Rotary.

In closing, Democrats, my amendment does this: the bill says there is a $1 increase over 3 years. The Traficant bill would accelerate the minimum wage of $1 over 2 years. I am asking for a positive vote. I will vote ''yes'' on the previous question; I will vote ''yes'' on the rule.

And I will also say this in closing: I served on the majority and on the minority; and we have had, in my opinion, much fairer rules coming from this majority party than we did when I was in the majority. That is telling it like it is.

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

Mr. Speaker, I urge Members to vote ''no'' on the previous question. If the previous question is defeated, I will offer an amendment to the rule that will allow the Democrats to offer a substitute to both the minimum-wage bill and to the small business tax bill.

It is extremely unfortunate that the majority leadership in this House has shut the minority out of the amendment process on these two very critical bills. The two substitutes proposed by the Democrats are reasonable, and they are responsible alternatives to the two bills being offered by the Republicans. Members deserve an opportunity to choose between these two approaches. So, Mr. Speaker, I urge Members to vote ''no'' on the previous question so that we may consider these two sensible alternatives.

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 legislation 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 submit for the RECORD the text of the amendments I have just referred to and other extraneous materials:

PREVIOUS QUESTION FOR H. RES. SMALL BUSINESS TAX AND MINIMUM WAGE INCREASE H.R. 3081 AND H.R. 3846—MARCH 9, 2000

Strike all after the resolving clause and insert in lieu thereof the following:

Providing for consideration of the bill (H.R. 3081) to increase the Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes, and for consideration of the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes.

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3081) to increase the Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes. The bill shall be considered as read for amendment. In lieu of the amendment recommended by the Committee on Ways and Means now printed in the bill, the amendment in the nature of a substitute printed in part A of the report of the Committee on Rules accompanying this resolution shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment in the nature of a substitute printed in section 4 of this resolution, if offered by Representative Rangel or a designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

SEC. 2. After disposition of H.R. 3081, it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce; (2) the amendment in the nature of a substitute printed in section 5 of this resolution, if offered by Representative Bonior or a designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

SEC. 3. (a) In the engrossment of H.R. 3081, the Clerk shall—

(1) await the disposition of H.R. 3846;

(2) add the text of H.R. 3846, as passed by the House, as new matter at the end of H.R. 3081;

(3) conform the title of H.R. 3081 to reflect the addition of the text of H.R. 3846 to the engrossment;

(4) assign appropriate designations to provisions within the engrossment; and

(5) conform provisions for short titles within the engrossment.

(b) Upon the addition of the text of H.R. 3846 to the engrossment of H.R. 3081, H.R. 3846 shall be laid on the table.

SEC. 4. The second amendment specified in the first section of this resolution is as follows:

Strike all after the enacting clause, and insert the following:

TITLE II—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

SEC. 200. SHORT TITLE.

(a) SHORT TITLE.—This title may be cited as the ''Small Business Tax Relief Act of 2000''.

(b) TABLE OF CONTENTS.—

TITLE II—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

Sec. 200. Table of contents.

Subtitle A—Permanent Extension of Work Opportunity Credit and Welfare-to-Work Credit

Sec. 201. Work opportunity credit and welfare-to-work credit; repeal of age limitation on eligibility of food stamp recipients.

Subtitle B—Deduction for 100 Percent of Health Insurance Costs of Self-Employed Individuals

Sec. 211. Deduction for 100 percent of health insurance costs of self-employed individuals.

Subtitle C—Pension Provisions

Sec. 221. Treatment of multiemployer plans under section 415.

Sec. 222. Early retirement limits for certain plans.

Sec. 223. Certain post-secondary educational benefits provided by an employer to children of employees excludable from gross income as a scholarship.

Subtitle D—Business Tax Relief

Sec. 231. Increase in expense treatment for small businesses.

Sec. 232. Small businesses allowed increased deduction for meal and entertainment expenses.

Sec. 233. Restoration of deduction for travel expenses of spouse, etc. accompanying taxpayer on business travel.

Sec. 234. Increased credit and amortization deduction for reforestation expenditures.

Sec. 235. Repeal of modification of installment method.

Subtitle E—Expansion of Incentives for Public Schools

Sec. 241. Expansion of incentives for public schools.

Subtitle F—Increased Estate Tax Relief for Family-Owned Business Interests

Sec. 251. Increase in estate tax benefit for family-owned business interests.

Subtitle G—Revenue Offsets

PART I—REVISION OF TAX RULES ON EXPATRIATION

Sec. 261. Revision of tax rules on expatriation.

PART II—DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES

SUBPART A—DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES; INCREASE IN PENALTY WITH RESPECT TO DISALLOWED NONECONOMIC TAX ATTRIBUTES

Sec. 266. Disallowance of noneconomic tax attributes.

Sec. 267. Increase in substantial underpayment penalty with respect to disallowed noneconomic tax attributes.

Sec. 268. Penalty on marketed tax avoidance strategies which have no economic substance, etc.

Sec. 269. Effective dates.

SUBPART B—LIMITATIONS ON IMPORTATION OR TRANSFER OF BUILT-IN LOSSES

Sec. 271. Limitation on importation of built-in losses.

Sec. 272. Disallowance of partnership loss transfers.

PART III—ESTATE AND GIFT TAX OFFSETS

Sec. 276. Valuation rules for transfers involving nonbusiness assets.

Sec. 277. Correction of technical error affecting largest estates.

PART IV—OTHER OFFSETS

Sec. 281. Consistent amortization periods for intangibles.

Sec. 282. Modification of foreign tax credit carryover rules.

Sec. 283. Recognition of gain on transfers to swap funds.

Subtitle A—Permanent Extension of Work Opportunity Credit and Welfare-to-Work Credit

SEC. 201. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT; REPEAL OF AGE LIMITATION ON ELIGIBILITY OF FOOD STAMP RECIPIENTS.

(a) PERMANENT EXTENSION.—

(1) IN GENERAL.—

(A) Section 51(c) of the Internal Revenue Code of 1986 is amended by striking paragraph (4).

(B) Section 51A of such Code is amended by striking subsection (f).

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals who begin work for the employer after December 31, 2001.

(b) REPEAL OF AGE LIMITATION ON ELIGIBILITY OF FOOD STAMP RECIPIENTS.—

(1) IN GENERAL.—Subparagraph (A) of section 51(d)(8) of such Code is amended to read as follows:

''(A) IN GENERAL.—The term 'qualified food stamp recipient' means any individual who is certified by the designated local agency as being a member of a family—

''(i) receiving assistance under a food stamp program under the Food Stamp Act of 1977 for the 6-month period ending on the hiring date, or

''(ii) receiving such assistance for at least 3 months of the 5-month period ending on

the hiring date, in the case of a member of a family who ceases to be eligible for such assistance under section 6(o) of the Food Stamp Act of 1977.''

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

Subtitle B—Deduction for 100 Percent of Health Insurance Costs of Self-Employed Individuals

SEC. 211. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle C—Pension Provisions

SEC. 221. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—Paragraph (11) of section 415(b) of the Internal Revenue Code of 1986 (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(b) COMBINING AND AGGREGATION OF PLANS.—

(1) COMBINING OF PLANS.—Subsection (f) of section 415 of such Code (relating to combining of plans) is amended by adding at the end the following:

''(3) EXCEPTION FOR MULTIEMPLOYER PLANS.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section, except that such plan shall be combined or aggregated with another plan which is not such a multiemployer plan solely for purposes of determining whether such other plan meets the requirements of subsection (b)(1)(A).''.

(2) CONFORMING AMENDMENT FOR AGGREGATION OF PLANS.—Subsection (g) of section 415 of such Code (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, 1999.

SEC. 222. EARLY RETIREMENT LIMITS FOR CERTAIN PLANS.

(a) IN GENERAL.—Subparagraph (F) of section 415(b)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

''(F) MULTIEMPLOYER PLANS AND PLANS MAINTAINED BY GOVERNMENTS AND TAX EXEMPT ORGANIZATIONS.—In the case of a governmental plan (within the meaning of section 414(d)), a plan maintained by an organization (other than a governmental unit) exempt from tax under this subtitle, a multiemployer plan (as defined in section 414(f)), or a qualified merchant marine plan—

''(i) subparagraph (C) shall be applied—

''(I) by substituting 'age 62' for 'social security retirement age' each place it appears, and

''(II) as if the last sentence thereof read as follows: 'The reduction under this subparagraph shall not reduce the limitation of paragraph (1)(A) below (i) 80 percent of such limitation as in effect for the year, or (ii) if the benefit begins before age 55, the equivalent of such 80 percent amount for age 55.', and

''(ii) subparagraph (D) shall be applied by substituting 'age 65' for 'social security retirement age' each place it appears. For purposes of this subparagraph, the term 'qualified merchant marine plan' means a plan in existence on January 1, 1986, the participants in which are merchant marine officers holding licenses issued by the Secretary of Transportation under title 46, United States Code.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1999.

SEC. 223. CERTAIN POST-SECONDARY EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) IN GENERAL.—Section 117 of the Internal Revenue Code of 1986 (relating to qualified scholarships) is amended by adding at the end the following:

''(e) EMPLOYER-PROVIDED POST-SECONDARY EDUCATIONAL BENEFITS PROVIDED TO CHILDREN OF EMPLOYEES.—

''(1) IN GENERAL.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

''(A) such amount is provided by the employer to a child (as defined in section 151(c)(3)) of an employee or former employee of such employer,

''(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

''(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

''(2) DOLLAR LIMITATIONS.—

''(A) PER CHILD.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed $2,000.

''(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

''(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

''(4) SPECIAL RULES OF APPLICATION.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection—

''(A) subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree, and

''(B) subsection (b)(2)(A) shall be applied by substituting 'section 529(e)(5)' for 'section 170(b)(1)(A)(ii)'.

''(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle D—Business Tax Relief

SEC. 231. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) IN GENERAL.—Paragraph (1) of section 179(b) of the Internal Revenue Code of 1986 (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 232. SMALL BUSINESSES ALLOWED INCREASED DEDUCTION FOR MEAL AND ENTERTAINMENT EXPENSES.

(a) IN GENERAL.—Subsection (n) of section 274 (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR SMALL BUSINESSES.—

''(A) IN GENERAL.—In the case of any taxpayer which is a small business, paragraph (1) shall be applied by substituting for '50 percent'—

''(i) '55 percent' in the case of taxable years beginning in 2001 and 2002, and

''(ii) '60 percent' in the case of taxable years beginning in 2003, 2004, 2005 and 2006, and

''(iii) '65 percent' in the case of taxable years beginning after 2006.

''(B) SMALL BUSINESS.—For purposes of this paragraph, the term 'small business' means, with respect to expenses paid or incurred during any taxable year—

''(i) any C corporation which meets the requirements of section 55(e)(1) for such year, and

''(ii) any S corporation, partnership, or sole proprietorship which would meet such requirements if it were a C corporation.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 233. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Subsection (m) of section 274 of the Internal Revenue Code of 1986 (relating to additional limitations on travel expenses) is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 234. INCREASED CREDIT AND AMORTIZATION DEDUCTION FOR REFORESTATION EXPENDITURES.

(a) INCREASE IN CREDIT.—Paragraph (1) of section 48(b) of the Internal Revenue Code of 1986 (relating to reforestation credit) is amended by striking ''10 percent'' and inserting ''20 percent''.

(b) REDUCTION IN AMORTIZATION PERIOD.—Subsection (a) of section 194 of such Code (relating to amortization of reforestation expenditures) is amended—

(1) by striking ''84 months'' and inserting ''36 months'', and

(2) by striking ''84-month period'' and inserting ''36-month period''.

(c) INCREASE IN MAXIMUM AMOUNT WHICH MAY BE AMORTIZED.—Paragraph (1) of section 194(b) of such Code is amended by striking ''$10,000 ($5,000'' and inserting ''$20,000 ($10,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 235. 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.

Subtitle E—Expansion of Incentives for Public Schools

SEC. 241. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.

(a) IN GENERAL.—Chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

"Subchapter X—Public School Modernization Provisions

''Part I. Credit to holders of qualified public school modernization bonds.

''Part II. Qualified school construction bonds.

''Part III. Incentives for education zones.

"PART I—CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS

''Sec. 1400F. Credit to holders of qualified public school modernization bonds.

"SEC. 1400F. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified public school modernization 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 public school modernization 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 public school modernization 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 date of issuance 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 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) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND; CREDIT ALLOWANCE DATE.—For purposes of this section—

''(1) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND.—The term 'qualified public school modernization bond' means—

''(A) a qualified zone academy bond, and

''(B) a qualified school construction bond.

''(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.

''(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.

''(f) 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.

''(g) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified public school modernization 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.

''(h) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified public school modernization 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.

''(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified public school modernization bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''(i) 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 public school modernization bonds on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

''(j) 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.

''(k) REPORTING.—Issuers of qualified public school modernization bonds shall submit reports similar to the reports required under section 149(e).

''(l) PENALTY ON CONTRACTORS FAILING TO PAY PREVAILING WAGE.—

''(1) IN GENERAL.—If any contractor on any project funded by any qualified public school modernization bond has failed, during any portion of such contractor's taxable year, to pay prevailing wages that would be required under section 439 of the General Education Provisions Act if such funding were an applicable program under such section, the tax imposed by chapter 1 on such contractor for such taxable year shall be increased by 200 percent of the amount involved in such failure.

''(2) AMOUNT INVOLVED.—For purposes of paragraph (1), the amount involved with respect to any failure is the excess of the amount of wages such contractor would be so required to pay under such section over the amount of wages paid.

''(3) ABATEMENT OF TAX IF FAILURE CORRECTED.—If a failure to pay prevailing wages is corrected within a reasonable period, then any tax imposed by paragraph (1) with respect to such failure (including interest, additions to the tax, and additional amounts) shall not be assessed, and if assessed the assessment shall be abated, and if collected shall be credited or refunded as an overpayment.

''(4) NO CREDITS AGAINST TAX.—The tax imposed by paragraph (1) shall not be treated as a tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the minimum tax imposed by section 55.

''(m) TERMINATION.—This section shall not apply to any bond issued after December 31, 2004.

"PART II—QUALIFIED SCHOOL CONSTRUCTION BONDS

''Sec. 1400G. Qualified school construction bonds.

"SEC. 1400G. QUALIFIED SCHOOL CONSTRUCTION BONDS.

''(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this subchapter, the term 'qualified school construction bond'

means any bond issued as part of an issue if—

''(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue,

''(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

''(3) the issuer designates such bond for purposes of this section, and

''(4) the term of each bond which is part of such issue does not exceed 15 years.

''(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 sum of—

''(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

''(2) if such issuer is a large local educational agency (as defined in subsection (e)(4)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified school construction bond limitation for each calendar year. Such limitation is—

''(1) $11,000,000,000 for 2001,

''(2) except as provided in subsection (f), zero after 2001.

''(d) HALF OF LIMITATION ALLOCATED AMONG STATES.—

''(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated among the States under paragraph (2) by the Secretary. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State to issuers within such State and such allocations may be made only if there is an approved State application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among the States in proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year. For purposes of the preceding sentence, Basic Grants attributable to large local educational agencies (as defined in subsection (e)) shall be disregarded.

''(3) MINIMUM ALLOCATIONS TO STATES.—

''(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

''(i) the amount allocated to such State under this subsection for such year, and

''(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of the amount to be allocated under paragraph (1) for the calendar year.

''(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

''(4) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

''(5) ALLOCATIONS FOR INDIAN SCHOOLS.—In addition to the amounts otherwise allocated under this subsection, $200,000,000 for calendar year 2001 shall be allocated by the Secretary of the Interior for purposes of the construction, rehabilitation, and repair of schools funded by the Bureau of Indian Affairs. In the case of amounts allocated under the preceding sentence, Indian tribal governments (as defined in section 7871) shall be treated as qualified issuers for purposes of this subchapter.

''(6) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

''(i) health and safety problems at such facilities,

''(ii) the capacity of public schools in the State to house projected enrollments, and

''(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

''(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

''(i) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

''(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, and

''(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State shall be binding if such State reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

''(e) HALF OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

''(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

''(3) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local educational agency for any calendar year may be reallocated by such agency to the State in which such agency is located for such calendar year. Any amount reallocated to a State under the preceding sentence may be allocated as provided in subsection (d)(1).

''(4) 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 if such agency is—

''(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

''(B) 1 of not more than 25 local educational agencies (other than those described in subparagraph (A)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

''(5) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term 'approved local application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the local educational agency or the State with the involvement of school officials, members of the public, and experts in school construction and management) of such agency's needs for public school facilities, including descriptions of—

''(i) the overall condition of the local educational agency's school facilities, including health and safety problems,

''(ii) the capacity of the agency's schools to house projected enrollments, and

''(iii) the extent to which the agency's schools offer the physical infrastructure needed to provide a high-quality education to all students,

''(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), and

''(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the locality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(6) shall apply for purposes of this paragraph.

''(f) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(1) the amount allocated under subsection (d) to any State, exceeds

''(2) 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. A similar rule shall apply to the amounts allocated under subsection (d)(5) or (e).

''(g) SPECIAL RULES RELATING TO ARBITRAGE.—

''(1) IN GENERAL.—A bond shall not be treated as failing to meet the requirement of subsection (a)(1) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued.

''(2) BINDING COMMITMENT REQUIREMENT.—Paragraph (1) shall apply to an issue only if, as of the date of issuance, there is a reasonable expectation that—

''(A) at least 10 percent of the proceeds of the issue will be spent within the 6-month period beginning on such date for the purpose for which such issue was issued, and

''(B) the remaining proceeds of the issue will be spent with due diligence for such purpose.

''(3) EARNINGS ON PROCEEDS.—Any earnings on proceeds during the temporary period shall be treated as proceeds of the issue for purposes of applying subsection (a)(1) and paragraph (1) of this subsection.

''PART III—INCENTIVES FOR EDUCATION ZONES

''Sec. 1400H. Qualified zone academy bonds.

''SEC. 1400H. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BOND.—For purposes of this subchapter—

''(1) IN GENERAL.—The term 'qualified zone academy 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 a qualified purpose with respect to a qualified zone academy established by a local educational agency,

''(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

''(C) the issuer—

''(i) designates such bond for purposes of this section,

''(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

''(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

''(D) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1400G(g) shall apply for purposes of paragraph (1).

''(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

''(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'qualified contribution' means any contribution (of a type and quality acceptable to the local educational agency) of—

''(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(iii) services of employees as volunteer mentors,

''(iv) internships, field trips, or other educational opportunities outside the academy for students, or

''(v) any other property or service specified by the local educational agency.

''(3) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

''(C) the comprehensive education plan of such public school or program is approved by the local educational agency, and

''(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

''(4) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

''(B) acquiring the land on which such facility is to be constructed with part of the proceeds of such issue,

''(C) providing equipment for use at such academy,

''(D) developing course materials for education to be provided at such academy, and

''(E) training teachers and other school personnel in such academy.

''(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) $1,400,000,000 for 2001,

''(E) except as provided in paragraph (3), zero after 2001.

''(2) ALLOCATION OF LIMITATION.—

''(A) ALLOCATION AMONG STATES.—

''(i) 1998, 1999, and 2000 LIMITATIONS.—The national zone academy bond limitations for calendar years 1998, 1999, and 2000 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).

''(ii) LIMITATION AFTER 2000.—The national zone academy bond limitation for any calendar year after 2000 shall be allocated by the Secretary among the States in the manner prescribed by section 1400G(d); except that in making the allocation under this clause, the Secretary shall take into account—

''(I) Basic Grants attributable to large local educational agencies (as defined in section 1400G(e)).

''(II) the national zone academy bond limitation.

''(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State education agency to qualified zone academies within such State.

''(C) 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 (B) 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.''.

(b) REPORTING.—Subsection (d) of section 6049 of such Code (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(8) REPORTING OF CREDIT ON QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1400F(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1400F(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.''

(c) OTHER CONFORMING AMENDMENTS.—

(1) Subchapter U of chapter 1 of such Code is amended by striking part IV, by redesignating part V as part IV, and by redesignating section 1397F as section 1397E.

(2) The table of subchapters for chapter 1 of such Code is amended by adding at the end the following new item:

''Subchapter X. Public school modernization provisions.''

(3) The table of parts of subchapter U of chapter 1 of such Code is amended by striking the last 2 items and inserting the following item:

''Part IV. Regulations.''

(d) 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) REPEAL 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 eligible taxpayers (as defined in subsection (d)(6) of such section) shall not apply after the date of the enactment of this Act.

Subtitle F—Increased Estate Tax Relief for Family-Owned Business Interests

SEC. 251. INCREASE IN ESTATE TAX BENEFIT FOR FAMILY-OWNED BUSINESS INTERESTS.

(a) TRANSFER TO CREDIT PROVISIONS.—Section 2057 of the Internal Revenue Code of 1986 (relating to family-owned business interests) is hereby moved to part II of subchapter A of chapter 11 of such Code, inserted after section 2010, and redesignated as section 2010A.

(b) INCREASE IN CREDIT; SURVIVING SPOUSE ALLOWED UNUSED CREDIT OF DECEDENT.—Subsection (a) of section 2010A of such Code, as redesignated by subsection (a) of this section, is amended to read as follows:

''(a) INCREASE IN UNITED CREDIT.—For purposes of determining the unified credit under section 2010 in the case of an estate of a decedent to which this section applies—

''(1) IN GENERAL.—The applicable exclusion amount under section 2010(c) shall be increased (but not in excess of $2,000,000) by the adjusted value of the qualified family-owned business interests of the decedent which are described in subsection (b)(2) and for which no deduction is allowed under section 2056.

''(2) TREATMENT OF UNUSED LIMITATION OF PREDECEASED SPOUSE.—In the case of a decedent—

''(A) having no surviving spouse, but

''(B) who was the surviving spouse of a decedent—

''(i) who died after December 31, 2000, and

''(ii) whose estate met the requirements of subsection (b)(1) other than subparagraph (B) thereof,

there shall be substituted for '$2,000,000' in paragraph (1) an amount equal to the excess of $4,000,000 over the exclusion equivalent of the credit allowed under section 2010 (as increased by this section) to the estate of the decedent referred to in subparagraph (B). For purposes of the preceding sentence, the exclusion equivalent of the credit is the amount on which a tentative tax under section 2001(c) equal to such credit would be imposed.''

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2057.

(2) Paragraph (10) of section 2031(c) of such Code is amended by striking ''section 2057(e)(3)'' and inserting ''section 2010A(e)(3)''.

(3) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by inserting after the item relating to section 2010 the following new item:

''Sec. 2010A. Family-owned business interests.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

Subtitle G—Revenue Offsets

PART I—REVISION OF TAX RULES ON EXPATRIATION

SEC. 261. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsection (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2)(A) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601, the last date for the payment of tax shall be determined without regard to the election under this subsection.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—The term 'covered expatriate' means an expatriate who meets the requirements of subparagraph (A) or (B) of section 877(a)(2).

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 8 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) SECTION NOT TO APPLY TO CERTAIN PROPERTY.—This section shall not apply to the following property:

''(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(c)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

''(B) FOREIGN PENSION PLANS.—

''(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

''(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes his citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive

the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

''(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii).

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULE.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust—

''(I) which is organized under, and governed by, the laws of the United States or a State, and

''(II) with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(b) TAX ON GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—

(1) IN GENERAL.—Subtitle B of the Internal Revenue Code of 1986 (relating to estate and gift taxes) is amended by inserting after chapter 13 the following new chapter:

"CHAPTER 13A—GIFTS AND BEQUESTS FROM EXPATRIATES

''Sec. 2681. Imposition of tax.

"SEC. 2681. IMPOSITION OF TAX.

''(a) IN GENERAL.—If, during any calendar year, any United States citizen or resident receives any covered gift or bequest, there is hereby imposed a tax equal to the product of—

''(1) the highest rate of tax specified in the table contained in section 2001(c) as in effect on the date of such receipt, and

''(2) the value of such covered gift or bequest.

''(b) TAX TO BE PAID BY RECIPIENT.—The tax imposed by subsection (a) on any covered gift or bequest shall be paid by the person receiving such gift or bequest.

''(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection (a) shall apply only to the extent that the covered gifts and bequests received during the calendar year exceed $10,000.

''(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE TAX.—The tax imposed by subsection (a) on any covered gift or bequest shall be reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

''(e) COVERED GIFT OR BEQUEST.—

''(1) IN GENERAL.—For purposes of this chapter, the term 'covered gift or bequest' means—

''(A) any property acquired by gift directly or indirectly from an individual who, at the time of such acquisition, was an expatriate, and

''(B) any property acquired by bequest, devise, or inheritance directly or indirectly from an individual who, at the time of death, was an expatriate.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Such term shall not include—

''(A) any property shown on a timely filed return of tax imposed by chapter 12 which is a taxable gift by the expatriate, and

''(B) any property shown on a timely filed return of tax imposed by chapter 11 of the estate of the expatriate.

''(3) TRANSFERS IN TRUST.—Any covered gift or bequest which is made in trust shall be treated as made to the beneficiaries of such trust in proportion to their respective interests in such trust (as determined under section 877A(f)(3)).

''(f) EXPATRIATE.—For purposes of this section, the term 'expatriate' has the meaning given to such term by section 877A(e)(1).''.

(2) CLERICAL AMENDMENT.—The table of chapters for subtitle B of such Code is amended by inserting after the item relating to chapter 13 the following new item:

''Chapter 13A. Gifts and bequests from expatriates.''

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) of such Code is amended by adding at the end the following new paragraph:

''(47) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''

(d) CONFORMING AMENDMENT.—Paragraph (1) of section 6039G(d) of such Code is amended by inserting ''or 877A'' after ''section 877''.

(e) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 of such Code is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after March 9, 2000.

(2) GIFTS AND BEQUESTS.—Chapter 13A of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to covered gifts and bequests (as defined in section 2681 of such Code, as so added) received on or after March 9, 2000.

PART II—DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES

Subpart A—Disallowance of Noneconomic Tax Attributes; Increase in Penalty With Respect to Disallowed Noneconomic Tax Attributes

SEC. 266. DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES.

Section 7701 of the Internal Revenue Code of 1986 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES.—

''(1) IN GENERAL.—In determining liability for any tax under subtitle A, noneconomic tax attributes shall not be allowed.

''(2) NONECONOMIC TAX ATTRIBUTE.—For purposes of this subsection, a noneconomic tax attribute is any deduction, loss, or credit claimed to result from any transaction unless—

''(A) the transaction changes in a meaningful way (apart from Federal income tax consequences) the taxpayer's economic position, and

''(B)(i) the present value of the reasonably expected potential income from the transaction (and the taxpayer's risk of loss from the transaction) are substantial in relationship to the present value of the tax benefits claimed, or

''(ii) in the case of a transaction which is in substance the borrowing of money or the acquisition of financial capital, the deductions claimed with respect to the transaction for any period are not significantly in excess of the economic return for such period realized by the person lending the money or providing the financial capital.

''(3) PRESUMPTION OF NONECONOMIC TAX ATTRIBUTES.—For purposes of paragraph (2), the following factors shall give rise to a presumption that a transaction fails to meet the requirements of paragraph (2):

''(A) The fact that the payments, liabilities, or assets that purport to create a loss (or other benefit) for tax purposes are not reflected to any meaningful extent on the taxpayer's books and records for financial reporting purposes.

''(B) The fact that the transaction results in an allocation of income or gain to a tax-indifferent party which is substantially in excess of such party's economic income or gain from the transaction.

''(4) TREATMENT OF BUILT-IN LOSS.—The determination of whether a transaction results in the realization of a built-in loss shall be made under subtitle A as if this subsection had not been enacted. For purposes of the preceding sentence, the term 'built-in loss' means any loss or deduction to the extent that such loss or deduction had economically been incurred before such transaction is entered into and to the extent that the loss or deduction was economically borne by the taxpayer.

''(5) DEFINITION AND SPECIAL RULES.—For purposes of this subsection—

''(A) TAX-INDIFFERENT PARTY.—The term 'tax-indifferent party' means any person or entity exempt from tax under subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if, by reason of such person's method of accounting, the items taken into account with respect to the transaction have no substantial impact on such person's liability under subtitle A.

''(B) SERIES OF RELATED TRANSACTION.—A transaction which is part of a series of related transactions shall be treated as meeting the requirements of paragraph (2) only if—

''(i) such transaction meets such requirements without regard to the other transactions, and

''(ii) such transactions, if treated as 1 transaction, would meet such requirements.

A similar rule shall apply to a multiple step transaction with each step being treated as a separate related transaction.

''(C) NORMAL BUSINESS TRANSACTIONS.—In the case of a transaction which is an integral part of a taxpayer's trade or business and which is entered into in the normal course of such trade or business, the determination of the potential income from such transaction shall be made by taking into account its relationship to the overall trade or business of the taxpayer.

''(D) TREATMENT OF FEES.—In determining whether there is risk of loss from a transaction (and the amount thereof), potential loss of fees and other transaction expenses shall be disregarded.

''(E) TREATMENT OF ECONOMIC RETURN ENHANCEMENTS.—The following shall be treated as economic returns and not tax benefits:

''(i) The credit under section 29 (relating to credit for producing fuel from a nonconventional source).

''(ii) The credit under section 42 (relating to low-income housing credit).

''(iii) The credit under section 45 (relating to electricity produced from certain renewable resources).

''(iv) The credit under section 1397E (relating to credit to holders of qualified zone academy bonds) or any similar program hereafter enacted.

''(v) Any other tax benefit specified in regulations.

''(F) EXCEPTIONS FOR NONBUSINESS TRANSACTIONS.—

''(i) INDIVIDUALS.—In the case of an individual, this subsection shall only apply to transactions entered into in connection with a trade or business or activity engaged in for profit.

''(ii) CHARITABLE TRANSFERS.—This subsection shall not apply in determining the amount allowable as a deduction under section 170, 545(b)(2), 556(b)(2), or 642(c).

''(6) ECONOMIC SUBSTANCE DOCTRINE, ETC., NOT AFFECTED.—The provisions of this subsection shall not be construed as altering or supplanting any rule of law referred to in section 6662(i)(2)(B) and the requirements of this subsection shall be construed as being in addition to any such rule of law.''

SEC. 267. INCREASE IN SUBSTANTIAL UNDERPAYMENT PENALTY WITH RESPECT TO DISALLOWED NONECONOMIC TAX ATTRIBUTES.

(a) IN GENERAL.—Section 6662 of the Internal Revenue Code of 1986 (relating to imposition of accuracy-related penalty) is amended by adding at the end the following new subsection:

''(i) INCREASE IN PENALTY IN CASE OF DISALLOWED NONECONOMIC TAX ATTRIBUTES.—

''(1) IN GENERAL.—In the case of the portion of the underpayment to which this subsection applies—

''(A) subsection (a) shall be applied with respect to such portion by substituting '40 percent' for '20 percent', and

''(B) subsection (d)(2)(B) and section 6664(c) shall not apply.

''(2) UNDERPAYMENTS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to an underpayment to which this section applies by reason of paragraph (1) or (2) of subsection (b) but—

''(A) only to the extent that such underpayment is attributable to—

''(i) the disallowance of any noneconomic tax attribute (determined under section 7701(m)), or

''(ii) the disallowance of any other benefit—

''(I) because of a lack of economic substance or business purpose for the transaction giving rise to the claimed benefit,

''(II) because the form of the transaction did not reflect its substance, or

''(III) because of any other similar rule of law, and

''(B) only if the underpayment so attributable exceeds $1,000,000.

''(3) INCREASE IN PENALTY NOT TO APPLY IF COMPLIANCE WITH DISCLOSURE REQUIREMENTS.—Paragraph (1)(A) shall not apply if the taxpayer—

''(A) discloses to the Secretary within 30 days after the closing of the transaction appropriate documents describing the transaction, and

''(B) files with the taxpayer's return of tax imposed by subtitle A—

''(i) a statement verifying that such disclosure has been made,

''(ii) a detailed description of the facts, assumptions of facts, and factual conclusions with respect to the business or economic purposes or objectives of the transaction that are relied upon to support the manner in which it is reported on the return,

''(iii) a description of the due diligence performed to ascertain the accuracy of such facts, assumptions, and factual conclusions,

''(iv)(I) a statement (signed by the senior financial officer of the corporation under penalty of perjury) that the facts, assumptions, or factual conclusions relied upon in reporting the transaction are true and correct as of the date the return is filed, to the best of such officer's knowledge and belief, and

''(II) if the actual facts varied materially from the facts, assumptions, or factual conclusions relied upon, a statement describing such variances,

''(v) copies of any written material provided in connection with the offer of the transaction to the taxpayer by a third party,

''(vi) a full description of any express or implied agreement or arrangement with any advisor, or with any offeror, that the fee payable to such person would be contingent or subject to possible reimbursement, and

''(vii) a full description of any express or implied warranty from any person with respect to the anticipated tax results from the transaction.''

(b) MODIFICATIONS TO PENALTY ON SUBSTANTIAL UNDERSTATEMENT OF INCOME TAX.—

(1) MODIFICATION OF THRESHOLD.—Subparagraph (A) of section 6662(d)(2) of such Code is amended to read as follows:

''(A) IN GENERAL.—For purposes of this section, there is a substantial understatement of income tax for any taxable year if the amount of the understatement for the taxable year exceeds the lesser of—

''(i) $1,000,000, or

''(ii) the greater of 10 percent of the tax required to be shown on the return for the taxable year or $5,000.''

(2) REDUCTION OF PENALTY ON ACCOUNT OF DISCLOSURE NOT TO APPLY TO TAX SHELTERS.—Subparagraph (C) of section 6662(d)(2) of such Code is amended by striking clause (ii), by redesignating clause (iii) as clause (ii), and by striking clause (i) and inserting the following new clause:

''(i) IN GENERAL.—Subparagraph (B) shall not apply to any item attributable to a tax shelter.''

(c) TREATMENT OF AMENDED RETURNS.—Subsection (a) of section 6664 of such Code is amended by adding at the end the following new sentence: ''For purposes of this subsection, an amended return shall be disregarded if such return is filed on or after the date the taxpayer is first contacted by the Secretary regarding the examination of the return.''

SEC. 268. PENALTY ON MARKETED TAX AVOIDANCE STRATEGIES WHICH HAVE NO ECONOMIC SUBSTANCE, ETC.

(a) PENALTY.—

(1) IN GENERAL.—Section 6700 of the Internal Revenue Code of 1986 (relating to promoting abusive tax shelters, etc.) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) PENALTY ON SUBSTANTIAL PROMOTERS FOR PROMOTING TAX AVOIDANCE STRATEGIES WHICH HAVE NO ECONOMIC SUBSTANCE, ETC.—

''(1) IMPOSITION OF PENALTY.—Any substantial promoter of a tax avoidance strategy shall pay a penalty in the amount determined under paragraph (2) with respect to such strategy if any tax benefit attributable to such strategy (or any similar strategy promoted by such promoter) is not allowable by reason of any rule of law referred to in section 6662(i)(2)(A).

''(2) AMOUNT OF PENALTY.—The penalty under paragraph (1) with respect to a promoter of a tax avoidance strategy is an amount equal to 100 percent of the gross income derived (or to be derived) by such promoter from such strategy.

''(3) TAX AVOIDANCE STRATEGY.—For purposes of this subsection, the term 'tax avoidance strategy' means any entity, plan, arrangement, or transaction a significant purpose of the structure of which is the avoidance or evasion of Federal income tax.

''(4) SUBSTANTIAL PROMOTER.—For purposes of this subsection —

''(A) IN GENERAL.—The term 'substantial promoter' means, with respect to any tax avoidance strategy, any promoter if—

''(i) such promoter offers such strategy to more than 1 potential participant, and

''(ii) such promoter may receive fees in excess of $1,000,000 in the aggregate with respect to such strategy.

''(B) AGGREGATION RULES.—For purposes of this paragraph—

''(i) RELATED PERSONS.—A promoter and all persons related to such promoter shall be treated as 1 person.

''(ii) SIMILAR STRATEGIES.—All similar tax avoidance strategies of a promoter shall be treated as 1 tax avoidance strategy.

''(C) PROMOTER.—The term 'promoter' means any person who participates in the promotion, offering, or sale of the tax avoidance strategy.

''(D) RELATED PERSON.—Persons are related if they bear a relationship to each other which is described in section 267(b) or 707(b).

''(4) COORDINATION WITH SUBSECTION (a).—No penalty shall be imposed by this subsection on any promoter with respect to a tax avoidance strategy if a penalty is imposed under subsection (a) on such promoter with respect to such strategy.''

(2) CONFORMING AMENDMENT.—Subsection (d) of section 6700 of such Code is amended—

(A) by striking ''PENALTY'' and inserting ''PENALTIES'', and

(B) by striking ''penalty'' the first place it appears in the text and inserting ''penalties''.

(b) INCREASE IN PENALTY ON PROMOTING ABUSIVE TAX SHELTERS.—The first sentence of section 6700(a) of such Code is amended by striking ''a penalty equal to'' and all that follows and inserting ''a penalty equal to the greater of $1,000 or 100 percent of the gross income derived (or to be derived) by such person from such activity.''

SEC. 269. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), the amendments made by this subpart shall apply to transactions after the date of the enactment of this Act.

(b) SECTION 267.—The amendments made by subsections (b) and (c) of section 267 shall apply to taxable years ending after the date of the enactment of this Act.

(c) SECTION 268.—The amendments made by subsection (a) of section 268 shall apply to any tax avoidance strategy (as defined in section 6700(c) of the Internal Revenue Code of 1986, as amended by this title) interests in which are offered to potential participants after the date of the enactment of this Act.

Subpart B—Limitations on Importation or Transfer of Built-in Losses

SEC. 271. LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.

(a) IN GENERAL.—Section 362 of the Internal Revenue Code of 1986 (relating to basis to corporations) is amended by adding at the end the following new subsection:

''(e) LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.—

''(1) IN GENERAL.—If in any transaction described in subsection (a) or (b) there would (but for this subsection) be an importation of a net built-in loss, the basis of each property described in paragraph (2) which is acquired in such transaction shall (notwithstanding subsections (a) and (b)) be its fair market value immediately after such transaction.

''(2) PROPERTY DESCRIBED.—For purposes of paragraph (1), property is described in this paragraph if—

''(A) gain or loss with respect to such property is not subject to tax under this subtitle in the hands of the transferor immediately before the transfer, and

''(B) gain or loss with respect to such property is subject to such tax in the hands of the transferee immediately after such transfer.

In any case in which the transferor is a partnership, the preceding sentence shall be applied by treating each partner in such partnership as holding such partner's proportionate share of the property of such partnership.

''(3) IMPORTATION OF NET BUILT-IN LOSS.—For purposes of paragraph (1), there is an importation of a net built-in loss in a transaction if the transferee's aggregate adjusted

bases of property described in paragraph (2) which is transferred in such transaction would (but for this subsection) exceed the fair market value of such property immediately after such transaction.''

(b) COMPARABLE TREATMENT WHERE LIQUIDATION.—Paragraph (1) of section 334(b) of such Code (relating to liquidation of subsidiary) is amended to read as follows:

''(1) IN GENERAL.—If property is received by a corporate distributee in a distribution in a complete liquidation to which section 332 applies (or in a transfer described in section 337(b)(1)), the basis of such property in the hands of such distributee shall be the same as it would be in the hands of the transferor; except that the basis of such property in the hands of such distributee shall be the fair market value of the property at the time of the distribution—

''(A) in any case in which gain or loss is recognized by the liquidating corporation with respect to such property, or

''(B) in any case in which the liquidating corporation is a foreign corporation, the corporate distributee is a domestic corporation, and the corporate distributee's aggregate adjusted bases of property described in section 362(e)(2) which is distributed in such liquidation would (but for this subparagraph) exceed the fair market value of such property immediately after such liquidation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act.

SEC. 272. DISALLOWANCE OF PARTNERSHIP LOSS TRANSFERS.

(a) TREATMENT OF CONTRIBUTED PROPERTY WITH BUILT-IN LOSS.—Paragraph (1) of section 704(c) of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following:

''(C) if any property so contributed has a built-in loss—

''(i) such built-in loss shall be taken into account only in determining the amount of items allocated to the contributing partner, and

''(ii) except as provided in regulations, in determining the amount of items allocated to other partners, the basis of the contributed property in the hands of the partnership shall be treated as being equal to its fair market value immediately after the contribution.

For purposes of subparagraph (C), the term 'built-in loss' means the excess of the adjusted basis of the property over its fair market value immediately after the contribution.''

(b) ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY ON TRANSFER OF PARTNERSHIP INTEREST IF THERE IS SUBSTANTIAL BUILT-IN LOSS.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 743 of such Code (relating to optional adjustment to basis of partnership property) is amended by inserting before the period ''or unless the partnership has a substantial built-in loss immediately after such transfer''.

(2) ADJUSTMENT.—Subsection (b) of section 743 of such Code is amended by inserting ''or with respect to which there is a substantial built-in loss immediately after such transfer'' after ''section 754 is in effect''.

(3) SUBSTANTIAL BUILT-IN LOSS.—Section 743 of such Code is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL BUILT-IN LOSS.—For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in a partnership if the transferee partner's proportionate share of the adjusted basis of the partnership property exceeds 110 percent of the basis of such partner's interest in the partnership.''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 743 of such Code is amended to read as follows:

''SEC. 743. ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BUILT-IN LOSS.''

(B) The table of sections for subpart C of part II of subchapter K of chapter 1 of such Code is amended by striking the item relating to section 743 and inserting the following new item:

''Sec. 743. Adjustment to basis of partnership property where section 754 election or substantial built-in loss.''

(c) ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY IF THERE IS SUBSTANTIAL BASIS REDUCTION.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 734 of such Code (relating to optional adjustment to basis of undistributed partnership property) is amended by inserting before the period ''or unless there is a substantial downward adjustment''.

(2) ADJUSTMENT.—Subsection (b) of section 734 of such Code is amended by inserting ''or unless there is a substantial downward adjustment'' after ''section 754 is in effect''.

(3) SUBSTANTIAL DOWNWARD ADJUSTMENT.—Section 734 of such Code is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL DOWNWARD ADJUSTMENT.—For purposes of this section, there is a substantial downward adjustment with respect to a distribution if the sum of the amounts described in subparagraphs (A) and (B) of subsection (b)(2) exceeds 10 percent of the aggregate adjusted basis of partnership property immediately after the distribution.''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 734 of such Code is amended to read as follows:

''SEC. 734. ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BASIS REDUCTION.''

(B) The table of sections for subpart B of part II of subchapter K of chapter 1 of such Code is amended by striking the item relating to section 734 and inserting the following new item:

''Sec. 734. Adjustment to basis of undistributed partnership property where section 754 election or substantial basis reduction.''

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to contributions made after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (a) shall apply to transfers after the date of the enactment of this Act.

(3) SUBSECTION (c).—The amendments made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

PART III—ESTATE AND GIFT TAX OFFSETS

SEC. 276. VALUATION RULES FOR TRANSFERS INVOLVING NONBUSINESS ASSETS.

(a) IN GENERAL.—Section 2031 of the Internal Revenue Code of 1986 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this chapter and chapter 12—

''(1) IN GENERAL.—In the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092), the value of such interest shall be determined by taking into account—

''(A) the value of such interest's proportionate share of the nonbusiness assets of such entity (and no valuation discount shall be allowed with respect to such nonbusiness assets), plus

''(B) the value of such entity determined without regard to the value taken into account under subparagraph (A).

''(2) NONBUSINESS ASSETS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'nonbusiness asset' means any asset which is not used in the active conduct of 1 or more trades or businesses.

''(B) EXCEPTION FOR CERTAIN PASSIVE ASSETS.—Except as provided in subparagraph (C), a passive asset shall not be treated for purposes of subparagraph (A) as used in the active conduct of a trade or business unless—

''(i) the asset is property described in paragraph (1) or (4) of section 1221(a) or is a hedge with respect to such property, or

''(ii) the asset is real property used in the active conduct of 1 or more real property trades or businesses (within the meaning of section 469(c)(7)(C)) in which the transferor materially participates and with respect to which the transferor meets the requirements of section 469(c)(7)(B)(ii).

For purposes of clause (ii), material participation shall be determined under the rules of section 469(h), except that section 469(h)(3) shall be applied without regard to the limitation to farming activity.

''(C) EXCEPTION FOR WORKING CAPITAL.—Any asset (including a passive asset) which is held as a part of the reasonably required working capital needs of a trade or business shall be treated as used in the active conduct of a trade or business.

''(3) PASSIVE ASSET.—For purposes of this subsection, the term 'passive asset' means any—

''(A) cash or cash equivalents,

''(B) except to the extent provided by the Secretary, stock in a corporation or any other equity, profits, or capital interest in any entity,

''(C) evidence of indebtedness, option, forward or futures contract, notional principal contract, or derivative,

''(D) asset described in clause (iii), (iv), or (v) of section 351(e)(1)(B),

''(E) annuity,

''(F) real property used in 1 or more real property trades or businesses (as defined in section 469(c)(7)(C)),

''(G) asset (other than a patent, trademark, or copyright) which produces royalty income,

''(H) commodity,

''(I) collectible (within the meaning of section 401(m)), or

''(J) any other asset specified in regulations prescribed by the Secretary.

''(4) LOOK-THRU RULES.—

''(A) IN GENERAL.—If a nonbusiness asset of an entity consists of a 10-percent interest in any other entity, this subsection shall be applied by disregarding the 10-percent interest and by treating the entity as holding directly its ratable share of the assets of the other entity. This subparagraph shall be applied successively to any 10-percent interest of such other entity in any other entity.

''(B) 10-PERCENT INTEREST.—The term '10-percent interest' means—

''(i) in the case of an interest in a corporation, ownership of at least 10 percent (by vote or value) of the stock in such corporation,

''(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

''(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

''(5) COORDINATION WITH SUBSECTION (b).—Subsection (b) shall apply after the application of this subsection.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

SEC. 277. CORRECTION OF TECHNICAL ERROR AFFECTING LARGEST ESTATES.

(a) IN GENERAL.—Paragraph (2) of section 2001(c) of the Internal Revenue Code of 1986 is amended by striking ''$10,000,000'' and all that follows and inserting ''$10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of the applicable credit amount under section 2010(c) (as increased by section 2010A) and $359,200.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

PART IV—OTHER OFFSETS

SEC. 281. CONSISTENT AMORTIZATION PERIODS FOR INTANGIBLES.

(a) START-UP EXPENDITURES.—

(1) ALLOWANCE OF DEDUCTION.—Paragraph (1) of section 195(b) of the Internal Revenue Code of 1986 (relating to start-up expenditures) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—If a taxpayer elects the application of this subsection with respect to any start-up expenditures—

''(A) the taxpayer shall be allowed a deduction for the taxable year in which the active trade or business begins in an amount equal to the lesser of—

''(i) the amount of start-up expenditures with respect to the active trade or business, or

''(ii) $5,000, reduced (but not below zero) by the amount by which such start-up expenditures exceed $50,000, and

''(B) the remainder of such start-up expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the active trade or business begins.''

(2) CONFORMING AMENDMENT.—Subsection (b) of section 195 is amended by striking ''AMORTIZE'' and inserting ''DEDUCT'' in the heading.

(b) ORGANIZATIONAL EXPENDITURES.—Subsection (a) of section 248 of such Code (relating to organizational expenditures) is amended to read as follows:

''(a) ELECTION TO DEDUCT.—If a corporation elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenditures—

''(1) the corporation shall be allowed a deduction for the taxable year in which the corporation begins business in an amount equal to the lesser of—

''(A) the amount of organizational expenditures with respect to the taxpayer, or

''(B) $5,000, reduced (but not below zero) by the amount by which such organizational expenditures exceed $50,000, and

''(2) the remainder of such organizational expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the corporation begins business.''

(c) TREATMENT OF ORGANIZATIONAL AND SYNDICATION FEES OR PARTNERSHIPS.—Section 709(b) of such Code (relating to amortization of organization fees) is amended by redesignating paragraph (2) as paragraph (4) and by amending paragraph (1) to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—If a taxpayer elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenses—

''(A) the taxpayer shall be allowed a deduction for the taxable year in which the partnership begins business in an amount equal to the lesser of—

''(i) the amount of organizational expenses with respect to the partnership, or

''(ii) $5,000, reduced (but not below zero) by the amount by which such organizational expenses exceed $50,000, and

''(B) the remainder of such organizational expenses shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the partnership begins business.

''(2) DISPOSITIONS BEFORE CLOSE OF AMORTIZATION PERIOD.—In any case in which a partnership is liquidated before the end of the period to which paragraph (1)(B) applies, any deferred expenses attributable to the partnership which were not allowed as a deduction by reason of this section may be deducted to the extent allowable under section 165.''

(d) CONFORMING AMENDMENT.—Subsection (b) of section 709 of such Code is amended by striking ''AMORTIZATION'' and inserting ''DEDUCTION'' in the heading.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 282. MODIFICATION OF FOREIGN TAX CREDIT CARRYOVER RULES.

(a) IN GENERAL.—Section 904(c) of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(1) by striking ''in the second preceding taxable year,'', and

(2) by striking ''or fifth'' and inserting ''fifth, sixth, or seventh''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 2000.

SEC. 283. RECOGNITION OF GAIN ON TRANSFERS TO SWAP FUNDS.

(a) INTERESTS SIMILAR TO PREFERRED STOCK TREATED AS STOCK.—Clause (vi) of section 351(e)(1)(B) of the Internal Revenue Code of 1986 (relating to transfer of property to an investment company) is amended to read as follows:

''(vi) except as otherwise provided in regulations prescribed by the Secretary—

''(I) any interest in an entity if the return on such interest is limited and preferred, and

''(II) interests (not described in subclause (I)) in any entity if substantially all of the assets of such entity consist (directly or indirectly) of any assets described in subclause (I), any preceding clause, or clause (viii).''

(b) CERTAIN TRANSFERS DEEMED TO BE TO INVESTMENT COMPANIES.—Subsection (e) of section 351 of such Code is amended by adding at the end the following new paragraph:

''(3) TRANSFERS OF MARKETABLE SECURITIES TO CERTAIN CORPORATIONS.—A transfer of property to a corporation if—

''(A) such property is marketable securities (as defined in section 731(c)(2)), other than a diversified portfolio of securities,

''(B) such corporation—

''(i) is registered under the Investment Company Act of 1940 as an investment company, or is exempt from registration as an investment company under section 3(c)(7) of such Act because interests in such corporation are offered to qualified purchasers within the meaning of section 2(a)(51) of such Act, or

''(ii) is formed or availed of for purposes of allowing persons who have significant blocks of marketable securities with unrealized appreciation to diversify those holdings without recognition of gain, and

''(C) the transfer results, directly or indirectly, in diversification of the transferor's interest.''

(c) TRANSFERS TO PARTNERSHIPS.—Subsection (b) of section 721 of such Code is amended to read as follows:

''(b) SPECIAL RULE.—Subsection (a) shall not apply to gain realized on a transfer of property to a partnership if, were the partnership incorporated—

''(1) such partnership would be treated as an investment company (within the meaning of section 351), or

''(2) section 351 would not apply to such transfer by reason of section 351(e)(3).''

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transfers after March 8, 2000.

(2) BINDING CONTRACTS.—The amendments made by this section shall not apply to any transfer pursuant to a written binding contract in effect on August 4, 1999, and at all times thereafter before such transfer if such contract provides for the transfer of a fixed amount of property.

SEC. 5. The amendment specified in section 2 of this resolution is as follows:

Strike all after the enacting clause and insert the following:

At the appropriate place, insert the following:

TITLE —MINIMUM WAGE INCREASE

SEC. 01. SHORT TITLE.

This title may be cited as the ''Fair Minimum Wage Act of 2000.''

SEC. 02. MINIMUM WAGE INCREASE.

Paragraph (1) of section 6(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.65 an hour during the year beginning on the date that is 30 days after the date of enactment of the Fair Minimum Wage Act of 2000; and

''(B) $6.15 an hour beginning on the date that is 1 year after the date on which the increase in subparagraph (A) takes effect;''.

SEC. 03. MINIMUM WAGE IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Subject to subsection (b), the provisions of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—

(1) IN GENERAL.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be $3.55 an hour beginning on the date that is 30 days after the date of enactment of this section.

(2) INCREASES IN MINIMUM WAGE.—

(A) IN GENERAL.—On the date that is 6 months after the date of enactment of this Act, and every 6 months thereafter, the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be increased by $0.50 per hour (or such a leaser amount as may be necessary to equal the minimum wage under such section) until such time as the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in section 6(a)(1) of such Act for the date involved.

(B) FURTHER INCREASES.—With respect to dates beginning after the minimum wage applicable to the Commonwealth of the Northern Mariana Islands is equal to the minimum wage set forth in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)), as provided in subparagraph (A), such applicable minimum wage shall be immediately increased so as to remain equal to the minimum wage set forth in section 6(a)(1) of such Act for the date involved.

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

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

Today, we have had an opportunity to have a vigorous debate about the rule, the rule which will decide how we are going to follow forth on talking about the bill that is before us.

We have a tax bill, a tax bill that gives an opportunity to the workers of America to have more small businesses, and more people who want to take that risk and opportunity to go and invest their savings and to open up their own stores and to do things that might be a lifetime dream. On the other hand, we are going to allow a vote that would be very directly for people who wish to support raising the minimum wage.

What we have done is we have crafted a fair rule. We have talked about the essence of what Republicans and Democrats are all about today; and I am very, very proud of what we have done and appreciate those who have spoken today.

There is an amendment at the desk, Mr. Speaker. The amendment will strike out the language allowing States to opt out of the minimum-wage increase.

AMENDMENT OFFERED BY MR. SESSIONS

Mr. SESSIONS. Mr. Speaker, I ask unanimous consent that the amendment at the desk be considered as adopted.

The SPEAKER pro tempore (Mr. LAHOOD). The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SESSIONS:

Strike section 2 and insert the following:

SEC. 2. Upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes. An amendment striking section 5 shall be considered adopted. The bill, as amended, shall be considered as read for amendment. The previous question shall be considered as ordered on the bill, as amended, and any further amendment thereto 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 Education and the Workforce; (2) the amendment numbered 2 in House Report 106–516, which shall be in order without intervention of any point of order (except those arising under section 425 of the Congressional Budget Act of 1974) and which may be offered only by a Member designated in the report, shall be considered as read, and shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

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

There was no objection.

The SPEAKER pro tempore. The amendment is agreed to.

Mr. SESSIONS. Mr. Speaker, I move the previous question on the resolution, as amended.

The SPEAKER pro tempore. 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. 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.

Pursuant to clause 9 of rule XX, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of agreeing to the resolution, as amended.

The vote was taken by electronic device, and there were—yeas 216, nays 208, not voting 10, as follows:

[Roll No. 38]

YEAS—216

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Greenwood
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
Martinez
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
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
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stump
Sununu
Sweeney
Talent
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—208

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
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hastings (FL)
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
Klink
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
McGovern
McIntyre
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey

Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
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
Stupak
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
Wise
Woolsey
Wu
Wynn

NOT VOTING—10

Brown (OH)
Cooksey
Granger
McCollum
Meek (FL)
Myrick
Scarborough
Schaffer
Spence
Vento

□ 1516

Messrs. JEFFERSON, JOHN and POMEROY changed their vote from ''yea'' to ''nay.''

Mr. PITTS and Mr. GILMAN changed their vote from ''nay'' to ''yea.''

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the resolution, as amended.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MOAKLEY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 214, noes 211, not voting 10, as follows:

[Roll No. 39]

AYES—214

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Greenwood
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
Martinez
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
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
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
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)

NOES—211

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
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hastings (FL)
Hefley
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E.B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
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
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
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
Stupak
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
Wise
Woolsey
Wu
Wynn

NOT VOTING—10

Brown (OH)
Cooksey
Granger
McCollum
Myrick
Scarborough
Schaffer
Spence
Terry
Vento

□ 1527

So the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. TERRY. Mr. Speaker, on rollcall No. 39, I was inadvertently detained. Had I been present, I would have voted ''yes.''

WAGE AND EMPLOYMENT GROWTH ACT OF 1999

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 434, I call up the bill (H.R. 3081) to increase the Federal minimum wage and to amend the Internal Revenue Code of 1986 to provide tax benefits for small businesses, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. PEASE). Pursuant to House Resolution 434, the bill is considered read for amendment.

The text of H.R. 3081 is as follows:

H.R. 3081

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

SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Wage and Employment Growth Act of 1999''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; references; table of contents.

TITLE I—AMENDMENTS TO FAIR LABOR STANDARDS ACT OF 1938

Sec. 101. Minimum wage.
Sec. 102. Exemption for computer professionals.
Sec. 103. Exemption for certain sales employees.
Sec. 104. Exemption for funeral directors.

TITLE II—SMALL BUSINESS PROVISIONS
Sec. 201. Deduction for 100 percent of health insurance costs of self-employed individuals.
Sec. 202. Increase in expense treatment for small businesses.
Sec. 203. Small businesses allowed increased deduction for meal expenses.
Sec. 204. Increased deductibility of business meal expenses for individuals subject to Federal limitations on hours of service.
Sec. 205. Repeal of occupational taxes relating to distilled spirits, wine, and beer.
TITLE III—PENSION PROVISIONS
Subtitle A—Expanding Coverage
Sec. 301. Increase in benefit and contribution limits.
Sec. 302. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 303. Modification of top-heavy rules.
Sec. 304. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 305. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations.
Sec. 306. Elimination of user fee for requests to IRS regarding pension plans.
Sec. 307. Deduction limits.
Sec. 308. Option to treat elective deferrals as after-tax contributions.
Sec. 309. Reduced PBGC premium for new plans of small employers.
Sec. 310. Reduction of additional PBGC premium for new and small plans.
Subtitle B—Enhancing Fairness for Women
Sec. 321. Catchup contributions for individuals age 50 or over.
Sec. 322. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 323. Faster vesting of certain employer matching contributions.
Sec. 324. Simplify and update the minimum distribution rules.
Sec. 325. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 326. Modification of safe harbor relief for hardship withdrawals from cash or deferred arrangements.
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TITLE I—AMENDMENTS TO FAIR LABOR STANDARDS ACT OF 1938

SEC. 101. MINIMUM WAGE.

(a) INCREASE.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.15 an hour beginning September 1, 1997,

''(B) $5.48 an hour during the year beginning April 1, 2000,

''(C) $5.81 an hour during the year beginning April 1, 2001, and

''(D) $6.15 an hour during the year beginning April 1, 2002.''.

(b) OVERTIME.—Section 7(e) of such Act (29 U.S.C. 207(e)) is amended by striking paragraph (1).

SEC. 102. EXEMPTION FOR COMPUTER PROFESSIONALS.

Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)) is amended by amending paragraph (17) to read as follows:

''(17) any employee who is a computer systems, network, or database analyst, designer, developer, programmer, software engineer, or other similarly skilled worker—

''(A) whose primary duty is—

''(i) the application of systems or network or database analysis techniques and procedures, including consulting with users, to determine hardware, software, systems, network, or database specifications (including functional specifications);

''(ii) the design, configuration, development, integration, documentation, analysis, creation, testing, securing, or modification of, or problem resolution for, computer systems, networks, databases, or programs, including prototypes, based on and related to user, system, network, or database specifications, including design specifications and machine operating systems;

''(iii) the management or training of employees performing duties described in clause (i) or (ii); or

''(iv) a combination of duties described in clauses (i), (ii), or (iii) the performance of which requires the same level of skills; and

''(B) who, in the case of an employee who is compensated on an hourly basis, is compensated at a rate of not less than $27.63 an hour.

For purposes of paragraph (17), the term 'network' includes the Internet and intranet networks and the world wide web. An employee who meets the exemption provided by paragraph (17) shall be considered an employee in a professional capacity pursuant to paragraph (1).''.

SEC. 103. EXEMPTION FOR CERTAIN SALES EMPLOYEES.

(a) AMENDMENT.—Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)) is amended by striking the period at the end of paragraph (17) and inserting a semicolon and by adding at the end the following:

''(18) any employee employed in a sales position if—

''(A) the employee has specialized or technical knowledge related to products or services being sold;

''(B) the employee's—

''(i) sales are predominantly to persons or entities to whom the employee's position has made previous sales; or

''(ii) position does not involve initiating sales contacts;

''(C) the employee has a detailed understanding of the needs of those to whom the employee is selling;

''(D) the employee exercises discretion in offering a variety of products and services;

''(E) the employee receives—

''(i) base compensation, determined without regard to the number of hours worked by the employee, of not less than an amount equal to one and one-half times the minimum wage in effect under section 6(a)(1) multiplied by 2,080; and

''(ii) in addition to the employee's base compensation, compensation based upon each sale attributable to the employee;

''(F) the employee's aggregate compensation based upon sales attributable to the employee is not less than 40 percent of one and one-half times the minimum wage multiplied by 2,080;

''(G) the employee receives a rate of compensation based upon each sale attributable to the employee which is beyond sales required to reach the compensation required by subparagraph (F) which rate is not less than the rate on which the compensation required by subparagraph (F) is determined; and

''(H) the rate of annual compensation or base compensation for any employee who did not work for an employer for an entire calendar year is prorated to reflect annual compensation which would have been earned if the employee had been compensated at the same rate for the entire calendar year.''.

(b) CONSTRUCTION.—The amendment made by subsection (a) may not be construed to apply to individuals who are employed as route sales drivers.

SEC. 104. EXEMPTION FOR FUNERAL DIRECTORS.

Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)) is amended by striking the period at the end of paragraph (18) and inserting ''; or'' and by adding after paragraph (18) the following:

''(19) any employee employed as a licensed funeral director or a licensed embalmer.''.

TITLE II—SMALL BUSINESS PROVISIONS

SEC. 201. 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. 202. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) IN GENERAL.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 203. SMALL BUSINESSES ALLOWED INCREASED DEDUCTION FOR MEAL EXPENSES.

(a) IN GENERAL.—Subsection (n) of section 274 (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR SMALL BUSINESSES.—

''(A) IN GENERAL.—In the case of any taxpayer which is a small business, paragraph (1) shall be applied by substituting for '50 percent' with respect to expenses for food or beverages—

''(i) '55 percent' in the case of taxable years beginning in 2001, and

''(ii) '60 percent' in the case of taxable years beginning after 2001.

''(B) SMALL BUSINESS.—For purposes of this paragraph, the term 'small business' means, with respect to expenses paid or incurred during any taxable year—

''(i) any C corporation which meets the requirements of section 55(e)(1) for such year, and

''(ii) any S corporation, partnership, or sole proprietorship which would meet such requirements if it were a C corporation.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 204. INCREASED DEDUCTIBILITY OF BUSINESS MEAL EXPENSES FOR INDIVIDUALS SUBJECT TO FEDERAL LIMITATIONS ON HOURS OF SERVICE.

(a) IN GENERAL.—Paragraph (3) of section 274(n) (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended to read as follows:

''(3) 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 (1) shall be applied by substituting '80 percent' for '50 percent'.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 205. 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 of the Internal Revenue Code of 1986 (relating to occupational taxes) are hereby repealed:

(A) Subpart A (relating to rectifier).

(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) 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 the subsection heading for subsection (a), 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 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 thereof 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)'',

(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 by striking ''this part'' each place it appears and inserting ''this subchapter''.

(B) Section 5732, as redesignated by subparagaph (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)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, but shall not apply to taxes imposed for periods before such date.

TITLE III—PENSION PROVISIONS

Subtitle A—Expanding Coverage

SEC. 301. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) DEFINED BENEFIT PLANS.—

(1) DOLLAR LIMIT.—

(A) Subparagraph (A) of section 415(b)(1) (relating to limitation for defined benefit plans) is amended by striking ''$90,000'' and inserting ''$160,000''.

(B) Subparagraphs (C) and (D) of section 415(b)(2) are each amended by striking ''$90,000'' each place it appears in the headings and the text and inserting ''$160,000''.

(C) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for

such year under paragraph (1)(A) for '$160,000' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62''.

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 65.—Subparagraph (D) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 65''.

(4) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) 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 AMENDMENT.—Section 415(b)(2) is amended by striking subparagraph (F).

(b) DEFINED CONTRIBUTION PLANS.—

(1) DOLLAR LIMIT.—Subparagraph (A) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''$30,000'' and inserting ''$40,000''.

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) 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''.

(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 specified in the table in subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2004, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(f) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking ''$6,000'' and inserting ''the applicable dollar amount''.

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

''(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

"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) Clause (I) of section 401(k)(11)(B)(i) is amended by striking ''$6,000'' and inserting ''the amount in effect under section 408(p)(2)(A)(ii)''.

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(g) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) $160,000 AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $40,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 302. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) AMENDMENT TO 1986 CODE.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

''(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).''.

(b) AMENDMENT TO ERISA.—Section 408(d)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)(2)) is amended by adding at the end the following new subparagraph:

''(C) For purposes of paragraph (1)(A), the term 'owner-employee' shall only include a person described in clause (ii) or (iii) of subparagraph (A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to loans made after December 31, 2000.

SEC. 303. MODIFICATION OF TOP-HEAVY RULES.

(a) SIMPLIFICATION OF DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—

(A) by striking ''or any of the 4 preceding plan years'' in the matter preceding clause (i),

(B) by striking clause (i) and inserting the following:

''(i) an officer of the employer having an annual compensation greater than $150,000,'',

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C).

(2) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking ''and subparagraph (A)(ii)''.

(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by

adding at the end the following: ''Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE'', and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

''(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

''(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

''(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).''.

(e) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) 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 employee or former 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. 304. 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. 305. 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 211, 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. 306. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for determination letters with respect to the qualified status of a pension benefit plan maintained solely by one or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

(1) made after the 5th plan year the pension benefit plan is in existence, 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) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 307. DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404(a) (relating to general rule) is amended by adding at the end the following:

''(12) DEFINITION OF COMPENSATION.—For purposes of paragraphs (3), (7), (8), and (9), the term 'compensation' shall include amounts treated as participant's compensation under subparagraph (C) or (D) of section 415(c)(3).''.

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 404(a)(3) is amended by striking the last sentence thereof.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 308. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

''SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS PLUS CONTRIBUTIONS.

''(a) GENERAL RULE.—If an applicable retirement plan includes a qualified plus contribution program—

''(1) any designated plus contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

''(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

''(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plus contribution program' means a program under which an employee may elect to make designated plus contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

''(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified plus contribution program unless the applicable retirement plan—

''(A) establishes separate accounts ('designated plus accounts') for the designated plus contributions of each employee and any earnings properly allocable to the contributions, and

''(B) maintains separate recordkeeping with respect to each account.

''(c) DEFINITIONS AND RULES RELATING TO DESIGNATED PLUS CONTRIBUTIONS.—For purposes of this section—

''(1) DESIGNATED PLUS CONTRIBUTION.—The term 'designated plus contribution' means any elective deferral which—

''(A) is excludable from gross income of an employee without regard to this section, and

''(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

''(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

''(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

''(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

''(3) ROLLOVER CONTRIBUTIONS.—

''(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated plus account which is otherwise allowable under this chapter may be made only if the contribution is to—

''(i) another designated plus account of the individual from whose account the payment or distribution was made, or

''(ii) a Roth IRA of such individual.

''(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated plus account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

''(d) DISTRIBUTION RULES.—For purposes of this title—

''(1) EXCLUSION.—Any qualified distribution from a designated plus account shall not be includible in gross income.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

''(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated plus account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

''(i) the first taxable year for which the individual made a designated plus contribution to any designated plus account established for such individual under the same applicable retirement plan, or

''(ii) if a rollover contribution was made to such designated plus account from a designated plus account previously established for such individual under another applicable retirement plan, the first taxable year for which the individual made a designated plus contribution to such previously established account.

''(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND EARNINGS.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) and any income on the excess deferral.

''(3) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated plus account and other distributions and payments from the plan.

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

''(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

''(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).''.

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: ''The preceding sentence shall not apply to so much of such excess as does not exceed the designated plus contributions of the individual for the taxable year.'', and

(2) by inserting ''(or would be included but for the last sentence thereof)'' after ''paragraph (1)'' in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

''If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated plus account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated plus account and a Roth IRA.''.

(d) REPORTING REQUIREMENTS.—

(1) W–2 INFORMATION.—Section 6051(a)(8) is amended by inserting '', including the amount of designated plus contributions (as defined in section 402A)'' before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) DESIGNATED PLUS CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated plus contributions (as so defined) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe.''.

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: ''Such term includes a rollover contribution described in section 402A(c)(3)(A).''.

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

''Sec. 402A. Optional treatment of elective deferrals as plus contributions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 309. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting ''other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined),'' after ''single-employer plan,'',

(2) in clause (iii), by striking the period at the end and inserting '', and'', and

(3) by adding at the end the following new clause:

''(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year.''.

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

''(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) had not established or maintained a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

''(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

''(II) In the case of a plan maintained by 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. 310. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW AND SMALL PLANS.

(a) NEW PLANS.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

''(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

''(I) 0 percent, for the first plan year.

''(II) 20 percent, for the second plan year.

''(III) 40 percent, for the third plan year.

''(IV) 60 percent, for the fourth plan year.

''(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan.''.

(b) SMALL PLANS.—Paragraph (3) of section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended—

(1) 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 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.

Subtitle B—Enhancing Fairness for Women

SEC. 321. CATCHUP 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) CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

''(1) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

''(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—

''(A) IN GENERAL.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

''(i) the applicable percentage of the applicable dollar amount for such elective deferrals for such year, or

''(ii) the excess (if any) of—

''(I) the participant's compensation for the year, over

''(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	The applicable percentage is:
2001	10 percent
2002	20 percent
2003	30 percent
2004	40 percent
2005 and thereafter	50 percent.

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1)—

''(A) such contribution shall not, with respect to the year in which the contribution is made—

''(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, or

''(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

''(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

''(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

''(A) who has attained the age of 50 before the close of the plan year, and

''(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or contained in the terms of the plan.

''(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means, with respect to any year, the amount in effect under section 402(g)(1)(B), 408(p)(2)(E)(i), or 457(e)(15)(A), whichever is applicable to an applicable employer plan, for such year.

''(B) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

''(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

''(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

''(iv) an arrangement meeting the requirements of section 408 (k) or (p).

''(C) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(D) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in subparagraph (B)(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. 322. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''25 percent'' and inserting ''100 percent''.

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'',

(B) by striking paragraph (2), and

(C) by inserting ''or any amount received by a former employee after the 5th taxable year following the taxable year in which such employee was terminated'' before the period at the end of the second sentence of paragraph (3).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect before the enactment of the Wage and Employment Growth Act of 1999)''.

(B) Section 404(a)(10)(B) is amended by striking '', the exclusion allowance under section 403(b)(2),''.

(C) Section 415(a)(2) is amended by striking '', and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)''.

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

''(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3).''.

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

''(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).''.

(G) Subparagraph (B) of section 402(g)(7) (as redesignated by section 211) is amended by inserting before the period at the end the following: ''(as in effect before the enactment of the Wage and Employment Growth Act of 1999)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to limitation years beginning after December 31, 1999.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2000, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the amount of the contribution disqualified by reason of section 415(g) of such Code shall reduce the exclusion allowance as provided in section 403(b)(2) of such Code.

(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. 323. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) AMENDMENTS TO 1986 CODE.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (12), a plan'', and

(2) by adding at the end the following:

''(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

''Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100.''.

(b) AMENDMENTS TO ERISA.—Section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (4), a plan'', and

(2) by adding at the end the following:

''(4) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A) of the Internal Revenue Code of 1986), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

''Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions for plan years beginning after December 31, 2000.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to 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. 324. SIMPLIFY AND UPDATE THE MINIMUM DISTRIBUTION RULES.

(a) SIMPLIFICATION AND FINALIZATION OF MINIMUM DISTRIBUTION REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall—

(A) simplify and finalize the regulations relating to minimum distribution requirements under sections 401(a)(9), 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2) of the Internal Revenue Code of 1986, and

(B) modify such regulations to—

(i) reflect current life expectancy, and

(ii) revise the required distribution methods so that, under reasonable assumptions, the amount of the required minimum distribution does not decrease over a participant's life expectancy.

(2) FRESH START.—Notwithstanding subparagraph (D) of section 401(a)(9) of such Code, during the first year that regulations are in effect under this subsection, required distributions for future years may be redetermined to reflect changes under such regulations. Such redetermination shall include the opportunity to choose a new designated beneficiary and to elect a new method of calculating life expectancy.

(3) EFFECTIVE DATE FOR REGULATIONS.—Regulations referred to in paragraph (1) shall be effective for years beginning after December 31, 2000, and shall apply in such years without regard to whether an individual had previously begun receiving minimum distributions.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEGUN BEFORE DEATH OCCURS.—

(1) IN GENERAL.—Subparagraph (B) of section 401(a)(9) is amended by striking clause (i) and redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(2) CONFORMING CHANGES.—

(A) Clause (i) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''FOR OTHER CASES'' in the heading, and

(ii) by striking ''the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii)'' and inserting ''his entire interest has been distributed to him,''.

(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking ''clause (ii)'' and inserting ''clause (i)''.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''clause (iii)(I)'' and inserting ''clause (ii)(I)'',

(ii) 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 the 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.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(c) REDUCTION IN EXCISE TAX.—

(1) IN GENERAL.—Subsection (a) of section 4974 is amended by striking ''50 percent'' and inserting ''10 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 325. 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. 326. MODIFICATION OF SAFE HARBOR RELIEF FOR HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.

(a) IN GENERAL.—The Secretary of the Treasury shall revise the regulations relating to hardship distributions under section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that the period an employee is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.

(b) EFFECTIVE DATE.—The revised regulations under subsection (a) shall apply to years beginning after December 31, 2000.

Subtitle C—Increasing Portability for Participants

SEC. 331. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) ROLLOVERS FROM AND TO SECTION 457 PLANS.—

(1) ROLLOVERS FROM SECTION 457 PLANS.—

(A) IN GENERAL.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

''(16) ROLLOVER AMOUNTS.—

''(A) GENERAL RULE.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

''(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

''(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

''(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

''(C) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c)).''.

(B) DEFERRAL LIMIT DETERMINED WITHOUT REGARD TO ROLLOVER AMOUNTS.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting ''(other than rollover amounts)'' after ''taxable year''.

(C) DIRECT ROLLOVER.—Paragraph (1) of section 457(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by inserting after subparagraph (B) the following:

''(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer.''.

(D) WITHHOLDING.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

''(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or''.

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

''(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).''.

(iii) LIABILITY FOR WITHHOLDING.—Subparagraph (B) of section 3405(d)(2) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by adding at the end the following:

''(iv) section 457(b).''.

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) IN GENERAL.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by inserting after clause (iv) the following new clause:

''(v) an eligible deferred compensation plan described in section 457(b) of an employer described in section 457(e)(1)(A).''.

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

''(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans.''.

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

''(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c)).''.

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403 (b) PLANS.—

(1) ROLLOVERS FROM SECTION 403 (b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking ''such distribution'' and all that follows and inserting ''such distribution to an eligible retirement plan described in section 402(c)(8)(B), and''.

(2) ROLLOVERS TO SECTION 403 (b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking ''and'' at the end of clause (iv), by striking the period at the end of clause (v) and inserting '', and'', and by inserting after clause (v) the following new clause:

''(vi) an annuity contract described in section 403(b).''.

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution.''.

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking ''; except that'' and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(2) Section 219(d)(2) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(3) Section 401(a)(31)(B) is amended by striking ''and 403(a)(4)'' and inserting '', 403(a)(4), 403(b)(8), and 457(e)(16)''.

(4) Subparagraph (A) of section 402(f)(2) is amended by striking ''or paragraph (4) of section 403(a)'' and inserting '', paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)''.

(5) Paragraph (1) of section 402(f) is amended by striking ''from an eligible retirement plan''.

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking ''another eligible retirement plan'' and inserting ''an eligible retirement plan''.

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator.''.

(8) Section 408(a)(1) is amended by striking ''or 403(b)(8)'' and inserting '', 403(b)(8), or 457(e)(16)''.

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(10) Section 415(c)(2) is amended by striking ''and 408(d)(3)'' and inserting ''408(d)(3), and 457(e)(16)''.

(11) Section 4973(b)(1)(A) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 332. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) IN GENERAL.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding ''or'' at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

''(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

For purposes of clause (ii), the term 'eligible retirement plan' means an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B).''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 403(b) is amended by striking ''section 408(d)(3)(A)(iii)'' and inserting ''section 408(d)(3)(A)(ii)''.

(2) Clause (i) of section 408(d)(3)(D) is amended by striking ''(i), (ii), or (iii)'' and inserting ''(i) or (ii)''.

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

''(G) SIMPLE RETIREMENT ACCOUNTS.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account.''.

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 333. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and

the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) APPLICATION OF SECTION 72.—

''(i) IN GENERAL.—If—

''(I) a distribution is made from an individual retirement plan, and

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in, the contract to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 334. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) EXEMPT TRUSTS.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

''(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

''(B) HARDSHIP EXCEPTION.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(b) IRAS.—Paragraph (3) of section 408(d) (relating to rollover contributions), as amended by section 229, is amended by adding after subparagraph (H) the following new subparagraph:

''(I) WAIVER OF 60-DAY REQUIREMENT.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 335. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

''(D) PLAN TRANSFERS.—

''(i) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan,

''(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I),

''(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

''(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election,

''(V) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2), and

''(VI) the transferee plan allows the participant or beneficiary described in 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.

''(ii) Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

''(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated, and

''(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

(2) AMENDMENT TO ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following:

''(4)(A) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this 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;

''(v) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 205, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 205(c)(2); and

''(vi) 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) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This paragraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(A) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

''(B) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: ''The Secretary shall by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.''.

(2) AMENDMENT TO ERISA.—The last sentence of section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ''The Secretary of the Treasury shall by regulations provide that this paragraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.''.

(3) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the

Employee Retirement Income Security Act of 1974, including the regulations required by the amendments made by this subsection. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 336. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

(A) Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking ''separation from service'' and inserting ''severance from employment''.

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

''(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7)).''.

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking ''An event'' in clause (i) and inserting ''A termination'', and

(II) by striking ''the event'' in clause (i) and inserting ''the termination'',

(ii) by striking subparagraph (C), and

(iii) by striking ''OR DISPOSITION OF ASSETS OR SUBSIDIARY'' in the heading.

(2) SECTION 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking ''separates from service'' and inserting ''has a severance from employment''.

(B) The heading for paragraph (11) of section 403(b) is amended by striking ''SEPARATION FROM SERVICE'' and inserting ''SEVERANCE FROM EMPLOYMENT''.

(3) SECTION 457.—Clause (ii) of section 457(d)(1)(A) is amended by striking ''is separated from service'' and inserting ''has a severance from employment''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 337. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

''(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(b) 457 PLANS.—

(1) Subsection (e) of section 457 is amended by adding after paragraph (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.''.

(2) Section 457(b)(2) is amended by striking ''(other than rollover amounts)'' and inserting ''(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(17))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 338. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) QUALIFIED PLANS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

''(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).''.

(2) AMENDMENT TO ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended by adding at the end the following:

''(4) A plan shall not fail to meet the requirements of this subsection if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Internal Revenue Code of 1986.''.

(b) ELIGIBLE DEFERRED COMPENSATION PLANS.—Clause (i) of section 457(e)(9)(A) is amended by striking ''such amount'' and inserting ''the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 339. 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 D—Strengthening Pension Security and Enforcement

SEC. 341. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2004, the applicable percentage'', and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan the beginning in—	The applicable percentage is—
2001	160
2002	165
2003	170.''.

(b) AMENDMENT TO ERISA.—Section 302(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2004, the applicable percentage'', and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan year beginning in—	The applicable percentage is—
2001	160
2002	165
2003	170.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 342. 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 ESTABLISHED AND 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. 343. MISSING PARTICIPANTS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.

''(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

''(1) TRANSFER TO CORPORATION.—The plan administrator of a plan described in paragraph (4) may elect to transfer a missing participant's benefits to the corporation upon termination of the plan.

''(2) INFORMATION TO THE CORPORATION.—To the extent provided in regulations, the plan administrator of a plan described in paragraph (4) shall, upon termination of the plan, provide the corporation information with respect to benefits of a missing participant if the plan transfers such benefits—

''(A) to the corporation, or

''(B) to an entity other than the corporation or a plan described in paragraph (4)(B)(ii).

''(3) PAYMENT BY THE CORPORATION.—If benefits of a missing participant were transferred to the corporation under paragraph (1), the corporation shall, upon location of the participant or beneficiary, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

''(A) in a single sum (plus interest), or

''(B) in such other form as is specified in regulations of the corporation.

''(4) PLANS DESCRIBED.—A plan is described in this paragraph if—

''(A) the plan is a pension plan (within the meaning of section 3(2))—

''(i) to which the provisions of this section do not apply (without regard to this subsection), and

''(ii) which is not a plan described in paragraphs (2) through (11) of section 4021(b), and

''(B) at the time the assets are to be distributed upon termination, the plan—

''(i) has missing participants, and

''(ii) has not provided for the transfer of assets to pay the benefits of all missing participants to another pension plan (within the meaning of section 3(2)).

''(5) CERTAIN PROVISIONS NOT TO APPLY.—Subsections (a)(1) and (a)(3) shall not apply to a plan described in paragraph (4).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after final regulations implementing subsections (c) and (d) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)), respectively, are prescribed.

SEC. 344. 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.

''(B) The administrator of a defined benefit plan shall furnish a pension benefit statement—

''(i) at least once every 3 years to each participant with a nonforfeitable accrued benefit who is employed by the employer maintaining the plan at the time the statement is furnished to participants, and

''(ii) to a participant or beneficiary of the plan upon written request.

''(2) Notwithstanding paragraph (1), the administrator of a plan to which more than 1 unaffiliated employer is required to contribute shall only be required to furnish a pension benefit statement under paragraph (1) upon the written request of a participant or beneficiary of the plan.

''(3) A pension benefit statement under paragraph (1)—

''(A) shall indicate, on the basis of the latest available information—

''(i) the total benefits accrued, and

''(ii) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable,

''(B) shall be communicated in a manner calculated to be understood by the average plan participant, and

''(C) may be provided in written, electronic, telephonic, or other appropriate form.

''(4) In the case of a defined benefit plan, the requirements of paragraph (1)(B)(i) shall be treated as met with respect to a participant if the administrator provides the participant at least once each year with notice of the availability of the pension benefit statement and the ways in which the participant may obtain such statement. Such notice shall be provided in written, electronic, telephonic, or other appropriate form, and may be included with other communications to the participant if done in a manner reasonably designed to attract the attention of the participant.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended by striking subsection (d).

(2) Section 105(b) of such Act (29 U.S.C. 1025(b)) is amended to read as follows:

''(b) In no case shall a participant or beneficiary of a plan be entitled to more than one statement described in subsection (a)(1)(A) or (a)(1)(B)(ii), whichever is applicable, in any 12-month period.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 345. 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:

''(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. 346. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) IN GENERAL.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

''(7) DEFINED BENEFIT PLAN EXCEPTION.—In determining the amount of nondeductible contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 347. EXCISE TAX ON FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) AMENDMENT TO 1986 CODE.—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 failure is corrected.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as one plan. For purposes of this paragraph, if not all persons who are treated as a single employer for purposes of this section have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(2) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If an applicable pension plan is amended to provide for a significant reduction in the rate of future benefit accrual, the plan administrator shall provide written notice to each applicable individual (and to each employee organization representing applicable individuals).

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow applicable individuals to understand the effect of the plan amendment.

''(3) TIMING OF NOTICE.—Except as provided in regulations, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) DESIGNEES.—Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(f) APPLICABLE INDIVIDUAL; APPLICABLE PENSION PLAN.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(A) any participant in the plan, and

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

who may reasonably be expected to be affected by such plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) any defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412,

which had 100 or more participants who had accrued a benefit, or with respect to whom contributions were made, under the plan (whether or not vested) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective. 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.''.

(b) AMENDMENT TO 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 paragraph:

''(3)(A) A 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).

''(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 individuals to understand the effect of the plan amendment.

''(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) 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.''.

(c) 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.''.

(d) 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 RULE.—The period for providing any notice required by the amendments made by this section shall not end before the date which is 3 months after the date of the enactment of this Act.

SEC. 348. 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. 349. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

SEC. 350. 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 subparagraph (D) and inserting the following:

''(D) the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the House of Representatives and the Chairman and Ranking Member of the Subcommittee on Labor, Health and Human Services, and Education of the Committee on Appropriations of the Senate;'';

(B) by redesignating subparagraph (G) as subparagraph (J); and

(C) by inserting after subparagraph (F) the following new subparagraphs:

''(G) the Chairman and Ranking Member of the Committee on Finance of the Senate;

''(H) the Chairman and Ranking Member of the Committee on Ways and Means of the House of Representatives;

''(I) the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations of the Committee on Education and the Workforce of the House of Representatives; and'';

(4) in subsection (e)(3)(A)—

(A) by striking ''There shall be no more than 200 additional participants.'' and inserting ''The participants in the National Summit shall also include additional participants appointed under this subparagraph.'';

(B) by striking ''one-half shall be appointed by the President,'' in clause (i) and inserting ''not more than 100 participants shall be appointed under this clause by the President,'', and by striking ''and'' at the end of clause (i);

(C) by striking ''one-half shall be appointed by the elected leaders of Congress'' in clause (ii) and inserting ''not more than 100 participants shall be appointed under this clause by the elected leaders of Congress'', and by striking the period at the end of clause (ii) and inserting ''; and''; and

(D) by adding at the end the following new clause:

''(iii) The President, in consultation with the elected leaders of Congress referred to in subsection (a), may appoint under this clause additional participants to the National Summit. The number of such additional participants appointed under this clause may not exceed the lesser of 3 percent of the total number of all additional participants appointed under this paragraph, or 10. Such additional participants shall be appointed from persons nominated by the organization referred to in subsection (b)(2) which is made up of private sector businesses and associations partnered with Government entities to promote long term financial security in retirement through savings and with which the Secretary is required thereunder to consult and cooperate and shall not be Federal, State, or local government employees.'';

(5) in subsection (e)(3)(B), by striking ''January 31, 1998'' in subparagraph (B) and inserting ''May 1, 2001, May 1, 2005, and May 1, 2009, for each of the subsequent summits, respectively'';

(6) in subsection (f)(1)(C), by inserting '', no later than 90 days prior to the date of the commencement of the National Summit,'' after ''comment'' in paragraph (1)(C);

(7) in subsection (g), by inserting '', in consultation with the congressional leaders specified in subsection (e)(2),'' after ''report'';

(8) in subsection (i)—

(A) by striking ''beginning on or after October 1, 1997'' in paragraph (1) and inserting ''2001, 2005, and 2009''; and

(B) by adding at the end the following new paragraph:

''(3) RECEPTION AND REPRESENTATION AUTHORITY.—The Secretary is hereby granted reception and representation authority limited specifically to the events at the National Summit. The Secretary shall use any private contributions received in connection with the National Summit prior to using funds appropriated for purposes of the National Summit pursuant to this paragraph.''; and

(9) in subsection (k)—

(A) by striking ''shall enter into a contract on a sole-source basis'' and inserting ''may enter into a contract on a sole-source basis''; and

(B) by striking ''fiscal year 1998'' and inserting ''fiscal years 2001, 2005, and 2009''.

SEC. 351. MODEL SPOUSAL CONSENT LANGUAGE AND QUALIFIED DOMESTIC RELATIONS ORDER.

(a) MODEL SPOUSAL CONSENT LANGUAGE.—Section 205(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)) is amended by adding at the end the following new paragraph:

''(9) Not later than January 1, 2001, the Secretary of Labor shall develop model language for the spousal consent required under paragraph (2) which—

''(A) is written in a manner calculated to be understood by the average person, and

''(B) discloses in plain terms whether—

''(i) the waiver is irrevocable, and

''(ii) the waiver may be revoked by a qualified domestic relations order.''.

(b) MODEL QUALIFIED DOMESTIC RELATIONS ORDER.—Section 206(d)(3) of such Act (29 U.S.C. 1056(d)(3)) is amended by adding at the end the following new subparagraph:

''(O) Not later than January 1, 2001, the Secretary shall develop language for a qualified domestic relations order which meets—

''(i) the requirements of subparagraph (B)(i), and

''(ii) the requirements of this Act related to the need to consider the treatment of any lump sum payment, qualified joint and survivor annuity, or qualified preretirement survivor annuity.''.

(c) PUBLICITY.—The Secretary of Labor shall include publicity for the model language required by the amendments made by this section in the pension outreach efforts undertaken by each Secretary.

SEC. 352. ELIMINATION OF ERISA DOUBLE JEOPARDY.

(a) ELIMINATION OF SECOND LAWSUITS BY THE SECRETARY.—Section 502(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(h)) is amended—

(1) by inserting ''(1)'' after ''(h)'', and

(2) by adding at the end the following:

''(2) In any case in which—

''(A) a complaint in an action brought against a person under subsection (a)(2) is served in accordance with paragraph (1), and

''(B) the action is maintained as a class action or derivative action under the Federal Rules of Civil Procedure,

''(C) the action is resolved by a court-approved settlement agreement,

''(D) the complaint is served upon the Secretary at least 90 days prior to final court approval of the settlement agreement, and

''(E) the Secretary receives a fully executed copy of the settlement agreement within the time established by the court for notifying the plan's participants of the proposed compromise pursuant to Rule 23 or 23.1 of the Federal Rules of Civil Procedure,

the Secretary shall be barred from litigating any claim against such person under subsection (a)(2) that was, or could have been, brought in that action with respect to the same plan. Notwithstanding this paragraph, the Secretary shall not be barred from litigating any claim against such person under subsection (a)(2) if the Secretary filed a complaint under subsection (a)(2) prior to the final court approval of the settlement agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section are effective with respect to all actions or claims commenced by the Secretary that are pending on or after the date of the enactment of this Act.

Subtitle E—Reducing Regulatory Burdens

SEC. 361. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Section 412(c)(9) (relating to annual valuation) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(A) IN GENERAL.—For purposes'', and

(2) by adding at the end the following:

''(B) ELECTION TO USE PRIOR YEAR VALUATION.—

''(i) IN GENERAL.—Except as provided in clause (ii), if, for any plan year—

''(I) an election is in effect under this subparagraph with respect to a plan, and

''(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

''(ii) EXCEPTIONS.—

''(I) ACTUAL VALUATION EVERY 3 YEARS.—Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this subclause.

''(II) REGULATIONS.—Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

''(iii) ADJUSTMENTS.—Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) ELECTION.—An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary.''.

(b) AMENDMENTS TO ERISA.—Paragraph (9) of section 302(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended—

(1) by inserting ''(A)'' after ''(9)'', and

(2) by adding at the end the following:

''(B)(i) Except as provided in clause (ii), if, for any plan year—

''(I) an election is in effect under this subparagraph with respect to a plan, and

''(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

''(ii)(I) Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this subclause.

''(II) Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

''(iii) Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary of the Treasury.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 362. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking ''or'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) is, at the election of such participants or their beneficiaries—

''(I) payable as provided in clause (i) or (ii), or

''(II) paid to the plan and reinvested in qualifying employer securities, or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 363. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) IN GENERAL.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to plan years beginning after December 31, 1999.

SEC. 364. 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. 365. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking ''or'' at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting '', or'', and by adding at the end the following new paragraph:

''(7) qualified retirement planning services.''.

(b) QUALIFIED RETIREMENT PLANNING SERVICES DEFINED.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

''(m) QUALIFIED RETIREMENT PLANNING SERVICES.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning service provided to an employee and his spouse by an employer maintaining a qualified employer plan.

''(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.

''(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 366. 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 a retirement plan which covers less than 25 employees on the first day of the plan year and meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2001.

SEC. 367. 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. 368. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

''(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(i) owns the entire interest in an unincorporated trade or business,

''(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

''(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).

''(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

''(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

''(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner.''.

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking ''section 4022(b)(5)'' and inserting ''section 4022(b)(5)(B)''.

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking ''(5)'' in paragraph (2) and inserting ''(4), (5),'', and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following:

''(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking ''as defined in section 4022(b)(6)'', and

(B) by adding at the end the following:

''(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(1) owns the entire interest in an unincorporated trade or business,

''(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

''(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation.

For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).''.

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking ''section 4022(b)(6)'' and inserting ''section 4021(d)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2000, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which proceedings are instituted by the corporation after such date.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (c) shall take effect on the date of the enactment of this Act.

SEC. 369. MODIFICATION OF EXCLUSION FOR EMPLOYER PROVIDED TRANSIT PASSES.

(a) IN GENERAL.—Section 132(f)(3) (relating to cash reimbursements) is amended by striking the last sentence.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1999.

SEC. 370. 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. 371. 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, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) (relating to minimum coverage requirements) is amended by adding at the end the following:

''(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

''(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

''(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

''(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.''.

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(c) LINE OF BUSINESS RULES.—The Secretary of the Treasury shall, on or before December 31, 2000, 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. 372. EXTENSION TO INTERNATIONAL ORGANIZATIONS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—Subparagraph (G) of section 401(a)(5), subparagraph (H) of section 401(a)(26), subparagraph (G) of section 401(k)(3), and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by inserting ''or by an international organization which is described in section 414(d)'' after ''or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The headings for subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by inserting ''AND INTERNATIONAL ORGANIZATION'' after ''GOVERNMENTAL''.

(2) Subparagraph (G) of section 401(k)(3) is amended by inserting ''STATE AND LOCAL GOVERNMENTAL AND INTERNATIONAL ORGANIZATION PLANS.—'' after ''(G)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 373. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) IN GENERAL.—Subparagraph (A) of section 205(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055) is amended by striking ''90-day'' and inserting ''180-day''.

(2) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations of such Secretary under part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 to the extent that they relate to sections 203(e) and 205 of such Act to substitute ''180 days'' for ''90 days'' each place it appears.

(3) EFFECTIVE DATE.—The amendments made by paragraph (1) and the modifications required by paragraph (2) shall apply to years beginning after December 31, 2000.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 205 of the Employee Retirement Income Security Act of 1974 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2000.

SEC. 374. ANNUAL REPORT DISSEMINATION.

(a) IN GENERAL.—Section 104(b)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1024(b)(3)) is amended by striking ''shall furnish'' and inserting ''shall make available for examination (and, upon request, shall furnish)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to reports for years beginning after December 31, 1998.

SEC. 375. EXCESS BENEFIT PLANS.

(a) IN GENERAL.—Section 3(36) of the Employee Retirement Income Security Act of

1974 (29 U.S.C. 1002(36)) is amended to read as follows:

''(36) The term 'excess benefit plan' means a plan, without regard to whether such plan is funded, maintained by an employer solely for the purpose of providing benefits to employees in excess of any limitation imposed by section 401(a)(17) or 415 of the Internal Revenue Code of 1986 or any other limitation on contributions or benefits in such Code on plans to which any of such sections apply. To the extent that a separable part of a plan (as determined by the Secretary of Labor) maintained by an employer is maintained for such purpose, that part shall be treated as a separate plan which is an excess benefit plan.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1999.

SEC. 376. 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, except in the case of employment, subsequent to the commencement of payment of benefits, with a former employer, the notification required by such regulation—

(1) 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

(2) need not include a copy of the relevant plan provisions.

(c) EFFECTIVE DATE.—The modification made under this section shall apply to plan years beginning after December 31, 1999.

SEC. 377. CLARIFICATION OF CHURCH WELFARE PLAN STATUS UNDER STATE INSURANCE LAW.

For purposes of determining the status under State insurance law of a church plan (as defined in section 414(e) of the Internal Revenue Code and section 3(33) of the Employee Retirement Income Security Act that is a welfare plan (as defined in section 3(1)), such church plan (and any trust under such plan) shall be deemed a single-employer plan that—

(1) reimburses costs from general church assets;

(2) purchases insurance coverage with general church assets; or

(3) both.

For purposes of this paragraph, the term ''reimbursing costs from general church assets'' means engaging in a practice that does not have the effect of transferring or spreading risk. The scope of this paragraph is limited to determining the status of a church welfare plan under State insurance law, and does not otherwise recharacterized the status, or modify or affect the rights, of any plan participant, including those who make plan contributions.

Subtitle F—Plan Amendments

SEC. 381. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title, or pursuant to any regulation issued under this title, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2003.

In the case of a government plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting ''2005'' for ''2003''.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted),

the plan or contract is operated as if such plan or contract amendment were in effect, and

(B) such plan or contract amendment applies retroactively for such period.

TITLE IV—EXTENSION OF WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT

SEC. 401. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT.

(a) TEMPORARY EXTENSION.—Sections 51(c)(4)(B) and 51A(f) (relating to termination) are each amended by striking ''June 30, 1999'' and inserting ''December 31, 2001''.

(b) CLARIFICATION OF FIRST YEAR OF EMPLOYMENT.—Paragraph (2) of section 51(i) is amended by striking ''during which he was not a member of a targeted group''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after June 30, 1999.

TITLE V—ESTATE TAX RELIEF

Subtitle A—Reductions of Estate and Gift Tax Rates

SEC. 501. REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—

(1) IN GENERAL.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

''Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000.''.

(2) PHASE-IN OF REDUCED RATE.—Subsection (c) of section 2001 is amended by adding at the end the following new paragraph:

''(3) PHASE-IN OF REDUCED RATE.—In the case of decedents dying, and gifts made, during 2001, the last item in the table contained in paragraph (1) shall be applied by substituting '53%' for '50%'.''.

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2) and redesignating paragraph (3), as added by subsection (a), as paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as so amended, is amended by adding at the end the following new paragraph:

''(3) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2002—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

"For calendar year:	The number of percentage points is:
2003	1.0
2004 and thereafter	2.0.

''(C) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).''.

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2002.

Subtitle B—Unified Credit Replaced With Unified Exemption Amount

SEC. 511. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Part IV of subchapter A of chapter 11 is amended by inserting after section 2051 the following new section:

"SEC. 2052. EXEMPTION.

''(a) IN GENERAL.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate an amount equal to the excess (if any) of—

''(1) the exemption amount for the calendar year in which the decedent died, over

''(2) the sum of—

''(A) the aggregate amount allowed as an exemption under section 2521 with respect to gifts made by the decedent after December 31, 2000, and

''(B) the aggregate amount of gifts made by the decedent for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Wage and Employment Growth Act of 1999).

Gifts which are includible in the gross estate of the decedent shall not be taken into account in determining the amounts under paragraph (2).

''(b) EXEMPTION AMOUNT.—For purposes of subsection (a), the term 'exemption amount' means the amount determined in accordance with the following table:

"In the case of calendar year:	The exemption amount is:
2001	$675,000
2002 and 2003	$700,000
2004	$850,000
2005	$950,000
2006 or thereafter	$1,000,000.''.

(2) GIFT TAX.—Subchapter C of chapter 12 (relating to deductions) is amended by inserting before section 2522 the following new section:

"SEC. 2521. EXEMPTION.

''In computing taxable gifts for any calendar year, there shall be allowed as a deduction in the case of a citizen or resident of the

United States an amount equal to the excess of—

''(1) the exemption amount determined under section 2052 for such calendar year, over

''(2) the sum of—

''(A) the aggregate amount allowed as an exemption under this section for all preceding calendar years after 2000, and

''(B) the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Wage and Employment Growth Act of 1999).''.

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 2001(b)(1) is amended by inserting before the comma ''reduced by the amount described in section 2052(a)(2)(B)''.

(2)(A) Subsection (b) of section 2011 is amended—

(i) by striking ''adjusted'' in the table, and

(ii) by striking the last sentence.

(B) Subsection (f) of section 2011 is amended by striking '', reduced by the amount of the unified credit provided by section 2010''.

(3) Subsection (a) of section 2012 is amended by striking ''and the unified credit provided by section 2010''.

(4)(A) Subsection (b) of section 2013 is amended by inserting before the period at the end of the first sentence ''and increased by the exemption allowed under section 2052 or 2106(a)(4) (or the corresponding provisions of prior law) in determining the taxable estate of the transferor for purposes of the estate tax''.

(B) Subparagraph (A) of section 2013(c)(1) is amended by striking ''2010,''.

(5) Paragraph (2) of section 2014(b) is amended by striking ''2010,''.

(6) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

''(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of the Wage and Employment Growth Act of 1999) or the exemption allowable under section 2052 with respect to the decedent as a credit under section 2505 (as so in effect) or exemption under section 2521 (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,''.

(7) Paragraph (3) of section 2057(a) is amended to read as follows:

''(3) COORDINATION WITH EXEMPTION AMOUNT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), if this section applies to an estate, the exemption amount under section 2052 shall be $625,000.

''(B) INCREASE IN EXEMPTION AMOUNT IF DEDUCTION IS LESS THAN $675,000.—If the deduction allowed by this section is less than $675,000, the amount of the exemption amount under section 2052 shall be increased (but not above the amount which would apply to the estate without regard to this section) by the excess of $675,000 over the amount of the deduction allowed.''.

(8)(A) Subparagraph (B) of section 2101(b)(1) is amended by inserting before the comma ''reduced by the aggregate amount of gifts for which credit was allowed by section 2505 (as in effect on the day before the date of the enactment of the Wage and Employment Growth Act of 1999)''

(B) Subsection (b) of section 2101 is amended by striking the last sentence.

(9) Section 2102 is amended by striking subsection (c).

(10) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

''(4) EXEMPTION.—

''(A) IN GENERAL.—An exemption of $60,000.

''(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption under this paragraph shall be the greater of—

''(i) $60,000, or

''(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

''(C) SPECIAL RULES.—

''(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2052 (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

''(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of the Wage and Employment Growth Act of 1999) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed).''.

(11)(A) Subsection (a) of section 2107 is amended by adding at the end the following new paragraph:

''(3) LIMITATION ON EXEMPTION AMOUNT.—Subparagraphs (B) and (C) of section 2106(a)(4) shall not apply in applying section 2106 for purposes of this section.''.

(B) Subsection (c) of section 2107 is amended—

(i) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(ii) by striking the second sentence of paragraph (2) (as so redesignated).

(12) Section 2206 is amended by striking ''the taxable estate'' in the first sentence and inserting ''the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate''.

(13) Section 2207 is amended by striking ''the taxable estate'' in the first sentence and inserting ''the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate''.

(14) Subparagraph (B) of section 2207B(a)(1) is amended to read as follows:

''(B) the sum of the taxable estate and the amount of the exemption allowed under section 2052 or 2106(a)(4) in computing the taxable estate.''.

(15) Subsection (a) of section 2503 is amended by striking ''section 2522'' and inserting ''section 2521''.

(16) Paragraph (1) of section 6018(a) is amended by striking ''the applicable exclusion amount in effect under section 2010(c)'' and inserting ''the exemption amount under section 2052''.

(17) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

''(A) the amount of the tax which would be imposed by chapter 11 on an amount of taxable estate equal to $1,000,000, or''.

(18) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(19) The table of sections for part IV of subchapter A of chapter 11 is amended by inserting after the item relating to section 2051 the following new item:

''Sec. 2052. Exemption.''.

(20) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(21) The table of sections for subchapter C of chapter 12 is amended by inserting before the item relating to section 2522 the following new item:

''Sec. 2521. Exemption.''.

(d) EFFECTIVE DATE.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2000, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2000.

Subtitle C—Modifications of Generation-skipping Transfer Tax

SEC. 521. DEEMED ALLOCATION OF GST EXEMPTION TO LIFETIME TRANSFERS TO TRUSTS; RETROACTIVE ALLOCATIONS.

(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) DEEMED ALLOCATION TO CERTAIN LIFETIME TRANSFERS TO GST TRUSTS.—

''(1) IN GENERAL.—If any individual makes an indirect skip during such individual's lifetime, any unused portion of such individual's GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.

''(2) UNUSED PORTION.—For purposes of paragraph (1), the unused portion of an individual's GST exemption is that portion of such exemption which has not previously been—

''(A) allocated by such individual,

''(B) treated as allocated under subsection (b) with respect to a direct skip occurring during or before the calendar year in which the indirect skip is made, or

''(C) treated as allocated under paragraph (1) with respect to a prior indirect skip.

''(3) DEFINITIONS.—

''(A) INDIRECT SKIP.—For purposes of this subsection, the term 'indirect skip' means

any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust.

''(B) GST TRUST.—The term 'GST trust' means a trust that could have a generation-skipping transfer with respect to the transferor unless—

''(i) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by 1 or more individuals who are non-skip persons—

''(I) before the date that the individual attains age 46,

''(II) on or before one or more dates specified in the trust instrument that will occur before the date that such individual attains age 46, or

''(III) upon the occurrence of an event that, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 46;

''(ii) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by one or more individuals who are non-skip persons and who are living on the date of death of another person identified in the instrument (by name or by class) who is more than 10 years older than such individuals;

''(iii) the trust instrument provides that, if one or more individuals who are non-skip persons die on or before a date or event described in clause (i) or (ii), more than 25 percent of the trust corpus either must be distributed to the estate or estates of one or more of such individuals or is subject to a general power of appointment exercisable by one or more of such individuals;

''(iv) the trust is a trust any portion of which would be included in the gross estate of a non-skip person (other than the transferor) if such person died immediately after the transfer;

''(v) the trust is a charitable lead annuity trust (within the meaning of section 2642(e)(3)(A)) or a charitable remainder annuity trust or a charitable remainder unitrust (within the meaning of section 664(d)); or

''(vi) the trust is a trust with respect to which a deduction was allowed under section 2522 for the amount of an interest in the form of the right to receive annual payments of a fixed percentage of the net fair market value of the trust property (determined yearly) and which is required to pay principal to a non-skip person if such person is alive when the yearly payments for which the deduction was allowed terminate.

For purposes of this subparagraph, the value of transferred property shall not be considered to be includible in the gross estate of a non-skip person or subject to a right of withdrawal by reason of such person holding a right to withdraw so much of such property as does not exceed the amount referred to in section 2503(b) with respect to any transferor, and it shall be assumed that powers of appointment held by non-skip persons will not be exercised.

''(4) AUTOMATIC ALLOCATIONS TO CERTAIN GST TRUSTS.—For purposes of this subsection, an indirect skip to which section 2642(f) applies shall be deemed to have been made only at the close of the estate tax inclusion period. The fair market value of such transfer shall be the fair market value of the trust property at the close of the estate tax inclusion period.

''(5) APPLICABILITY AND EFFECT.—

''(A) IN GENERAL.—An individual—

''(i) may elect to have this subsection not apply to—

''(I) an indirect skip, or

''(II) any or all transfers made by such individual to a particular trust, and

''(ii) may elect to treat any trust as a GST trust for purposes of this subsection with respect to any or all transfers made by such individual to such trust.

''(B) ELECTIONS.—

''(i) ELECTIONS WITH RESPECT TO INDIRECT SKIPS.—An election under subparagraph (A)(i)(I) shall be deemed to be timely if filed on a timely filed gift tax return for the calendar year in which the transfer was made or deemed to have been made pursuant to paragraph (4) or on such later date or dates as may be prescribed by the Secretary.

''(ii) OTHER ELECTIONS.—An election under clause (i)(II) or (ii) of subparagraph (A) may be made on a timely filed gift tax return for the calendar year for which the election is to become effective.

''(d) RETROACTIVE ALLOCATIONS.—

''(1) IN GENERAL.—If—

''(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,

''(B) such person—

''(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse or former spouse, and

''(ii) is assigned to a generation below the generation assignment of the transferor, and

''(C) such person predeceases the transferor,

then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

''(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—

''(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,

''(B) such allocation shall be effective immediately before such death, and

''(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.

''(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2632(b) is amended by striking ''with respect to a direct skip'' and inserting ''or subsection (c)(1)''.

(c) EFFECTIVE DATES.—

(1) DEEMED ALLOCATION.—Section 2632(c) of the Internal Revenue Code of 1986 (as added by subsection (a)), and the amendment made by subsection (b), shall apply to transfers subject to chapter 11 or 12 made after December 31, 1999, and to estate tax inclusion periods ending after December 31, 1999.

(2) RETROACTIVE ALLOCATIONS.—Section 2632(d) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to deaths of non-skip persons occurring after the date of the enactment of this Act.

SEC. 522. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:

''(3) SEVERING OF TRUSTS.—

''(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from such severance shall be treated as separate trusts thereafter for purposes of this chapter.

''(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of two or more trusts if—

''(I) the single trust was divided on a fractional basis, and

''(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

''(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into two trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

''(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.

''(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after the date of the enactment of this Act.

SEC. 523. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

''(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632 (b)(1) or (c)(1)—

''(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and

''(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.''.

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

''(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not

met, the value of such property shall be determined as of the time of the distribution concerned.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by section 1431 of the Tax Reform Act of 1986.

SEC. 524. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

''(g) RELIEF PROVISIONS.—

''(1) RELIEF FOR LATE ELECTIONS.—

''(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

''(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

''(ii) an election under subsection (b)(3) or (c)(5) of section 2632.

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of the enactment of this paragraph.

''(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

''(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.''.

(b) EFFECTIVE DATES.—

(1) RELIEF FOR LATE ELECTIONS.—Section 2642(g)(1) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to requests pending on, or filed after, the date of the enactment of this Act.

(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) of such Code (as so added) shall take effect on the date of the enactment of this Act and shall apply to allocations made prior to such date for purposes of determining the tax consequences of generation-skipping transfers with respect to which the period of time for filing claims for refund has not expired. No implication is intended with respect to the availability of relief for late elections or the application of a rule of substantial compliance prior to the enactment of this amendment.

Subtitle D—Conservation Easements

SEC. 531. EXPANSION OF ESTATE TAX RULE FOR CONSERVATION EASEMENTS.

(a) WHERE LAND IS LOCATED.—

(1) IN GENERAL.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a conservation easement) is amended—

(A) by striking ''25 miles'' both places it appears and inserting ''50 miles'', and

(B) striking ''10 miles'' and inserting ''25 miles''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 1999.

(b) CLARIFICATION OF DATE FOR DETERMINING VALUE OF LAND AND EASEMENT.—

(1) IN GENERAL.—Section 2031(c)(2) (defining applicable percentage) is amended by adding at the end the following new sentence: ''The values taken into account under the preceding sentence shall be such values as of the date of the contribution referred to in paragraph (8)(B).''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 1997.

TITLE VI—TAX RELIEF FOR DISTRESSED COMMUNITIES AND INDUSTRIES

Subtitle A—American Community Renewal Act of 1999

SEC. 601. SHORT TITLE.

This subtitle may be cited as the ''American Community Renewal Act of 1999''.

SEC. 602. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

''Subchapter X—Renewal Communities

''Part I. Designation.

''Part II. Renewal community capital gain; renewal community business.

''Part III. Family development accounts.

''Part IV. Additional incentives.

''PART I—DESIGNATION

''Sec. 1400E. Designation of renewal communities.

''SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

''(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereinafter in this section referred to as a 'nominated area'); and

''(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration; and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 15 nominated areas as renewal communities of which—

''(i) only 5 may be designated during the first 12 months of the period referred to in paragraph (4)(B),

''(ii) an additional 5 may be designated during the second 12 months of such period, and

''(iii) the remaining 5 may be designated during the last 12 months of such period.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 3 must be areas—

''(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

''(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

''(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

''(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

''(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

''(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

''(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST HALF OF DESIGNATIONS.—With respect to the first 10 designations made under this section—

''(i) all shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

''(ii) two shall be areas described in paragraph (2)(B).

''(4) LIMITATION ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area under paragraph (1)(A);

''(ii) the parameters relating to the size and population characteristics of a renewal community; and

''(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 36-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

''(i) the local governments and the States in which the nominated area is located have the authority—

''(I) to nominate such area for designation as a renewal community;

''(II) to make the State and local commitments described in subsection (d); and

''(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

''(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe; and

''(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

''(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State

and local governments with respect to such area.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

''(A) December 31, 2007,

''(B) the termination date designated by the State and local governments in their nomination, or

''(C) the date the Secretary of Housing and Urban Development revokes such designation.

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

''(A) has modified the boundaries of the area, or

''(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of one or more local governments;

''(B) the boundary of the area is continuous; and

''(C) the area—

''(i) has a population, of at least—

''(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater; or

''(II) 1,000 in any other case; or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

''(A) the area is one of pervasive poverty, unemployment, and general distress;

''(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate;

''(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

''(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

''(5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the Government Accounting Office regarding the identification of economically distressed areas.

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

''(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area; and

''(B) the economic growth promotion requirements of paragraph (3) are met.

''(2) COURSE OF ACTION.—

''(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and timetables. Such course of action shall include at least five of the following:

''(i) A reduction of tax rates or fees applying within the renewal community.

''(ii) An increase in the level of efficiency of local services within the renewal community.

''(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

''(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

''(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

''(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

''(vii) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

''(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

''(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

''(A) licensing requirements for occupations that do not ordinarily require a professional degree;

''(B) zoning restrictions on home-based businesses which do not create a public nuisance;

''(C) permit requirements for street vendors who do not create a public nuisance;

''(D) zoning or other restrictions that impede the formation of schools or child care centers; and

''(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

''(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

''(1) a designation as a renewal community; and

''(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

''(2) STATE.—The term 'State' includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

''(3) LOCAL GOVERNMENT.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State;

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development; and

''(C) the District of Columbia.

''(4) APPLICATION OF RULES RELATING TO CENSUS TRACTS AND CENSUS DATA.—The rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

"PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

''Sec. 1400F. Renewal community capital gain.

''Sec. 1400G. Renewal community business defined.

"SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

''(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community asset' means—

''(A) any qualified community stock;

''(B) any qualified community partnership interest; and

''(C) any qualified community business property.

''(2) QUALIFIED COMMUNITY STOCK.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

''(i) such stock is acquired by the taxpayer after December 31, 2000, and before January 1, 2008, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash;

''(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business); and

''(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

''(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any capital or profits interest in a domestic partnership if—

''(A) such interest is acquired by the taxpayer after December 31, 2000, and before January 1, 2008;

''(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business); and

''(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

''(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

''(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008;

''(ii) the original use of such property in the renewal community commences with the taxpayer; and

''(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

''(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

''(i) property which is substantially improved (within the meaning of section 1400B(b)(4)(B)(ii)) by the taxpayer before January 1, 2008; and

''(ii) any land on which such property is located.

''(c) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (e), (f), and (g), of section 1400B shall apply for purposes of this section.

"SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

''For purposes of this part, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397B if—

''(1) references to renewal communities were substituted for references to empowerment zones in such section; and

''(2) '80 percent' were substituted for '50 percent' in subsections (b)(2) and (c)(1) of such section.

"PART III—FAMILY DEVELOPMENT ACCOUNTS

''Sec. 1400H. Family development accounts for renewal community EITC recipients.

''Sec. 1400I. Designation of earned income tax credit payments for deposit to family development account.

"SEC. 1400H. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction—

''(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit; and

''(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual but only if the amount so paid is designated for purposes of this section by such individual.

''(2) LIMITATION.—

''(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

''(i) $2,000, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount which may be designated under paragraph (1)(B) by any qualified individual for any taxable year of such individual shall not exceed $1,000.

''(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—Rules similar to rules of section 219(c) shall apply to the limitation in paragraph (2)(A).

''(4) COORDINATION WITH IRAS.—No deduction shall be allowed under this section for any taxable year to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid for such taxable year into an individual retirement account (including a Roth IRA) for the benefit of such individual.

''(5) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

''(b) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

''(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall not apply to any qualified family development distribution.

''(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

''(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

''(A) Qualified higher education expenses.

''(B) Qualified first-time homebuyer costs.

''(C) Qualified business capitalization costs.

''(D) Qualified medical expenses.

''(E) Qualified rollovers.

''(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

''(B) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

''(C) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).

''(4) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in section 72(t)(8)).

''(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

''(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

''(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

''(C) QUALIFIED BUSINESS.—The term 'qualified business' means any trade or business other than any trade or business—

''(i) which consists of the operation of any facility described in section 144(c)(6)(B), or

''(ii) which contravenes any law.

''(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which meets such requirements as the Secretary may specify.

''(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

''(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

''(A) such taxpayer, or

''(B) any qualified individual who is—

''(i) the spouse of such taxpayer, or

''(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

''(d) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations). Notwithstanding any other provision of this title (including chapters 11 and 12), the basis of any person in such an account is zero.

''(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

''(3) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (6) of section 408(d) shall apply for purposes of this section.

''(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

''(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

''(A) no contribution will be accepted unless it is in cash; and

''(B) contributions will not be accepted for the taxable year in excess of $3,000.

''(2) The requirements of paragraphs (2) through (6) of section 408(a) are met.

''(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

''(1) who is a bona fide resident of a renewal community throughout the taxable year; and

''(2) to whom a credit was allowed under section 32 for the preceding taxable year.

''(g) OTHER DEFINITIONS AND SPECIAL RULES.—

''(1) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f)(1).

''(2) MARRIED INDIVIDUALS.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

''(3) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

''(4) EMPLOYER PAYMENTS; CUSTODIAL ACCOUNTS.—Rules similar to the rules of sections 219(f)(5) and 408(h) shall apply for purposes of this section.

''(5) REPORTS.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

''(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations; and

''(B) shall be furnished to individuals—

''(i) not later than January 31 of the calendar year following the calendar year to which such reports relate; and

''(ii) in such manner as the Secretary prescribes in such regulations.

''(6) INVESTMENT IN COLLECTIBLES TREATED AS DISTRIBUTIONS.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

''(h) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED FAMILY DEVELOPMENT EXPENSES.—

''(1) IN GENERAL.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by 10 percent of the portion of such amount which is includible in gross income.

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—Paragraph (1) shall not apply to distributions which are—

''(A) made on or after the date on which the account holder attains age 59½,

''(B) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

''(C) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

''(i) APPLICATION OF SECTION.—This section shall apply to amounts paid to a family development account for any taxable year beginning after December 31, 2000, and before January 1, 2008.

"SEC. 1400I. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

''(a) IN GENERAL.—With respect to the return of any qualified individual (as defined in section 1400H(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

''(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

''(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

''(c) PORTION ATTRIBUTABLE TO EARNED INCOME TAX CREDIT.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

''(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

''(e) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2007.

"PART IV—ADDITIONAL INCENTIVES

''Sec. 1400K. Commercial revitalization deduction.

''Sec. 1400L. Increase in expensing under section 179.

"SEC. 1400K. COMMERCIAL REVITALIZATION DEDUCTION.

''(a) GENERAL RULE.—At the election of the taxpayer, either—

''(1) one-half of any qualified revitalization expenditures chargeable to capital account with respect to any qualified revitalization building shall be allowable as a deduction for the taxable year in which the building is placed in service, or

''(2) a deduction for all such expenditures shall be allowable ratably over the 120-month period beginning with the month in which the building is placed in service.

The deduction provided by this section with respect to such expenditure shall be in lieu of any depreciation deduction otherwise allowable on account of such expenditure.

''(b) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

''(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

''(A) such building is located in a renewal community and is placed in service after December 31, 2000;

''(B) a commercial revitalization deduction amount is allocated to the building under subsection (d); and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building (without regard to this section).

''(2) QUALIFIED REVITALIZATION EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account—

''(i) for property for which depreciation is allowable under section 168 (without regard to this section) and which is—

''(I) nonresidential real property; or

''(II) an addition or improvement to property described in subclause (I);

''(ii) in connection with the construction of any qualified revitalization building which was not previously placed in service or in connection with the substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building which was placed in service before the beginning of such rehabilitation; and

''(iii) for land (including land which is functionally related to such property and subordinate thereto).

''(B) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed the excess of—

''(i) $10,000,000, reduced by

''(ii) any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the deduction under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) ACQUISITION COSTS.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

''(ii) CREDITS.—Any expenditure which the taxpayer may take into account in computing any credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified revitalization building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation of a building shall be treated as a separate building.

''(d) LIMITATION ON AGGREGATE DEDUCTIONS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the deduction determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization deduction amount (in the case of an amount determined under subsection (a)(2), the present value of such amount as determined under the rules of section 42(b)(2)(C) by substituting '100 percent' for '72 percent' in clause (ii) thereof) allocated to such building under this subsection by the commercial revitalization agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

''(2) COMMERCIAL REVITALIZATION DEDUCTION AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization deduction amount which a commercial revitalization agency may allocate for any calendar year is the amount of the State commercial revitalization deduction ceiling determined under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION DEDUCTION CEILING.—The State commercial revitalization deduction ceiling applicable to any State—

''(i) for each calendar year after 2000 and before 2008 is $6,000,000 for each renewal community in the State; and

''(ii) zero for each calendar year thereafter.

''(C) COMMERCIAL REVITALIZATION AGENCY.—For purposes of this section, the term 'commercial revitalization agency' means any agency authorized by a State to carry out this section.

''(e) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization deduction amount with respect to any building shall be zero unless—

''(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part; and

''(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

''(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

''(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization agency which are appropriate to local conditions;

''(B) which considers—

''(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process;

''(ii) the amount of any increase in permanent, full-time employment by reason of any project; and

''(iii) the active involvement of residents and nonprofit groups within the renewal community; and

''(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

''(f) REGULATIONS.—For purposes of this section, the Secretary shall, by regulations, provide for the application of rules similar to the rules of section 49 and subsections (a) and (b) of section 50.

''(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2007.

''SEC. 1400L. INCREASE IN EXPENSING UNDER SECTION 179.

''(a) GENERAL RULE.—In the case of a renewal community business (as defined in section 1400G), for purposes of section 179—

''(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

''(A) $35,000; or

''(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year; and

''(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

''(b) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

''(c) QUALIFIED RENEWAL PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

''(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008; and

''(B) such property would be qualified zone property (as defined in section 1397C) if references to renewal communities were substituted for references to empowerment zones in section 1397C.

''(2) CERTAIN RULES TO APPLY.—The rules of subsections (a)(2) and (b) of section 1397C shall apply for purposes of this section.''.

SEC. 603. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS TO RENEWAL COMMUNITIES.

(a) EXTENSION.—Paragraph (2) of section 198(c) (defining targeted area) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) RENEWAL COMMUNITIES INCLUDED.—Except as provided in subparagraph (B), such term shall include a renewal community (as defined in section 1400E) with respect to expenditures paid or incurred after December 31, 2000.''.

(b) EXTENSION OF TERMINATION DATE FOR RENEWAL COMMUNITIES.—Subsection (h) of section 198 is amended by inserting before the period ''(December 31, 2007, in the case of a renewal community, as defined in section 1400E).''.

SEC. 604. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES.

(a) EXTENSION.—Subsection (c) of section 51 (relating to termination) is amended by adding at the end the following new paragraph:

''(5) EXTENSION OF CREDIT FOR RENEWAL COMMUNITIES.—

''(A) IN GENERAL.—In the case of an individual who begins work for the employer after the date contained in paragraph (4)(B), for purposes of section 38—

''(i) in lieu of applying subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

''(I) 15 percent of the qualified first-year wages for such year; and

''(II) 30 percent of the qualified second-year wages for such year;

''(ii) subsection (b)(3) shall be applied by substituting '$10,000' for '$6,000';

''(iii) paragraph (4)(B) shall be applied by substituting for the date contained therein the last day for which the designation under section 1400E of the renewal community referred to in subparagraph (B)(i) is in effect; and

''(iv) rules similar to the rules of section 51A(b)(5)(C) shall apply.

''(B) QUALIFIED FIRST- AND SECOND-YEAR WAGES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified wages' means, with respect to each 1-year period referred to in clause (ii) or (iii), as the case may be, the wages paid or incurred by the employer during the taxable year to any individual but only if—

''(I) the employer is engaged in a trade or business in a renewal community throughout such 1-year period;

''(II) the principal place of abode of such individual is in such renewal community throughout such 1-year period; and

''(III) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community.

''(ii) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

''(iii) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under clause (ii).''.

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting ''OR COMMUNITY'' in the heading after ''ZONE''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals who begin work for the employer after December 31, 2000.

SEC. 605. CONFORMING AND CLERICAL AMENDMENTS.

(a) DEDUCTION FOR CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to adjusted

gross income defined) is amended by inserting after paragraph (19) the following new paragraph:

''(20) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1).''.

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking ''or'' at the end of paragraph (3), adding ''or'' at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

''(5) a family development account (within the meaning of section 1400H(e)),''.

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

''(g) FAMILY DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of family development accounts, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the accounts (other than a qualified rollover, as defined in section 1400H(c)(7)), over

''(B) the amount allowable as a deduction under section 1400H for such contributions; and

''(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

''(A) the distributions out of the accounts for the taxable year which were included in the gross income of the payee under section 1400H(b)(1);

''(B) the distributions out of the accounts for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400H(d)(3); and

''(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400H for the taxable year over the amount contributed to the account for the taxable year.

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400H(d)(3) shall be treated as an amount not contributed.''.

(c) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

''(6) SPECIAL RULE FOR FAMILY DEVELOPMENT ACCOUNTS.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400H(d)(2) to such account.''; and

(2) in subsection (e)(1), by striking ''or'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) a family development account described in section 1400H(e), or''.

(d) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting ''or section 1400H'' after ''section 219''; and

(2) by inserting '', of any family development account described in section 1400H(e),'', after ''section 408(a)''.

(e) INSPECTION OF APPLICATIONS FOR TAX EXEMPTION.—Clause (i) of section 6104(a)(1)(B) is amended by inserting ''a family development account described in section 1400H(e),'' after ''section 408(a),''.

(f) FAILURE TO PROVIDE REPORTS ON FAMILY DEVELOPMENT ACCOUNTS.—Paragraph (2) of section 6693(a) is amended by striking ''and'' at the end of subparagraph (C), by striking the period and inserting '', and'' at the end of subparagraph (D), and by adding at the end the following new subparagraph:

''(E) section 1400H(g)(6) (relating to family development accounts).''.

(g) CONFORMING AMENDMENTS REGARDING COMMERCIAL REVITALIZATION DEDUCTION.—

(1) Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) NO CARRYBACK OF SECTION 1400K DEDUCTION BEFORE DATE OF THE ENACTMENT.—No portion of the net operating loss for any taxable year which is attributable to any commercial revitalization deduction determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.''.

(2) Subparagraph (B) of section 48(a)(2) is amended by inserting ''or commercial revitalization'' after ''rehabilitation'' each place it appears in the text and heading.

(3) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400K'' after ''section 42''; and

(B) by inserting ''AND COMMERCIAL REVITALIZATION DEDUCTION'' after ''CREDIT'' in the heading.

(h) CLERICAL AMENDMENTS.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter X. Renewal Communities.''.

Subtitle B—Timber Incentives

SEC. 611. TEMPORARY SUSPENSION OF MAXIMUM AMOUNT OF AMORTIZABLE REFORESTATION EXPENDITURES.

(a) INCREASE IN DOLLAR LIMITATION.—Paragraph (1) of section 194(b) (relating to amortization of reforestation expenditures) is amended by striking ''$10,000 ($5,000'' and inserting ''$25,000 ($12,500''.

(b) TEMPORARY SUSPENSION OF INCREASED DOLLAR LIMITATION.—Subsection (b) of section 194(b) (relating to amortization of reforestation expenditures) is amended by adding at the end the following new paragraph:

''(5) SUSPENSION OF DOLLAR LIMITATION.—Paragraph (1) shall not apply to taxable years beginning after December 31, 1999, and before January 1, 2004.

(c) CONFORMING AMENDMENT.—Paragraph (1) of section 48(b) is amended by striking ''section 194(b)(1)'' and inserting ''section 194(b)(1) and without regard to section 194(b)(5)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE VII—REAL ESTATE PROVISIONS

Subtitle A—Improvements in Low-Income Housing Credit

SEC. 701. MODIFICATION OF STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Clauses (i) and (ii) of section 42(h)(3)(C) (relating to State housing credit ceiling) are amended to read as follows:

''(i) the unused State housing credit ceiling (if any) of such State for the preceding calendar year,

''(ii) the greater of—

''(I) the applicable amount under subparagraph (H) multiplied by the State population, or

''(II) $2,000,000,''.

(b) APPLICABLE AMOUNT.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

''(H) APPLICABLE AMOUNT OF STATE CEILING.—For purposes of subparagraph (C)(ii), the applicable amount shall be determined under the following table:

"For calendar year:	The applicable amount is:
2000	$1.35
2001	1.45
2002	1.55
2003	1.65
2004 and thereafter	1.75.''.

(c) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies), as amended by subsection (c), is amended by adding at the end the following new subparagraph:

''(I) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of a calendar year after 2004, the $2,000,000 in subparagraph (C) and the $1.75 amount in subparagraph (H) 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 2003' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—

''(I) In the case of the amount in subparagraph (C), 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 amount in subparagraph (H), any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 42(h)(3)(C), as amended by subsection (a), is amended—

(A) by striking ''clause (ii)'' in the matter following clause (iv) and inserting ''clause (i)'', and

(B) by striking ''clauses (i)'' in the matter following clause (iv) and inserting ''clauses (ii)''.

(2) Section 42(h)(3)(D)(ii) is amended—

(A) by striking ''subparagraph (C)(ii)'' and inserting ''subparagraph (C)(i)'', and

(B) by striking ''clauses (i)'' in subclause (II) and inserting ''clauses (ii)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 2000.

SEC. 702. 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. 703. 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. 704. 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. 705. 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. 706. 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. 707. EFFECTIVE DATE.

Except as otherwise provided in this subtitle, the amendments made by this subtitle shall apply to—

(1) housing credit dollar amounts allocated after December 31, 1999, 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 B—Provisions Relating to Real Estate Investment Trusts

PART I—TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES

SEC. 711. MODIFICATIONS TO ASSET DIVERSIFICATION TEST.

(a) IN GENERAL.—Subparagraph (B) of section 856(c)(4) is amended to read as follows:

''(B)(i) not more than 25 percent of the value of its total assets is represented by securities (other than those includible under subparagraph (A)), and

''(ii) except with respect to a taxable REIT subsidiary and securities includible under subparagraph (A)—

''(I) not more than 5 percent of the value of its total assets is represented by securities of any one issuer,

''(II) the trust does not hold securities possessing more than 10 percent of the total voting power of the outstanding securities of any one issuer, and

''(III) the trust does not hold securities having a value of more than 10 percent of the total value of the outstanding securities of any one issuer.''.

(b) EXCEPTION FOR STRAIGHT DEBT SECURITIES.—Subsection (c) of section 856 is amended by adding at the end the following new paragraph:

''(7) STRAIGHT DEBT SAFE HARBOR IN APPLYING PARAGRAPH (4).—Securities of an issuer which are straight debt (as defined in section 1361(c)(5) without regard to subparagraph (B)(iii) thereof) shall not be taken into account in applying paragraph (4)(B)(ii)(III) if—

''(A) the issuer is an individual, or

''(B) the only securities of such issuer which are held by the trust or a taxable REIT subsidiary of the trust are straight debt (as so defined), or

''(C) the issuer is a partnership and the trust holds at least a 20 percent profits interest in the partnership.''.

SEC. 712. TREATMENT OF INCOME AND SERVICES PROVIDED BY TAXABLE REIT SUBSIDIARIES.

(a) INCOME FROM TAXABLE REIT SUBSIDIARIES NOT TREATED AS IMPERMISSIBLE TENANT SERVICE INCOME.—Clause (i) of section 856(d)(7)(C) (relating to exceptions to impermissible tenant service income) is amended by inserting ''or through a taxable REIT subsidiary of such trust'' after ''income''.

(b) CERTAIN INCOME FROM TAXABLE REIT SUBSIDIARIES NOT EXCLUDED FROM RENTS FROM REAL PROPERTY.—

(1) IN GENERAL.—Subsection (d) of section 856 (relating to rents from real property defined) is amended by adding at the end the following new paragraphs:

''(8) SPECIAL RULE FOR TAXABLE REIT SUBSIDIARIES.—For purposes of this subsection, amounts paid to a real estate investment trust by a taxable REIT subsidiary of such trust shall not be excluded from rents from real property by reason of paragraph (2)(B) if the requirements of either of the following subparagraphs are met:

''(A) LIMITED RENTAL EXCEPTION.—The requirements of this subparagraph are met with respect to any property if at least 90 percent of the leased space of the property is rented to persons other than taxable REIT subsidiaries of such trust and other than persons described in section 856(d)(2)(B). The preceding sentence shall apply only to the extent that the amounts paid to the trust as rents from real property (as defined in paragraph (1) without regard to paragraph (2)(B)) from such property are substantially comparable to such rents made by the other tenants of the trust's property for comparable space.

''(B) EXCEPTION FOR CERTAIN LODGING FACILITIES.—The requirements of this subparagraph are met with respect to an interest in real property which is a qualified lodging facility leased by the trust to a taxable REIT subsidiary of the trust if the property is operated on behalf of such subsidiary by a person who is an eligible independent contractor.

''(9) ELIGIBLE INDEPENDENT CONTRACTOR.—For purposes of paragraph (8)(B)—

''(A) IN GENERAL.—The term 'eligible independent contractor' means, with respect to

any qualified lodging facility, any independent contractor if, at the time such contractor enters into a management agreement or other similar service contract with the taxable REIT subsidiary to operate the facility, such contractor (or any related person) is actively engaged in the trade or business of operating qualified lodging facilities for any person who is not a related person with respect to the real estate investment trust or the taxable REIT subsidiary.

''(B) SPECIAL RULES.—Solely for purposes of this paragraph and paragraph (8)(B), a person shall not fail to be treated as an independent contractor with respect to any qualified lodging facility by reason of any of the following:

''(i) The taxable REIT subsidiary bears the expenses for the operation of the facility pursuant to the management agreement or other similar service contract.

''(ii) The taxable REIT subsidiary receives the revenues from the operation of such facility, net of expenses for such operation and fees payable to the operator pursuant to such agreement or contract.

''(iii) The real estate investment trust receives income from such person with respect to another property that is attributable to a lease of such other property to such person that was in effect as of the later of—

''(I) January 1, 1999, or

''(II) the earliest date that any taxable REIT subsidiary of such trust entered into a management agreement or other similar service contract with such person with respect to such qualified lodging facility.

''(C) RENEWALS, ETC., OF EXISTING LEASES.—For purposes of subparagraph (B)(iii)—

''(i) a lease shall be treated as in effect on January 1, 1999, without regard to its renewal after such date, so long as such renewal is pursuant to the terms of such lease as in effect on whichever of the dates under subparagraph (B)(iii) is the latest, and

''(ii) a lease of a property entered into after whichever of the dates under subparagraph (B)(iii) is the latest shall be treated as in effect on such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED LODGING FACILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified lodging facility' means any lodging facility unless wagering activities are conducted at or in connection with such facility by any person who is engaged in the business of accepting wagers and who is legally authorized to engage in such business at or in connection with such facility.

''(ii) LODGING FACILITY.—The term 'lodging facility' means a hotel, motel, or other establishment more than one-half of the dwelling units in which are used on a transient basis.

''(iii) CUSTOMARY AMENITIES AND FACILITIES.—The term 'lodging facility' includes customary amenities and facilities operated as part of, or associated with, the lodging facility so long as such amenities and facilities are customary for other properties of a comparable size and class owned by other owners unrelated to such real estate investment trust.

''(E) OPERATE INCLUDES MANAGE.—References in this paragraph to operating a property shall be treated as including a reference to managing the property.

''(F) RELATED PERSON.—Persons shall be treated as related to each other if such persons are treated as a single employer under subsection (a) or (b) of section 52.''.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 856(d)(2) is amended by inserting ''except as provided in paragraph (8),'' after ''(B)''.

(3) DETERMINING RENTS FROM REAL PROPERTY.—

(A)(i) Paragraph (1) of section 856(d) is amended by striking ''adjusted bases'' each place it occurs and inserting ''fair market values''.

(ii) The amendment made by this subparagraph shall apply to taxable years beginning after December 31, 2000.

(B)(i) Clause (i) of section 856(d)(2)(B) is amended by striking ''number'' and inserting ''value''.

(ii) The amendment made by this subparagraph shall apply to amounts received or accrued in taxable years beginning after December 31, 2000, except for amounts paid pursuant to leases in effect on July 12, 1999, or pursuant to a binding contract in effect on such date and at all times thereafter.

SEC. 713. TAXABLE REIT SUBSIDIARY.

(a) IN GENERAL.—Section 856 is amended by adding at the end the following new subsection:

''(l) TAXABLE REIT SUBSIDIARY.—For purposes of this part—

''(1) IN GENERAL.—The term 'taxable REIT subsidiary' means, with respect to a real estate investment trust, a corporation (other than a real estate investment trust) if—

''(A) such trust directly or indirectly owns stock in such corporation, and

''(B) such trust and such corporation jointly elect that such corporation shall be treated as a taxable REIT subsidiary of such trust for purposes of this part.

Such an election, once made, shall be irrevocable unless both such trust and corporation consent to its revocation. Such election, and any revocation thereof, may be made without the consent of the Secretary.

''(2) 35 PERCENT OWNERSHIP IN ANOTHER TAXABLE REIT SUBSIDIARY.—The term 'taxable REIT subsidiary' includes, with respect to any real estate investment trust, any corporation (other than a real estate investment trust) with respect to which a taxable REIT subsidiary of such trust owns directly or indirectly—

''(A) securities possessing more than 35 percent of the total voting power of the outstanding securities of such corporation, or

''(B) securities having a value of more than 35 percent of the total value of the outstanding securities of such corporation.

The preceding sentence shall not apply to a qualified REIT subsidiary (as defined in subsection (i)(2)). The rule of section 856(c)(7) shall apply for purposes of subparagraph (B).

''(3) EXCEPTIONS.—The term 'taxable REIT subsidiary' shall not include—

''(A) any corporation which directly or indirectly operates or manages a lodging facility or a health care facility, and

''(B) any corporation which directly or indirectly provides to any other person (under a franchise, license, or otherwise) rights to any brand name under which any lodging facility or health care facility is operated.

Subparagraph (B) shall not apply to rights provided to an eligible independent contractor to operate or manage a lodging facility if such rights are held by such corporation as a franchisee, licensee, or in a similar capacity and such lodging facility is either owned by such corporation or is leased to such corporation from the real estate investment trust.

''(4) DEFINITIONS.—For purposes of paragraph (3)—

''(A) LODGING FACILITY.—The term 'lodging facility' has the meaning given to such term by paragraph (9)(D)(ii).

''(B) HEALTH CARE FACILITY.—The term 'health care facility' has the meaning given to such term by subsection (e)(6)(D)(ii).''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 856(i) is amended by adding at the end the following new sentence: ''Such term shall not include a taxable REIT subsidiary.''.

SEC. 714. LIMITATION ON EARNINGS STRIPPING.

Paragraph (3) of section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any interest paid or accrued (directly or indirectly) by a taxable REIT subsidiary (as defined in section 856(l)) of a real estate investment trust to such trust.''.

SEC. 715. 100 PERCENT TAX ON IMPROPERLY ALLOCATED AMOUNTS.

(a) IN GENERAL.—Subsection (b) of section 857 (relating to method of taxation of real estate investment trusts and holders of shares or certificates of beneficial interest) is amended by redesignating paragraphs (7) and (8) as paragraphs (8) and (9), respectively, and by inserting after paragraph (6) the following new paragraph:

''(7) INCOME FROM REDETERMINED RENTS, REDETERMINED DEDUCTIONS, AND EXCESS INTEREST.—

''(A) IMPOSITION OF TAX.—There is hereby imposed for each taxable year of the real estate investment trust a tax equal to 100 percent of redetermined rents, redetermined deductions, and excess interest.

''(B) REDETERMINED RENTS.—

''(i) IN GENERAL.—The term 'redetermined rents' means rents from real property (as defined in subsection 856(d)) the amount of which would (but for subparagraph (E)) be reduced on distribution, apportionment, or allocation under section 482 to clearly reflect income as a result of services furnished or rendered by a taxable REIT subsidiary of the real estate investment trust to a tenant of such trust.

''(ii) EXCEPTION FOR CERTAIN SERVICES.—Clause (i) shall not apply to amounts received directly or indirectly by a real estate investment trust for services described in paragraph (1)(B) or (7)(C)(i) of section 856(d).

''(iii) EXCEPTION FOR DE MINIMIS AMOUNTS.—Clause (i) shall not apply to amounts described in section 856(d)(7)(A) with respect to a property to the extent such amounts do not exceed the one percent threshold described in section 856(d)(7)(B) with respect to such property.

''(iv) EXCEPTION FOR COMPARABLY PRICED SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) such subsidiary renders a significant amount of similar services to persons other than such trust and tenants of such trust who are unrelated (within the meaning of section 856(d)(8)(F)) to such subsidiary, trust, and tenants, but

''(II) only to the extent the charge for such service so rendered is substantially comparable to the charge for the similar services rendered to persons referred to in subclause (I).

''(v) EXCEPTION FOR CERTAIN SEPARATELY CHARGED SERVICES.—Clause (i) shall not

apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if—

''(I) the rents paid to the trust by tenants (leasing at least 25 percent of the net leasable space in the trust's property) who are not receiving such service from such subsidiary are substantially comparable to the rents paid by tenants leasing comparable space who are receiving such service from such subsidiary, and

''(II) the charge for such service from such subsidiary is separately stated.

''(vi) EXCEPTION FOR CERTAIN SERVICES BASED ON SUBSIDIARY'S INCOME FROM THE SERVICES.—Clause (i) shall not apply to any service rendered by a taxable REIT subsidiary of a real estate investment trust to a tenant of such trust if the gross income of such subsidiary from such service is not less than 150 percent of such subsidiary's direct cost in furnishing or rendering the service.

''(vii) EXCEPTIONS GRANTED BY SECRETARY.—The Secretary may waive the tax otherwise imposed by subparagraph (A) if the trust establishes to the satisfaction of the Secretary that rents charged to tenants were established on an arms' length basis even though a taxable REIT subsidiary of the trust provided services to such tenants.

''(C) REDETERMINED DEDUCTIONS.—The term 'redetermined deductions' means deductions (other than redetermined rents) of a taxable REIT subsidiary of a real estate investment trust if the amount of such deductions would (but for subparagraph (E)) be decreased on distribution, apportionment, or allocation under section 482 to clearly reflect income as between such subsidiary and such trust.

''(D) EXCESS INTEREST.—The term 'excess interest' means any deductions for interest payments by a taxable REIT subsidiary of a real estate investment trust to such trust to the extent that the interest payments are in excess of a rate that is commercially reasonable.

''(E) COORDINATION WITH SECTION 482.—The imposition of tax under subparagraph (A) shall be in lieu of any distribution, apportionment, or allocation under section 482.

''(F) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this paragraph. Until the Secretary prescribes such regulations, real estate investment trusts and their taxable REIT subsidiaries may base their allocations on any reasonable method.''.

(b) AMOUNT SUBJECT TO TAX NOT REQUIRED TO BE DISTRIBUTED.—Subparagraph (E) of section 857(b)(2) (relating to real estate investment trust taxable income) is amended by striking ''paragraph (5)'' and inserting ''paragraphs (5) and (7)''.

SEC. 716. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this part shall apply to taxable years beginning after December 31, 2000.

(b) TRANSITIONAL RULES RELATED TO SECTION 711.—

(1) EXISTING ARRANGEMENTS.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by section 711 shall not apply to a real estate investment trust with respect to—

(i) securities of a corporation held directly or indirectly by such trust on July 12, 1999,

(ii) securities of a corporation held by an entity on July 12, 1999, if such trust acquires control of such entity pursuant to a written binding contract in effect on such date and at all times thereafter before such acquisition,

(iii) securities received by such trust (or a successor) in exchange for, or with respect to, securities described in clause (i) or (ii) in a transaction in which gain or loss is not recognized, and

(iv) securities acquired directly or indirectly by such trust as part of a reorganization (as defined in section 368(a)(1) of the Internal Revenue Code of 1986) with respect to such trust if such securities are described in clause (i), (ii), or (iii) with respect to any other real estate investment trust.

(B) NEW TRADE OR BUSINESS OR SUBSTANTIAL NEW ASSETS.—Subparagraph (A) shall cease to apply to securities of a corporation as of the first day after July 12, 1999, on which such corporation engages in a substantial new line of business, or acquires any substantial asset, other than—

(i) pursuant to a binding contract in effect on such date and at all times thereafter before the acquisition of such asset,

(ii) in a transaction in which gain or loss is not recognized by reason of section 1031 or 1033 of the Internal Revenue Code of 1986, or

(iii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(C) LIMITATION ON TRANSITION RULES.—Subparagraph (A) shall cease to apply to securities of a corporation held, acquired, or received, directly or indirectly, by a real estate investment trust as of the first day after July 12, 1999, on which such trust acquires any additional securities of such corporation other than—

(i) pursuant to a binding contract in effect on July 12, 1999, and at all times thereafter, or

(ii) in a reorganization (as so defined) with another corporation the securities of which are described in paragraph (1)(A) of this subsection.

(2) TAX-FREE CONVERSION.—If—

(A) at the time of an election for a corporation to become a taxable REIT subsidiary, the amendment made by section 1021 does not apply to such corporation by reason of paragraph (1), and

(B) such election first takes effect before January 1, 2004,

such election shall be treated as a reorganization qualifying under section 368(a)(1)(A) of such Code.

PART II—HEALTH CARE REITS

SEC. 721. HEALTH CARE REITS.

(a) SPECIAL FORECLOSURE RULE FOR HEALTH CARE PROPERTIES.—Subsection (e) of section 856 (relating to special rules for foreclosure property) is amended by adding at the end the following new paragraph:

''(6) SPECIAL RULE FOR QUALIFIED HEALTH CARE PROPERTIES.—For purposes of this subsection—

''(A) ACQUISITION AT EXPIRATION OF LEASE.—The term 'foreclosure property' shall include any qualified health care property acquired by a real estate investment trust as the result of the termination of a lease of such property (other than a termination by reason of a default, or the imminence of a default, on the lease).

''(B) GRACE PERIOD.—In the case of a qualified health care property which is foreclosure property solely by reason of subparagraph (A), in lieu of applying paragraphs (2) and (3)—

''(i) the qualified health care property shall cease to be foreclosure property as of the close of the second taxable year after the taxable year in which such trust acquired such property, and

''(ii) if the real estate investment trust establishes to the satisfaction of the Secretary that an extension of the grace period in clause (i) is necessary to the orderly leasing or liquidation of the trust's interest in such qualified health care property, the Secretary may grant one or more extensions of the grace period for such qualified health care property.

Any such extension shall not extend the grace period beyond the close of the 6th year after the taxable year in which such trust acquired such qualified health care property.

''(C) INCOME FROM INDEPENDENT CONTRACTORS.—For purposes of applying paragraph (4)(C) with respect to qualified health care property which is foreclosure property by reason of subparagraph (A) or paragraph (1), income derived or received by the trust from an independent contractor shall be disregarded to the extent such income is attributable to—

''(i) any lease of property in effect on the date the real estate investment trust acquired the qualified health care property (without regard to its renewal after such date so long as such renewal is pursuant to the terms of such lease as in effect on such date), or

''(ii) any lease of property entered into after such date if—

''(I) on such date, a lease of such property from the trust was in effect, and

''(II) under the terms of the new lease, such trust receives a substantially similar or lesser benefit in comparison to the lease referred to in subclause (I).

''(D) QUALIFIED HEALTH CARE PROPERTY.—

''(i) IN GENERAL.—The term 'qualified health care property' means any real property (including interests therein), and any personal property incident to such real property, which—

''(I) is a health care facility, or

''(II) is necessary or incidental to the use of a health care facility.

''(ii) HEALTH CARE FACILITY.—For purposes of clause (i), the term 'health care facility' means a hospital, nursing facility, assisted living facility, congregate care facility, qualified continuing care facility (as defined in section 7872(g)(4)), or other licensed facility which extends medical or nursing or ancillary services to patients and which, immediately before the termination, expiration, default, or breach of the lease of or mortgage secured by such facility, was operated by a provider of such services which was eligible for participation in the medicare program under title XVIII of the Social Security Act with respect to such facility.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART III—CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES

SEC. 731. CONFORMITY WITH REGULATED INVESTMENT COMPANY RULES.

(a) DISTRIBUTION REQUIREMENT.—Clauses (i) and (ii) of section 857(a)(1)(A) (relating to requirements applicable to real estate investment trusts) are each amended by striking ''95 percent (90 percent for taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(b) IMPOSITION OF TAX.—Clause (i) of section 857(b)(5)(A) (relating to imposition of tax in case of failure to meet certain requirements) is amended by striking ''95 percent (90 percent in the case of taxable years beginning before January 1, 1980)'' and inserting ''90 percent''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

PART IV—CLARIFICATION OF EXCEPTION FROM IMPERMISSIBLE TENANT SERVICE INCOME

SEC. 741. CLARIFICATION OF EXCEPTION FOR INDEPENDENT OPERATORS.

(a) IN GENERAL.—Paragraph (3) of section 856(d) (relating to independent contractor defined) is amended by adding at the end the following flush sentence:

''In the event that any class of stock of either the real estate investment trust or such person is regularly traded on an established securities market, only persons who own, directly or indirectly, more than 5 percent of such class of stock shall be taken into account as owning any of the stock of such class for purposes of applying the 35 percent limitation set forth in subparagraph (B) (but all of the outstanding stock of such class shall be considered outstanding in order to compute the denominator for purpose of determining the applicable percentage of ownership).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

PART V—MODIFICATION OF EARNINGS AND PROFITS RULES

SEC. 751. MODIFICATION OF EARNINGS AND PROFITS RULES.

(a) RULES FOR DETERMINING WHETHER REGULATED INVESTMENT COMPANY HAS EARNINGS AND PROFITS FROM NON-RIC YEAR.—Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

''(3) DISTRIBUTIONS TO MEET REQUIREMENTS OF SUBSECTION (a)(2)(B).—Any distribution which is made in order to comply with the requirements of subsection (a)(2)(B)—

''(A) shall be treated for purposes of this subsection and subsection (a)(2)(B) as made from the earliest earnings and profits accumulated in any taxable year to which the provisions of this part did not apply rather than the most recently accumulated earnings and profits, and

''(B) to the extent treated under subparagraph (A) as made from accumulated earnings and profits, shall not be treated as a distribution for purposes of subsection (b)(2)(D) and section 855.''.

(b) CLARIFICATION OF APPLICATION OF REIT SPILLOVER DIVIDEND RULES TO DISTRIBUTIONS TO MEET QUALIFICATION REQUIREMENT.—Subparagraph (B) of section 857(d)(3) is amended by inserting before the period ''and section 858''.

(c) APPLICATION OF DEFICIENCY DIVIDEND PROCEDURES.—Paragraph (1) of section 852(e) is amended by adding at the end the following new sentence: ''If the determination under subparagraph (A) is solely as a result of the failure to meet the requirements of subsection (a)(2), the preceding sentence shall also apply for purposes of applying subsection (a)(2) to the non-RIC year.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

Subtitle C—Private Activity Bond Volume Cap

SEC. 761. ACCELERATION OF PHASE-IN OF INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—The table contained in section 146(d)(2) (relating to per capita limit; aggregate limit) is amended to read as follows:

''Calendar Year	Per Capita Limit	Aggregate Limit
2000	$55.00	165,000,000
2001	60.00	180,000,000
2002	65.00	195,000,000
2003	70.00	210,000,000
2004 and thereafter.	75.00	225,000,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to calendar years beginning after 1999.

Subtitle D—Exclusion from gross income for certain forgiven mortgage obligations

SEC. 771. EXCLUSION FROM GROSS INCOME FOR CERTAIN FORGIVEN MORTGAGE OBLIGATIONS.

(a) IN GENERAL.—Paragraph (1) of section 108(a) of the Internal Revenue Code of 1986 (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 SHORTFALL.—Section 108 of such Code (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 a residence and is secured by such real property,

''(ii) is 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 refinanced indebtedness does not exceed the amount of the indebtedness being refinanced.

''(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) of such Code 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 SHORTFALL 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) of such Code is amended by striking ''or (C)'' and inserting ''(C), or (E)''.

(3) Subsection (c) of section 121 of such Code is amended by adding at the end the following new paragraph:

''(4) 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 the date of the enactment of this Act.

TITLE VIII—MISCELLANEOUS PROVISIONS

SEC. 801. CREDIT FOR MODIFICATIONS TO INTERCITY BUSES REQUIRED UNDER THE AMERICANS WITH DISABILITIES ACT OF 1990.

(a) IN GENERAL.—Subsection (a) of section 44 (relating to expenditures to provide access to disabled individuals) is amended to read as follows:

''(a) GENERAL RULE.—For purposes of section 38, the amount of the disabled access credit determined under this section for any taxable year shall be an amount equal to the sum of—

''(1) in the case of an eligible small business, 50 percent of so much of the eligible access expenditures for the taxable year as exceed $250 but do not exceed $10,250, and

''(2) 50 percent of so much of the eligible bus access expenditures for the taxable year with respect to each eligible bus as exceed $250 but do not exceed $30,250.''.

(b) ELIGIBLE BUS ACCESS EXPENDITURES.—Section 44 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and by inserting after subsection (c) the following new subsection:

''(d) ELIGIBLE BUS ACCESS EXPENDITURES.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible bus access expenditures' means amounts paid or incurred by the taxpayer for the purpose of enabling the taxpayer's eligible bus to comply with applicable requirements under the Americans With Disabilities Act of 1990 (as in effect on the date of the enactment of this subsection).

''(2) CERTAIN EXPENDITURES NOT INCLUDED.—The amount of eligible bus access expenditures otherwise taken into account under subsection (a)(2) shall be reduced to the extent that funds for such expenditures are received under any Federal, State, or local program.

''(3) ELIGIBLE BUS.—The term 'eligible bus' means any automobile bus eligible for a refund under section 6427(b) by reason of transportation described in section 6427(b)(1)(A).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999, and before January 1, 2012.

SEC. 802. CERTAIN EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) IN GENERAL.—Section 117 (relating to qualified scholarships) is amended by adding at the end the following new subsection:

''(e) EMPLOYER-PROVIDED EDUCATIONAL BENEFITS PROVIDED TO CHILDREN OF EMPLOYEES.—

''(1) IN GENERAL.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

''(A) such amount is provided by the employer to a child (as defined in section 151(c)(3)) of an employee of such employer,

''(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

''(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

''(2) DOLLAR LIMITATIONS.—

''(A) PER CHILD.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed $2,000.

''(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

''(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

''(4) DEGREE REQUIREMENT NOT TO APPLY.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection, subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree.

''(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 803. TAX INCENTIVES FOR QUALIFIED UNITED STATES INDEPENDENT FILM AND TELEVISION PRODUCTION.

(a) IN GENERAL.—Subpart C of part IV of subchapter A of chapter 1 (relating to refundable credits) is amended by redesignating section 35 as section 36 and by inserting after section 34 the following new section:

''SEC. 35. UNITED STATES INDEPENDENT FILM AND TELEVISION PRODUCTION WAGE CREDIT.

''(a) AMOUNT OF CREDIT.—There shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to 20 percent of the qualified wages paid or incurred during the calendar year which ends with or within the taxable year.

''(b) ONLY FIRST $20,000 OF WAGES PER YEAR TAKEN INTO ACCOUNT.—With respect to each qualified United States independent film and television production, the amount of qualified wages paid or incurred to each qualified United States independent film and television production employee which may be taken into account for a calendar year shall not exceed $20,000.

''(c) QUALIFIED WAGES.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified wages' means any wages paid or incurred by an employer for services performed by an employee while such employee is a qualified United States independent film and television production employee.

''(2) QUALIFIED UNITED STATES INDEPENDENT FILM AND TELEVISION PRODUCTION EMPLOYEE.—

''(A) IN GENERAL.—The term 'qualified United States independent film and television production employee' means, with respect to any period, any employee of an employer if substantially all of the services performed during such period by such employee for such employer are performed in an activity related to any qualified United States independent film and television production in a trade or business of the employer.

''(B) CERTAIN INDIVIDUALS NOT ELIGIBLE.—Such term shall not include—

''(i) any individual described in subparagraph (A), (B), or (C) of section 51(i)(1), and

''(ii) any 5-percent owner (as defined in section 416(i)(1)(B).

''(3) COORDINATION WITH OTHER WAGE CREDITS.—No credit shall be allowed under any other provision of this chapter for wages paid to any employee during any calendar year if the employer is allowed a credit under this section for any of such wages.

''(4) WAGES.—The term 'wages' has the same meaning as when used in section 51.

''(d) QUALIFIED UNITED STATES INDEPENDENT FILM AND TELEVISION PRODUCTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified United States independent film and television production' means any production of any motion picture (whether released theatrically or directly to video cassette or any other format), a mini series, or a pilot production for a dramatic series if—

''(A) the production is produced in whole or in substantial part within the United States (determined on the basis of proportion of the qualified United States independent film and television production employees with respect to such production to total employee performing services related to such production),

''(B) the production is created primarily for use as public entertainment or for educational purposes, and

''(C) the total production cost of the production is less than $10,000,000.

''(2) PUBLIC ENTERTAINMENT.—The term 'public entertainment' includes a motion picture film, video tape, or television program intended for initial broadcast via the public broadcast spectrum or delivered via cable distribution, or productions that are submitted to a national organization that rates films for violent or adult content. Such term does not include any film or tape the market for which is primarily topical, is otherwise essentially transitory in nature, or is produced for private noncommercial use.

''(3) TOTAL PRODUCTION COST.—The term 'total production cost' includes costs incurred in the delivery of the final master copy but does not include development, acquisition, and marketing costs of the qualified United States independent film and television production.

''(e) CONTROLLED GROUPS.—For purposes of this section—

''(1) all employers treated as a single employer under subsection (a) or (b) of section 52 shall be treated as a single employer for purposes of this subpart, and

''(2) the credit (if any) determined under this section with respect to each such employer shall be its proportionate share of the wages giving rise to such credit.

''(f) CERTAIN OTHER RULES MADE APPLICABLE.—Rules similar to the rules of section 51(k) and subsections (c) and (d) of section 52 shall apply for purposes of this section.''.

(b) DENIAL OF DOUBLE BENEFIT.—Subsection (a) of section 280C is amended by inserting ''35,'' before ''45A(a),''.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting before the period '', or from section 35 of such Code''.

(2) The table of sections for subpart C of part IV of subchapter A of chapter 1 is amended by striking the last item and inserting the following new items:

''Sec. 35. United States independent film and television production wage credit.

''Sec. 36. Overpayments of tax.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to wages paid or incurred after the date of the enactment of this Act in taxable years ending after such date.

The SPEAKER pro tempore. The amendment consisting of the text of H.R. 3832 is adopted.

The text of H.R. 3081, as amended by inserting the text of H.R. 3832, is as follows:

H.R. 3832

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

SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Small Business Tax Fairness 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; references; table of contents.

TITLE I—SMALL BUSINESS PROVISIONS

Sec. 101. Deduction for 100 percent of health insurance costs of self-employed individuals.

Sec. 102. Increase in expense treatment for small businesses.

Sec. 103. Increased deduction for meal expenses.

Sec. 104. Increased deductibility of business meal expenses for individuals subject to Federal limitations on hours of service.

Sec. 105. Income averaging for farmers and fishermen not to increase alternative minimum tax liability.

Sec. 106. Repeal of occupational taxes relating to distilled spirits, wine, and beer.

Sec. 107. Repeal of modification of installment method.

TITLE II—PENSION PROVISIONS

Subtitle A—Expanding Coverage

Sec. 201. Increase in benefit and contribution limits.

Sec. 202. Plan loans for subchapter S owners, partners, and sole proprietors.

Sec. 203. Modification of top-heavy rules.
Sec. 204. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 205. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations.
Sec. 206. Elimination of user fee for requests to IRS regarding pension plans.
Sec. 207. Deduction limits.
Sec. 208. Option to treat elective deferrals as after-tax contributions.

Subtitle B—Enhancing Fairness for Women

Sec. 221. Catchup contributions for individuals age 50 or over.
Sec. 222. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 223. Faster vesting of certain employer matching contributions.
Sec. 224. Simplify and update the minimum distribution rules.
Sec. 225. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 226. Modification of safe harbor relief for hardship withdrawals from cash or deferred arrangements.

Subtitle C—Increasing Portability for Participants

Sec. 231. Rollovers allowed among various types of plans.
Sec. 232. Rollovers of IRAs into workplace retirement plans.
Sec. 233. Rollovers of after-tax contributions.
Sec. 234. Hardship exception to 60-day rule.
Sec. 235. Treatment of forms of distribution.
Sec. 236. Rationalization of restrictions on distributions.
Sec. 237. Purchase of service credit in governmental defined benefit plans.
Sec. 238. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 239. Minimum distribution and inclusion requirements for section 457 plans.

Subtitle D—Strengthening Pension Security and Enforcement

Sec. 241. Repeal of 150 percent of current liability funding limit.
Sec. 242. Maximum contribution deduction rules modified and applied to all defined benefit plans.
Sec. 243. Excise tax relief for sound pension funding.
Sec. 244. Excise tax on failure to provide notice by defined benefit plans significantly reducing future benefit accruals.
Sec. 245. Treatment of multiemployer plans under section 415.

Subtitle E—Reducing Regulatory Burdens

Sec. 261. Modification of timing of plan valuations.
Sec. 262. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 263. Repeal of transition rule relating to certain highly compensated employees.
Sec. 264. Employees of tax-exempt entities.
Sec. 265. Clarification of treatment of employer-provided retirement advice.
Sec. 266. Reporting simplification.
Sec. 267. Improvement of employee plans compliance resolution system.
Sec. 268. Modification of exclusion for employer provided transit passes.
Sec. 269. Repeal of the multiple use test.
Sec. 270. Flexibility in nondiscrimination, coverage, and line of business rules.
Sec. 271. Extension to international organizations of moratorium on application of certain nondiscrimination rules applicable to State and local plans.
Sec. 272. Notice and consent period regarding distributions.

Subtitle F—Plan Amendments

Sec. 281. Provisions relating to plan amendments.

TITLE III—ESTATE TAX RELIEF

Subtitle A—Reductions of Estate and Gift Tax Rates

Sec. 301. Reductions of estate and gift tax rates.
Sec. 302. Sense of the Congress concerning repeal of the death tax.

Subtitle B—Unified Credit Replaced With Unified Exemption Amount

Sec. 311. Unified credit against estate and gift taxes replaced with unified exemption amount.

Subtitle C—Modifications of Generation-Skipping Transfer Tax

Sec. 321. Deemed allocation of GST exemption to lifetime transfers to trusts; retroactive allocations.
Sec. 322. Severing of trusts.
Sec. 323. Modification of certain valuation rules.
Sec. 324. Relief provisions.

Subtitle D—Conservation Easements

Sec. 331. Expansion of estate tax rule for conservation easements.

TITLE IV—TAX RELIEF FOR DISTRESSED COMMUNITIES AND INDUSTRIES

Subtitle A—American Community Renewal Act of 2000

Sec. 401. Short title.
Sec. 402. Designation of and tax incentives for renewal communities.
Sec. 403. Extension of expensing of environmental remediation costs to renewal communities.
Sec. 404. Extension of work opportunity tax credit for renewal communities.
Sec. 405. Conforming and clerical amendments.

Subtitle B—Timber Incentives

Sec. 411. Temporary suspension of maximum amount of amortizable reforestation expenditures.

TITLE V—REAL ESTATE PROVISIONS

Subtitle A—Improvements in Low-Income Housing Credit

Sec. 501. Modification of State ceiling on low-income housing credit.
Sec. 502. Modification of criteria for allocating housing credits among projects.
Sec. 503. Additional responsibilities of housing credit agencies.
Sec. 504. Modifications to rules relating to basis of building which is eligible for credit.
Sec. 505. Other modifications.
Sec. 506. Carryforward rules.
Sec. 507. Effective date.

Subtitle B—Private Activity Bond Volume Cap

Sec. 511. Acceleration of phase-in of increase in volume cap on private activity bonds.

Subtitle C—Exclusion From Gross Income for Certain Forgiven Mortgage Obligations

Sec. 512. Exclusion from gross income for certain forgiven mortgage obligations.

TITLE I—SMALL BUSINESS PROVISIONS

SEC. 101. 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. 102. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) IN GENERAL.—Paragraph (1) of section 179(b) (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 103. 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 PERCENTAGES.—Subsection (n) of section 274 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by inserting after paragraph (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, 60 percent (55 percent for taxable years beginning during 2001).''

(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. 104. 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 103, 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 the percentage otherwise applicable under paragraph (2)(B).''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 105. INCOME AVERAGING FOR FARMERS AND FISHERMEN NOT TO INCREASE ALTERNATIVE MINIMUM TAX LIABILITY.

(a) IN GENERAL.—Section 55(c) (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

''(2) COORDINATION WITH INCOME AVERAGING FOR FARMERS AND FISHERMEN.—Solely for purposes of this section, section 1301 (relating to averaging of farm and fishing income) shall not apply in computing the regular tax.''.

(b) ALLOWING INCOME AVERAGING FOR FISHERMEN.—

(1) 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. 106. 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 of the Internal Revenue Code of 1986 (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) 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 thereof 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)'',

(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. 107. 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.

TITLE II—PENSION PROVISIONS

Subtitle A—Expanding Coverage

SEC. 201. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) DEFINED BENEFIT PLANS.—

(1) DOLLAR LIMIT.—

(A) Subparagraph (A) of section 415(b)(1) (relating to limitation for defined benefit plans) is amended by striking ''$90,000'' and inserting ''$160,000''.

(B) Subparagraphs (C) and (D) of section 415(b)(2) are each amended by striking ''$90,000'' each place it appears in the headings and the text and inserting ''$160,000''.

(C) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$160,000' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62''.

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 65.—Subparagraph (D) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 65''.

(4) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) 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 AMENDMENT.—Section 415(b)(2) is amended by striking subparagraph (F).

(b) DEFINED CONTRIBUTION PLANS.—

(1) DOLLAR LIMIT.—Subparagraph (A) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''$30,000'' and inserting ''$40,000''.

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) 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''.

(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 or thereafter	$14,000.''.

(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, 2004, the Secretary shall adjust the $14,000 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, 2003, 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 or thereafter	$14,000.

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2004, the Secretary shall adjust the $14,000 amount specified in the table in subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2003, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(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) Clause (I) of section 401(k)(11)(B)(i) is amended by striking ''$6,000'' and inserting ''the amount in effect under section 408(p)(2)(A)(ii)''.

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(g) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) $160,000 AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $40,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 202. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) AMENDMENT TO 1986 CODE.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

''(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to loans made after December 31, 2000.

SEC. 203. MODIFICATION OF TOP-HEAVY RULES.

(a) SIMPLIFICATION OF DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—

(A) by striking ''or any of the 4 preceding plan years'' in the matter preceding clause (i),

(B) by striking clause (i) and inserting the following:

''(i) an officer of the employer having an annual compensation greater than $150,000,'',

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively, and

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C).

(2) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking ''and subparagraph (A)(ii)''.

(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: ''Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE'', and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

''(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

''(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

''(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).''.

(e) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) 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 employee or former 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. 204. 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. 205. 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 211, 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. 206. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 7527 of the Internal Revenue Code of 1986 for requests to the Internal Revenue Service for determination letters with respect to the qualified status of a pension benefit plan maintained solely by one or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

(1) made after the 5th plan year the pension benefit plan is in existence, 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) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2000.

SEC. 207. DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404(a) (relating to general rule) is amended by adding at the end the following:

''(12) DEFINITION OF COMPENSATION.—For purposes of paragraphs (3), (7), (8), and (9), the term 'compensation' shall include amounts treated as participant's compensation under subparagraph (C) or (D) of section 415(c)(3).''.

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 404(a)(3) is amended by striking the last sentence thereof.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 208. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

''SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS PLUS CONTRIBUTIONS.

''(a) GENERAL RULE.—If an applicable retirement plan includes a qualified plus contribution program—

''(1) any designated plus contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

''(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

''(b) QUALIFIED PLUS CONTRIBUTION PROGRAM.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified plus contribution program' means a program under which an employee may elect to make designated plus contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

''(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified plus contribution program unless the applicable retirement plan—

''(A) establishes separate accounts ('designated plus accounts') for the designated plus contributions of each employee and any earnings properly allocable to the contributions, and

''(B) maintains separate recordkeeping with respect to each account.

''(c) DEFINITIONS AND RULES RELATING TO DESIGNATED PLUS CONTRIBUTIONS.—For purposes of this section—

''(1) DESIGNATED PLUS CONTRIBUTION.—The term 'designated plus contribution' means any elective deferral which—

''(A) is excludable from gross income of an employee without regard to this section, and

''(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

''(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

''(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

''(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

''(3) ROLLOVER CONTRIBUTIONS.—

''(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated plus account which is otherwise allowable under this chapter may be made only if the contribution is to—

''(i) another designated plus account of the individual from whose account the payment or distribution was made, or

''(ii) a Roth IRA of such individual.

''(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated plus account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

''(d) DISTRIBUTION RULES.—For purposes of this title—

''(1) EXCLUSION.—Any qualified distribution from a designated plus account shall not be includible in gross income.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

''(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated plus account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

''(i) the first taxable year for which the individual made a designated plus contribution to any designated plus account established for such individual under the same applicable retirement plan, or

''(ii) if a rollover contribution was made to such designated plus account from a designated plus account previously established for such individual under another applicable retirement plan, the first taxable year for which the individual made a designated plus contribution to such previously established account.

''(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND EARNINGS.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) and any income on the excess deferral.

''(3) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated plus account and other distributions and payments from the plan.

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

''(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

''(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).''.

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: ''The preceding sentence shall not apply to so much of such excess as does not exceed the designated plus contributions of the individual for the taxable year.'', and

(2) by inserting ''(or would be included but for the last sentence thereof)'' after ''paragraph (1)'' in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

''If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated plus account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated plus account and a Roth IRA.''.

(d) REPORTING REQUIREMENTS.—

(1) W–2 INFORMATION.—Section 6051(a)(8) is amended by inserting '', including the amount of designated plus contributions (as defined in section 402A)'' before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) DESIGNATED PLUS CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated plus contributions (as so defined) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe.''.

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: ''Such term includes a rollover contribution described in section 402A(c)(3)(A).''.

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

''Sec. 402A. Optional treatment of elective deferrals as plus contributions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle B—Enhancing Fairness for Women

SEC. 221. CATCHUP 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) CATCHUP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

''(1) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

''(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—

''(A) IN GENERAL.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

''(i) the applicable percentage of the applicable dollar amount for such elective deferrals for such year, or

''(ii) the excess (if any) of—

''(I) the participant's compensation for the year, over

''(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

''(B) APPLICABLE PERCENTAGE.—For purposes of this paragraph, the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	**The applicable percentage is:**
2001	10
2002	20

"For taxable years beginning in:	The applicable percentage is:
2003	30
2004 and thereafter	40

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1)—

''(A) such contribution shall not, with respect to the year in which the contribution is made—

''(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408, 415, or 457, or

''(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

''(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

''(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

''(A) who has attained the age of 50 before the close of the plan year, and

''(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or contained in the terms of the plan.

''(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE DOLLAR AMOUNT.—The term 'applicable dollar amount' means, with respect to any year, the amount in effect under section 402(g)(1)(B), 408(p)(2)(E)(i), or 457(e)(15)(A), whichever is applicable to an applicable employer plan, for such year.

''(B) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

''(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

''(iii) an eligible deferred compensation plan under section 457 of an eligible employer as defined in section 457(e)(1)(A), and

''(iv) an arrangement meeting the requirements of section 408 (k) or (p).

''(C) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(D) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in subparagraph (B)(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. 222. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''25 percent'' and inserting ''100 percent''.

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'',

(B) by striking paragraph (2), and

(C) by inserting ''or any amount received by a former employee after the 5th taxable year following the taxable year in which such employee was terminated'' before the period at the end of the second sentence of paragraph (3).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect before the enactment of the Small Business Tax Fairness 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 211) is amended by inserting before the period at the end the following: ''(as in effect before the enactment of the Small Business Tax Fairness 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. 223. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) AMENDMENTS TO 1986 CODE.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (12), a plan'', and

(2) by adding at the end the following:

''(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

"Years of service:	The nonforfeitable percentage is:
2	20
3	40
4	60
5	80
6	100.''.

(b) 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. 224. SIMPLIFY AND UPDATE THE MINIMUM DISTRIBUTION RULES.

(a) SIMPLIFICATION AND FINALIZATION OF MINIMUM DISTRIBUTION REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of the Treasury shall—

(A) simplify and finalize the regulations relating to minimum distribution requirements under sections 401(a)(9), 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2) of the Internal Revenue Code of 1986, and

(B) modify such regulations to—

(i) reflect current life expectancy, and

(ii) revise the required distribution methods so that, under reasonable assumptions, the amount of the required minimum distribution does not decrease over a participant's life expectancy.

(2) FRESH START.—Notwithstanding subparagraph (D) of section 401(a)(9) of such Code, during the first year that regulations are in effect under this subsection, required distributions for future years may be redetermined to reflect changes under such regulations. Such redetermination shall include the opportunity to choose a new designated beneficiary and to elect a new method of calculating life expectancy.

(3) EFFECTIVE DATE FOR REGULATIONS.—Regulations referred to in paragraph (1) shall be effective for years beginning after December 31, 2000, and shall apply in such years without regard to whether an individual had previously begun receiving minimum distributions.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEGUN BEFORE DEATH OCCURS.—

(1) IN GENERAL.—Subparagraph (B) of section 401(a)(9) is amended by striking clause (i) and redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(2) CONFORMING CHANGES.—

(A) Clause (i) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''FOR OTHER CASES'' in the heading, and

(ii) by striking ''the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii)'' and inserting ''his entire interest has been distributed to him,''.

(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking ''clause (ii)'' and inserting ''clause (i)''.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''clause (iii)(I)'' and inserting ''clause (ii)(I)'',

(ii) 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 the 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.—The amendments made by this subsection shall apply to years beginning after December 31, 2000.

(c) REDUCTION IN EXCISE TAX.—

(1) IN GENERAL.—Subsection (a) of section 4974 is amended by striking ''50 percent'' and inserting ''10 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

SEC. 225. 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. 226. MODIFICATION OF SAFE HARBOR RELIEF FOR HARDSHIP WITHDRAWALS FROM CASH OR DEFERRED ARRANGEMENTS.

(a) IN GENERAL.—The Secretary of the Treasury shall revise the regulations relating to hardship distributions under section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that the period an employee is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.

(b) EFFECTIVE DATE.—The revised regulations under subsection (a) shall apply to years beginning after December 31, 2000.

Subtitle C—Increasing Portability for Participants

SEC. 231. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) ROLLOVERS FROM AND TO SECTION 457 PLANS.—

(1) ROLLOVERS FROM SECTION 457 PLANS.—

(A) IN GENERAL.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

''(16) ROLLOVER AMOUNTS.—

''(A) GENERAL RULE.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

''(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

''(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

''(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) (other than paragraph (4)(C)) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

''(C) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c)).''.

(B) DEFERRAL LIMIT DETERMINED WITHOUT REGARD TO ROLLOVER AMOUNTS.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting ''(other than rollover amounts)'' after ''taxable year''.

(C) DIRECT ROLLOVER.—Paragraph (1) of section 457(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by inserting after subparagraph (B) the following:

''(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer.''.

(D) WITHHOLDING.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

''(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) maintained by an employer described in section 457(e)(1)(A); or''.

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

''(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).''.

(iii) LIABILITY FOR WITHHOLDING.—Subparagraph (B) of section 3405(d)(2) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by adding at the end the following:

''(iv) section 457(b).''.

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) IN GENERAL.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by inserting after clause (iv) the following new clause:

''(v) an eligible deferred compensation plan described in section 457(b) of an employer described in section 457(e)(1)(A).''.

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

''(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans.''.

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

''(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c)).''.

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403 (b) PLANS.—

(1) ROLLOVERS FROM SECTION 403 (b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking ''such distribution'' and all that follows and inserting ''such distribution to an eligible retirement plan described in section 402(c)(8)(B), and''.

(2) ROLLOVERS TO SECTION 403 (b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking ''and'' at the end of clause (iv), by striking the period at the end of clause (v) and inserting '', and'', and by inserting after clause (v) the following new clause:

''(vi) an annuity contract described in section 403(b).''.

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution.''.

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking ''; except that'' and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(2) Section 219(d)(2) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(3) Section 401(a)(31)(B) is amended by striking ''and 403(a)(4)'' and inserting '', 403(a)(4), 403(b)(8), and 457(e)(16)''.

(4) Subparagraph (A) of section 402(f)(2) is amended by striking ''or paragraph (4) of section 403(a)'' and inserting '', paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)''.

(5) Paragraph (1) of section 402(f) is amended by striking ''from an eligible retirement plan''.

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking ''another eligible retirement plan'' and inserting ''an eligible retirement plan''.

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator.''.

(8) Section 408(a)(1) is amended by striking ''or 403(b)(8)'' and inserting '', 403(b)(8), or 457(e)(16)''.

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(10) Section 415(c)(2) is amended by striking ''and 408(d)(3)'' and inserting ''408(d)(3), and 457(e)(16)''.

(11) Section 4973(b)(1)(A) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 232. 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. 233. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) APPLICATION OF SECTION 72.—

''(i) IN GENERAL.—If—

''(I) a distribution is made from an individual retirement plan, and

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in, the contract to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2000.

SEC. 234. 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 233, 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. 235. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

''(D) PLAN TRANSFERS.—

''(i) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan,

''(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I),

''(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

''(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election,

''(V) if the transferor plan provides for an annuity as the normal form of distribution under the plan in accordance with section 417, the transfer is made with the consent of the participant's spouse (if any), and such consent meets requirements similar to the requirements imposed by section 417(a)(2), and

''(VI) the transferee plan allows the participant or beneficiary described in 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.

''(ii) Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.

''(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated, and

''(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 2000.

(b) REGULATIONS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: ''The Secretary shall by regulations provide that this subparagraph shall not apply to any plan amendment that does not adversely affect the rights of participants in a material manner.''.

(2) SECRETARY DIRECTED.—Not later than December 31, 2001, the Secretary of the Treasury is directed to issue final regulations under section 411(d)(6) of the Internal Revenue Code of 1986, including the regulations required by the amendments made by this subsection. Such regulations shall apply to plan years beginning after December 31, 2001, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 236. 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. 237. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

''(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(b) 457 PLANS.—

(1) Subsection (e) of section 457 is amended by adding after paragraph (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.''.

(2) Section 457(b)(2) is amended by striking ''(other than rollover amounts)'' and inserting ''(other than rollover amounts and amounts received in a transfer referred to in subsection (e)(17))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2000.

SEC. 238. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) QUALIFIED PLANS.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

''(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).''.

(b) ELIGIBLE DEFERRED COMPENSATION PLANS.—Clause (i) of section 457(e)(9)(A) is amended by striking ''such amount'' and inserting ''the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2000.

SEC. 239. 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 D—Strengthening Pension Security and Enforcement

SEC. 241. REPEAL OF 150 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2004, the applicable percentage'', and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan year beginning in—	The applicable percentage is—
2001	160
2002	165
2003	170.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 242. 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 ESTABLISHED AND 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. 243. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) IN GENERAL.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

''(7) DEFINED BENEFIT PLAN EXCEPTION.—In determining the amount of nondeductible contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 244. EXCISE TAX ON FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) AMENDMENT TO 1986 CODE.—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 failure is corrected.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—In the case of failures that are due to reasonable cause and not to willful neglect, the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as one plan. For purposes of this paragraph, if not all persons who are treated as a single employer for purposes of this section have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(2) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE REQUIREMENTS FOR PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If an applicable pension plan is amended to provide for a significant reduction in the rate of future benefit accrual, the plan administrator shall provide written notice to each applicable individual (and to each employee organization representing applicable individuals).

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow applicable individuals to understand the effect of the plan amendment.

''(3) TIMING OF NOTICE.—Except as provided in regulations, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) DESIGNEES.—Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(f) APPLICABLE INDIVIDUAL; APPLICABLE PENSION PLAN.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(A) any participant in the plan, and

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

who may reasonably be expected to be affected by such plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) any defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412,

which had 100 or more participants who had accrued a benefit, or with respect to whom contributions were made, under the plan (whether or not vested) as of the last day of the plan year preceding the plan year in which the plan amendment becomes effective. 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.''.

(b) 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.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under sections 4980F(e)(2) and (3) of the Internal Revenue Code of 1986 (as added by the 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 RULE.—The period for providing any notice required by the amendments made by this section shall not end before the date which is 3 months after the date of the enactment of this Act.

SEC. 245. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2000.

Subtitle E—Reducing Regulatory Burdens

SEC. 261. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) AMENDMENTS TO 1986 CODE.—Section 412(c)(9) (relating to annual valuation) is amended—

(1) by striking ''For purposes'' and inserting the following:

''(A) IN GENERAL.—For purposes'', and

(2) by adding at the end the following:

''(B) ELECTION TO USE PRIOR YEAR VALUATION.—

''(i) IN GENERAL.—Except as provided in clause (ii), if, for any plan year—

''(I) an election is in effect under this subparagraph with respect to a plan, and

''(II) the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)), determined as of the valuation date for the preceding plan year,

then this section shall be applied using the information available as of such valuation date.

''(ii) EXCEPTIONS.—

''(I) ACTUAL VALUATION EVERY 3 YEARS.—Clause (i) shall not apply for more than 2 consecutive plan years and valuation shall be under subparagraph (A) with respect to any plan year to which clause (i) does not apply by reason of this subclause.

''(II) REGULATIONS.—Clause (i) shall not apply to the extent that more frequent valuations are required under the regulations under subparagraph (A).

''(iii) ADJUSTMENTS.—Information under clause (i) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) ELECTION.—An election under this subparagraph, once made, shall be irrevocable without the consent of the Secretary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2000.

SEC. 262. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking ''or'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) is, at the election of such participants or their beneficiaries—

''(I) payable as provided in clause (i) or (ii), or

''(II) paid to the plan and reinvested in qualifying employer securities, or''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 263. 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. 264. 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. 265. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking ''or'' at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting '', or'', and by adding at the end the following new paragraph:

''(7) qualified retirement planning services.''.

(b) QUALIFIED RETIREMENT PLANNING SERVICES DEFINED.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

''(m) QUALIFIED RETIREMENT PLANNING SERVICES.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning service provided to an employee and his spouse by an employer maintaining a qualified employer plan.

''(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.

''(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 266. 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 a retirement plan which covers less than 25 employees on the first day of the plan year and meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2), the Secretary of the Treasury shall provide for the filing of a simplified annual return that is substantially similar to the annual return required to be filed by a one-participant retirement plan.

(c) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2001.

SEC. 267. 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. 268. MODIFICATION OF EXCLUSION FOR EMPLOYER PROVIDED TRANSIT PASSES.

(a) IN GENERAL.—Section 132(f)(3) (relating to cash reimbursements) is amended by striking the last sentence.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 269. 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. 270. 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, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) (relating to minimum coverage requirements) is amended by adding at the end the following:

''(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

''(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

''(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

''(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.''.

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to years beginning after December 31, 2000.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(c) LINE OF BUSINESS RULES.—The Secretary of the Treasury shall, on or before December 31, 2000, 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. 271. EXTENSION TO INTERNATIONAL ORGANIZATIONS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—Subparagraph (G) of section 401(a)(5), subparagraph (H) of section 401(a)(26), subparagraph (G) of section 401(k)(3), and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by inserting ''or by an international organization which is described in section 414(d)'' after ''or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The headings for subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by inserting ''AND INTERNATIONAL ORGANIZATION'' after ''GOVERNMENTAL''.

(2) Subparagraph (G) of section 401(k)(3) is amended by inserting ''STATE AND LOCAL GOVERNMENTAL AND INTERNATIONAL ORGANIZATION PLANS.—'' after ''(G)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.

SEC. 272. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) AMENDMENT TO 1986 CODE.—Subparagraph (A) of section 417(a)(6) is amended by striking ''90-day'' and inserting ''180-day''.

(2) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 to substitute ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(3) EFFECTIVE DATE.—The amendment made by paragraph (1) and the modifications required by paragraph (2) shall apply to years beginning after December 31, 2000.

(b) CONSENT REGULATION INAPPLICABLE TO CERTAIN DISTRIBUTIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2000.

Subtitle F—Plan Amendments

SEC. 281. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any plan or contract amendment—

(1) such plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) such plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any plan or annuity contract which is made—

(A) pursuant to any amendment made by this title, or pursuant to any regulation issued under this title, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2003.

In the case of a 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 III—ESTATE TAX RELIEF

Subtitle A—Reductions of Estate and Gift Tax Rates

SEC. 301. REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—

(1) IN GENERAL.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

''Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000.''.

(2) PHASE-IN OF REDUCED RATE.—Subsection (c) of section 2001 is amended by adding at the end the following new paragraph:

''(3) PHASE-IN OF REDUCED RATE.—In the case of decedents dying, and gifts made, during 2001, the last item in the table contained in paragraph (1) shall be applied by substituting '53%' for '50%'.''.

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2) and redesignating paragraph (3), as added by subsection (a), as paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as so amended, is amended by adding at the end the following new paragraph:

''(3) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2002—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

''For calendar year:	The number of percentage points is:
2003	1.0
2004	2.0.

''(C) TABLE FOR YEARS AFTER 2004.—The table applicable under this subsection to estates of decedents dying, and gifts made, during calendar year 2004 shall apply to estates of decedents dying, and gifts made, after calendar year 2004.

''(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).''.

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2002.

SEC. 302. SENSE OF THE CONGRESS CONCERNING REPEAL OF THE DEATH TAX.

(a) FINDINGS.—Congress finds the following:

(1) The death tax stifles economic growth by taking productive resources out of the private sector, thereby causing unemployment and inhibiting job creation.

(2) The death tax penalizes hard work and entrepreneurial activity by causing the demise of small, family-owned businesses when an owner dies.

(3) The death tax rates in the United States are the second highest among all industrialized nations.

(4) The death tax prevents minorities from gaining an economic foothold in the economy since it limits the inter-generational transfer of wealth, which is critical to establishing a legacy and power base for minorities in our society.

(5) The death tax presents serious challenges for farmers whose value is in their land, not liquid assets, and who must sell land to pay the tax, thereby jeopardizing the future existence of the already-struggling family farm.

(6) The death tax contributes to the development of rural areas by causing farms and ranches to be sold and subdivided.

(7) Previous attempts by Congress to create death tax exemptions have been ineffective due to an inability to legislatively duplicate the complex family relationships that exist in our society.

(8) Increasing entrepreneurship and investment in retirement will bring a whole new class of people under the death tax.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the death tax relief in this Act is considered a first step in our effort to ultimately repeal this onerous tax.

Subtitle B—Unified Credit Replaced With Unified Exemption Amount

SEC. 311. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Subsection (b) of section 2001 (relating to computation of tax) is amended to read as follows:

''(b) COMPUTATION OF TAX.—

''(1) IN GENERAL.—The tax imposed by this section shall be the amount equal to the excess (if any) of—

''(A) the tentative tax determined under paragraph (2), over

''(B) the aggregate amount of tax which would have been payable under chapter 12 with respect to gifts made by the decedent after December 31, 1976, if the provisions of subsection (c) (as in effect at the decedent's death) had been applicable at the time of such gifts.

''(2) TENTATIVE TAX.—For purposes of paragraph (1), the tentative tax determined under this paragraph is a tax computed under subsection (c) on the excess of—

''(A) the sum of—

''(i) the amount of the taxable estate, and

''(ii) the amount of the adjusted taxable gifts, over

''(B) the exemption amount for the calendar year in which the decedent died.

''(3) EXEMPTION AMOUNT.—For purposes of paragraph (2), the term 'exemption amount' means the amount determined in accordance with the following table:

''In the case of calendar year:	The exemption amount is:
2001	$675,000
2002 and 2003	$700,000
2004	$850,000
2005	$950,000
2006 or thereafter	$1,000,000.

''(4) ADJUSTED TAXABLE GIFTS.—For purposes of paragraph (2), the term 'adjusted taxable gifts' means the total amount of the taxable gifts (within the meaning of section 2503) made by the decedent after December 31, 1976, other than gifts which are includible in the gross estate of the decedent.''

(2) GIFT TAX.—Subsection (a) of section 2502 (relating to computation of tax) is amended to read as follows:

''(a) COMPUTATION OF TAX.—

''(1) IN GENERAL.—The tax imposed by section 2501 for each calendar year shall be the amount equal to the excess (if any) of—

''(A) the tentative tax determined under paragraph (2), over

''(B) the tax paid under this section for all prior calendar periods.

''(2) TENTATIVE TAX.—For purposes of paragraph (1), the tentative tax determined under this paragraph for a calendar year is a tax computed under section 2001(c) on the excess of—

''(A) the aggregate sum of the taxable gifts for such calendar year and for each of the preceding calendar periods, over

''(B) the exemption amount under section 2001(b)(3) for such calendar year.''

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subsection (b) of section 2011 is amended—

(i) by striking ''adjusted'' in the table, and

(ii) by striking the last sentence.

(B) Subsection (f) of section 2011 is amended by striking '', reduced by the amount of the unified credit provided by section 2010''.

(2) Subsection (a) of section 2012 is amended by striking ''and the unified credit provided by section 2010''.

(3) Subparagraph (A) of section 2013(c)(1) is amended by striking ''2010,''.

(4) Paragraph (2) of section 2014(b) is amended by striking ''2010,''.

(5) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

''(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of the Small Business Tax Fairness Act of 2000) or the exemption amount allowable under section 2001(b) with respect to the decedent as a credit under section 2505 (as so in effect) or exemption under section 2521 (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,''.

(6) Subsection (a) of section 2057 is amended by striking paragraphs (2) and (3) and inserting the following new paragraph:

''(2) MAXIMUM DEDUCTION.—The deduction allowed by this section shall not exceed the excess of $1,300,000 over the exemption amount (as defined in section 2001(b)(3)).''

(7)(A) Subsection (b) of section 2101 is amended amended to read as follows:

''(b) COMPUTATION OF TAX.—

''(1) IN GENERAL.—The tax imposed by this section shall be the amount equal to the excess (if any) of—

''(A) the tentative tax determined under paragraph (2), over

''(B) a tentative tax computed under section 2001(c) on the amount of the adjusted taxable gifts.

''(2) TENTATIVE TAX.—For purposes of paragraph (1), the tentative tax determined under this paragraph is a tax computed under section 2001(c) on the excess of—

''(A) the sum of—

''(i) the amount of the taxable estate, and

''(ii) the amount of the adjusted taxable gifts, over

''(B) the exemption amount for the calendar year in which the decedent died.

''(3) EXEMPTION AMOUNT.—

''(A) IN GENERAL.—The term 'exemption amount' means $60,000.

''(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption amount under this paragraph shall be the greater of—

''(i) $60,000, or

''(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

''(C) SPECIAL RULES.—

''(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption amount allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2001(b)(3) (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

''(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of the Small Business Tax Fairness Act of 2000) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed).''.

(8) Section 2102 is amended by striking subsection (c).

(9)(A) Subsection (a) of section 2107 is amended by adding at the end the following new paragraph:

''(3) LIMITATION ON EXEMPTION AMOUNT.—Subparagraphs (B) and (C) of section 2101(b)(3) shall not apply in applying section 2101 for purposes of this section.''.

(B) Subsection (c) of section 2107 is amended—

(i) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and

(ii) by striking the second sentence of paragraph (2) (as so redesignated).

(10) Paragraph (1) of section 6018(a) is amended by striking ''the applicable exclusion amount in effect under section 2010(c)'' and inserting ''the exemption amount under section 2001(b)(3)''.

(11) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:

''(A) the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were $1,000,000, or''.

(12) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.

(20) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.

(13) The table of sections for subchapter C of chapter 12 is amended by inserting before the item relating to section 2522 the following new item:

''Sec. 2521. Exemption.''.

(d) EFFECTIVE DATE.—The amendments made by this section—

(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2000, and

(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2000.

Subtitle C—Modifications of Generation-skipping Transfer Tax

SEC. 321. DEEMED ALLOCATION OF GST EXEMPTION TO LIFETIME TRANSFERS TO TRUSTS; RETROACTIVE ALLOCATIONS.

(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) DEEMED ALLOCATION TO CERTAIN LIFETIME TRANSFERS TO GST TRUSTS.—

''(1) IN GENERAL.—If any individual makes an indirect skip during such individual's lifetime, any unused portion of such individual's GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.

''(2) UNUSED PORTION.—For purposes of paragraph (1), the unused portion of an individual's GST exemption is that portion of such exemption which has not previously been—

''(A) allocated by such individual,

''(B) treated as allocated under subsection (b) with respect to a direct skip occurring during or before the calendar year in which the indirect skip is made, or

''(C) treated as allocated under paragraph (1) with respect to a prior indirect skip.

''(3) DEFINITIONS.—

''(A) INDIRECT SKIP.—For purposes of this subsection, the term 'indirect skip' means any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust.

''(B) GST TRUST.—The term 'GST trust' means a trust that could have a generation-skipping transfer with respect to the transferor unless—

''(i) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by 1 or more individuals who are non-skip persons—

''(I) before the date that the individual attains age 46,

''(II) on or before one or more dates specified in the trust instrument that will occur before the date that such individual attains age 46, or

''(III) upon the occurrence of an event that, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 46;

''(ii) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by one or more individuals who are non-skip persons and who are living on the date of death of another person identified in the instrument (by name or by class) who is more than 10 years older than such individuals;

''(iii) the trust instrument provides that, if one or more individuals who are non-skip persons die on or before a date or event described in clause (i) or (ii), more than 25 percent of the trust corpus either must be distributed to the estate or estates of one or more of such individuals or is subject to a general power of appointment exercisable by one or more of such individuals;

''(iv) the trust is a trust any portion of which would be included in the gross estate of a non-skip person (other than the transferor) if such person died immediately after the transfer;

''(v) the trust is a charitable lead annuity trust (within the meaning of section 2642(e)(3)(A)) or a charitable remainder annuity trust or a charitable remainder unitrust (within the meaning of section 664(d)); or

''(vi) the trust is a trust with respect to which a deduction was allowed under section 2522 for the amount of an interest in the form of the right to receive annual payments of a fixed percentage of the net fair market value of the trust property (determined yearly) and which is required to pay principal to a non-skip person if such person is alive when the yearly payments for which the deduction was allowed terminate.

For purposes of this subparagraph, the value of transferred property shall not be considered to be includible in the gross estate of a non-skip person or subject to a right of withdrawal by reason of such person holding a right to withdraw so much of such property as does not exceed the amount referred to in section 2503(b) with respect to any transferor, and it shall be assumed that powers of appointment held by non-skip persons will not be exercised.

''(4) AUTOMATIC ALLOCATIONS TO CERTAIN GST TRUSTS.—For purposes of this subsection, an indirect skip to which section 2642(f) applies shall be deemed to have been made only at the close of the estate tax inclusion period. The fair market value of such transfer shall be the fair market value of the trust property at the close of the estate tax inclusion period.

''(5) APPLICABILITY AND EFFECT.—

''(A) IN GENERAL.—An individual—

''(i) may elect to have this subsection not apply to—

''(I) an indirect skip, or

''(II) any or all transfers made by such individual to a particular trust, and

''(ii) may elect to treat any trust as a GST trust for purposes of this subsection with respect to any or all transfers made by such individual to such trust.

''(B) ELECTIONS.—

''(i) ELECTIONS WITH RESPECT TO INDIRECT SKIPS.—An election under subparagraph (A)(i)(I) shall be deemed to be timely if filed on a timely filed gift tax return for the calendar year in which the transfer was made or deemed to have been made pursuant to paragraph (4) or on such later date or dates as may be prescribed by the Secretary.

''(ii) OTHER ELECTIONS.—An election under clause (i)(II) or (ii) of subparagraph (A) may be made on a timely filed gift tax return for the calendar year for which the election is to become effective.

''(d) RETROACTIVE ALLOCATIONS.—

''(1) IN GENERAL.—If—

''(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,

''(B) such person—

''(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse or former spouse, and

''(ii) is assigned to a generation below the generation assignment of the transferor, and

''(C) such person predeceases the transferor,

then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

''(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—

''(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,

''(B) such allocation shall be effective immediately before such death, and

''(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.

''(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2632(b) is amended by striking ''with respect to a direct skip'' and inserting ''or subsection (c)(1)''.

(c) EFFECTIVE DATES.—

(1) DEEMED ALLOCATION.—Section 2632(c) of the Internal Revenue Code of 1986 (as added by subsection (a)), and the amendment made by subsection (b), shall apply to transfers subject to chapter 11 or 12 made after December 31, 1999, and to estate tax inclusion periods ending after December 31, 1999.

(2) RETROACTIVE ALLOCATIONS.—Section 2632(d) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to deaths of non-skip persons occurring after December 31, 1999.

SEC. 322. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:

''(3) SEVERING OF TRUSTS.—

''(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from such severance shall be treated as separate trusts thereafter for purposes of this chapter.

''(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of two or more trusts if—

''(I) the single trust was divided on a fractional basis, and

''(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

''(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into two trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

''(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.

''(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after December 31, 1999.

SEC. 323. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

''(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632 (b)(1) or (c)(1)—

''(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and

''(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.''.

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

''(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not met, the value of such property shall be determined as of the time of the distribution concerned.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers subject to chapter 11 or 12 of the Internal Revenue Code of 1986 made after December 31, 1999.

SEC. 324. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

''(g) RELIEF PROVISIONS.—

''(1) RELIEF FOR LATE ELECTIONS.—

''(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

''(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

''(ii) an election under subsection (b)(3) or (c)(5) of section 2632.

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of the enactment of this paragraph.

''(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

''(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.''.

(b) EFFECTIVE DATES.—

(1) RELIEF FOR LATE ELECTIONS.—Section 2642(g)(1) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to requests pending on, or filed after, December 31, 1999.

(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) of such Code (as so added) shall take effect on the date of the enactment of this Act and shall apply to transfers subject to chapter 11 or 12 of the Internal Revenue Code of 1986 made after December 31, 1999.

Subtitle D—Conservation Easements

SEC. 331. EXPANSION OF ESTATE TAX RULE FOR CONSERVATION EASEMENTS.

(a) WHERE LAND IS LOCATED.—

(1) IN GENERAL.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a conservation easement) is amended—

(A) by striking ''25 miles'' both places it appears and inserting ''50 miles'', and

(B) striking ''10 miles'' and inserting ''25 miles''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 1999.

(b) CLARIFICATION OF DATE FOR DETERMINING VALUE OF LAND AND EASEMENT.—

(1) IN GENERAL.—Section 2031(c)(2) (defining applicable percentage) is amended by adding at the end the following new sentence: ''The values taken into account under the preceding sentence shall be such values as of the date of the contribution referred to in paragraph (8)(B).''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 1997.

TITLE IV—TAX RELIEF FOR DISTRESSED COMMUNITIES AND INDUSTRIES

Subtitle A—American Community Renewal Act of 2000

SEC. 401. SHORT TITLE.

This subtitle may be cited as the ''American Community Renewal Act of 2000''.

SEC. 402. DESIGNATION OF AND TAX INCENTIVES FOR RENEWAL COMMUNITIES.

(a) IN GENERAL.—Chapter 1 is amended by adding at the end the following new subchapter:

''Subchapter X—Renewal Communities

''Part I. Designation.

''Part II. Renewal community capital gain; renewal community business.

''Part III. Family development accounts.

''Part IV. Additional incentives.

"PART I—DESIGNATION

''Sec. 1400E. Designation of renewal communities.

"SEC. 1400E. DESIGNATION OF RENEWAL COMMUNITIES.

''(a) DESIGNATION.—

''(1) DEFINITIONS.—For purposes of this title, the term 'renewal community' means any area—

''(A) which is nominated by one or more local governments and the State or States in which it is located for designation as a renewal community (hereinafter in this section referred to as a 'nominated area'); and

''(B) which the Secretary of Housing and Urban Development designates as a renewal community, after consultation with—

''(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration; and

''(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

''(2) NUMBER OF DESIGNATIONS.—

''(A) IN GENERAL.—The Secretary of Housing and Urban Development may designate not more than 15 nominated areas as renewal communities.

''(B) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under paragraph (1), at least 3 must be areas—

''(i) which are within a local government jurisdiction or jurisdictions with a population of less than 50,000,

''(ii) which are outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B)), or

''(iii) which are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

''(3) AREAS DESIGNATED BASED ON DEGREE OF POVERTY, ETC.—

''(A) IN GENERAL.—Except as otherwise provided in this section, the nominated areas designated as renewal communities under this subsection shall be those nominated areas with the highest average ranking with respect to the criteria described in subparagraphs (B), (C), and (D) of subsection (c)(3). For purposes of the preceding sentence, an area shall be ranked within each such criterion on the basis of the amount by which the area exceeds such criterion, with the area which exceeds such criterion by the greatest amount given the highest ranking.

''(B) EXCEPTION WHERE INADEQUATE COURSE OF ACTION, ETC.—An area shall not be designated under subparagraph (A) if the Secretary of Housing and Urban Development determines that the course of action described in subsection (d)(2) with respect to such area is inadequate.

''(C) PRIORITY FOR EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES WITH RESPECT TO FIRST 10 DESIGNATIONS.—With respect to the first 10 designations made under this section—

''(i) all shall be chosen from nominated areas which are empowerment zones or enterprise communities (and are otherwise eligible for designation under this section); and

''(ii) two shall be areas described in paragraph (2)(B).

''(4) LIMITATION ON DESIGNATIONS.—

''(A) PUBLICATION OF REGULATIONS.—The Secretary of Housing and Urban Development shall prescribe by regulation no later than 4 months after the date of the enactment of this section, after consultation with the officials described in paragraph (1)(B)—

''(i) the procedures for nominating an area under paragraph (1)(A);

''(ii) the parameters relating to the size and population characteristics of a renewal community; and

''(iii) the manner in which nominated areas will be evaluated based on the criteria specified in subsection (d).

''(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development may designate nominated areas as renewal communities only during the 36-month period beginning on the first day of the first month following the month in which the regulations described in subparagraph (A) are prescribed.

''(C) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation of a nominated area as a renewal community under paragraph (2) unless—

''(i) the local governments and the States in which the nominated area is located have the authority—

''(I) to nominate such area for designation as a renewal community;

''(II) to make the State and local commitments described in subsection (d); and

''(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled,

''(ii) a nomination regarding such area is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe; and

''(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate.

''(5) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—For purposes of this subchapter, in the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be treated as being both the State and local governments with respect to such area.

''(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

''(1) IN GENERAL.—Any designation of an area as a renewal community shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

''(A) December 31, 2007,

''(B) the termination date designated by the State and local governments in their nomination, or

''(C) the date the Secretary of Housing and Urban Development revokes such designation.

''(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development may revoke the designation under this section of an area if such Secretary determines that the local government or the State in which the area is located—

''(A) has modified the boundaries of the area, or

''(B) is not complying substantially with, or fails to make progress in achieving, the State or local commitments, respectively, described in subsection (d).

''(c) AREA AND ELIGIBILITY REQUIREMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as a renewal community under subsection (a) only if the area meets the requirements of paragraphs (2) and (3) of this subsection.

''(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

''(A) the area is within the jurisdiction of one or more local governments;

''(B) the boundary of the area is continuous; and

''(C) the area—

''(i) has a population, of at least—

''(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(2)(B)(i)) is located within a metropolitan statistical area (within the meaning of section 143(k)(2)(B)) which has a population of 50,000 or greater; or

''(II) 1,000 in any other case; or

''(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

''(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and the local governments in which it is located certify (and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification) that—

''(A) the area is one of pervasive poverty, unemployment, and general distress;

''(B) the unemployment rate in the area, as determined by the most recent available data, was at least 1½ times the national unemployment rate for the period to which such data relate;

''(C) the poverty rate for each population census tract within the nominated area is at least 20 percent; and

''(D) in the case of an urban area, at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

''(4) CONSIDERATION OF HIGH INCIDENCE OF CRIME.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, the extent to which such areas have a high incidence of crime.

''(5) CONSIDERATION OF COMMUNITIES IDENTIFIED IN GAO STUDY.—The Secretary of Housing and Urban Development shall take into account, in selecting nominated areas for designation as renewal communities under this section, if the area has census tracts identified in the May 12, 1998, report of the Government Accounting Office regarding the identification of economically distressed areas.

''(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

''(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate any nominated area as a renewal community under subsection (a) only if—

''(A) the local government and the State in which the area is located agree in writing that, during any period during which the area is a renewal community, such governments will follow a specified course of action which meets the requirements of paragraph (2) and is designed to reduce the various burdens borne by employers or employees in such area; and

''(B) the economic growth promotion requirements of paragraph (3) are met.

''(2) COURSE OF ACTION.—

''(A) IN GENERAL.—A course of action meets the requirements of this paragraph if such course of action is a written document, signed by a State (or local government) and neighborhood organizations, which evidences a partnership between such State or government and community-based organizations and which commits each signatory to specific and measurable goals, actions, and

timetables. Such course of action shall include at least five of the following:

''(i) A reduction of tax rates or fees applying within the renewal community.

''(ii) An increase in the level of efficiency of local services within the renewal community.

''(iii) Crime reduction strategies, such as crime prevention (including the provision of such services by nongovernmental entities).

''(iv) Actions to reduce, remove, simplify, or streamline governmental requirements applying within the renewal community.

''(v) Involvement in the program by private entities, organizations, neighborhood organizations, and community groups, particularly those in the renewal community, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents from the renewal community.

''(vi) State or local income tax benefits for fees paid for services performed by a nongovernmental entity which were formerly performed by a governmental entity.

''(vii) The gift (or sale at below fair market value) of surplus real property (such as land, homes, and commercial or industrial structures) in the renewal community to neighborhood organizations, community development corporations, or private companies.

''(B) RECOGNITION OF PAST EFFORTS.—For purposes of this section, in evaluating the course of action agreed to by any State or local government, the Secretary of Housing and Urban Development shall take into account the past efforts of such State or local government in reducing the various burdens borne by employers and employees in the area involved.

''(3) ECONOMIC GROWTH PROMOTION REQUIREMENTS.—The economic growth promotion requirements of this paragraph are met with respect to a nominated area if the local government and the State in which such area is located certify in writing that such government and State, respectively, have repealed or otherwise will not enforce within the area, if such area is designated as a renewal community—

''(A) licensing requirements for occupations that do not ordinarily require a professional degree;

''(B) zoning restrictions on home-based businesses which do not create a public nuisance;

''(C) permit requirements for street vendors who do not create a public nuisance;

''(D) zoning or other restrictions that impede the formation of schools or child care centers; and

''(E) franchises or other restrictions on competition for businesses providing public services, including but not limited to taxicabs, jitneys, cable television, or trash hauling,

except to the extent that such regulation of businesses and occupations is necessary for and well-tailored to the protection of health and safety.

''(e) COORDINATION WITH TREATMENT OF EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES.—For purposes of this title, if there are in effect with respect to the same area both—

''(1) a designation as a renewal community; and

''(2) a designation as an empowerment zone or enterprise community,

both of such designations shall be given full effect with respect to such area.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this subchapter—

''(1) GOVERNMENTS.—If more than one government seeks to nominate an area as a renewal community, any reference to, or requirement of, this section shall apply to all such governments.

''(2) STATE.—The term 'State' includes Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

''(3) LOCAL GOVERNMENT.—The term 'local government' means—

''(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State;

''(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development; and

''(C) the District of Columbia.

''(4) APPLICATION OF RULES RELATING TO CENSUS TRACTS AND CENSUS DATA.—The rules of sections 1392(b)(4) and 1393(a)(9) shall apply.

"PART II—RENEWAL COMMUNITY CAPITAL GAIN; RENEWAL COMMUNITY BUSINESS

''Sec. 1400F. Renewal community capital gain.

''Sec. 1400G. Renewal community business defined.

"SEC. 1400F. RENEWAL COMMUNITY CAPITAL GAIN.

''(a) GENERAL RULE.—Gross income does not include any qualified capital gain recognized on the sale or exchange of a qualified community asset held for more than 5 years.

''(b) QUALIFIED COMMUNITY ASSET.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified community asset' means—

''(A) any qualified community stock;

''(B) any qualified community partnership interest; and

''(C) any qualified community business property.

''(2) QUALIFIED COMMUNITY STOCK.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'qualified community stock' means any stock in a domestic corporation if—

''(i) such stock is acquired by the taxpayer after December 31, 2000, and before January 1, 2008, at its original issue (directly or through an underwriter) from the corporation solely in exchange for cash;

''(ii) as of the time such stock was issued, such corporation was a renewal community business (or, in the case of a new corporation, such corporation was being organized for purposes of being a renewal community business); and

''(iii) during substantially all of the taxpayer's holding period for such stock, such corporation qualified as a renewal community business.

''(B) REDEMPTIONS.—A rule similar to the rule of section 1202(c)(3) shall apply for purposes of this paragraph.

''(3) QUALIFIED COMMUNITY PARTNERSHIP INTEREST.—The term 'qualified community partnership interest' means any capital or profits interest in a domestic partnership if—

''(A) such interest is acquired by the taxpayer after December 31, 2000, and before January 1, 2008;

''(B) as of the time such interest was acquired, such partnership was a renewal community business (or, in the case of a new partnership, such partnership was being organized for purposes of being a renewal community business); and

''(C) during substantially all of the taxpayer's holding period for such interest, such partnership qualified as a renewal community business.

A rule similar to the rule of paragraph (2)(B) shall apply for purposes of this paragraph.

''(4) QUALIFIED COMMUNITY BUSINESS PROPERTY.—

''(A) IN GENERAL.—The term 'qualified community business property' means tangible property if—

''(i) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008;

''(ii) the original use of such property in the renewal community commences with the taxpayer; and

''(iii) during substantially all of the taxpayer's holding period for such property, substantially all of the use of such property was in a renewal community business of the taxpayer.

''(B) SPECIAL RULE FOR SUBSTANTIAL IMPROVEMENTS.—The requirements of clauses (i) and (ii) of subparagraph (A) shall be treated as satisfied with respect to—

''(i) property which is substantially improved (within the meaning of section 1400B(b)(4)(B)(ii)) by the taxpayer before January 1, 2008; and

''(ii) any land on which such property is located.

''(c) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (e), (f), and (g), of section 1400B shall apply for purposes of this section.

"SEC. 1400G. RENEWAL COMMUNITY BUSINESS DEFINED.

''For purposes of this part, the term 'renewal community business' means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397B if—

''(1) references to renewal communities were substituted for references to empowerment zones in such section; and

''(2) '80 percent' were substituted for '50 percent' in subsections (b)(2) and (c)(1) of such section.

"PART III—FAMILY DEVELOPMENT ACCOUNTS

''Sec. 1400H. Family development accounts for renewal community EITC recipients.

''Sec. 1400I. Designation of earned income tax credit payments for deposit to family development account.

"SEC. 1400H. FAMILY DEVELOPMENT ACCOUNTS FOR RENEWAL COMMUNITY EITC RECIPIENTS.

''(a) ALLOWANCE OF DEDUCTION.—

''(1) IN GENERAL.—There shall be allowed as a deduction—

''(A) in the case of a qualified individual, the amount paid in cash for the taxable year by such individual to any family development account for such individual's benefit; and

''(B) in the case of any person other than a qualified individual, the amount paid in cash for the taxable year by such person to any family development account for the benefit of a qualified individual but only if the amount so paid is designated for purposes of this section by such individual.

''(2) LIMITATION.—

''(A) IN GENERAL.—The amount allowable as a deduction to any individual for any taxable year by reason of paragraph (1)(A) shall not exceed the lesser of—

''(i) $2,000, or

''(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

''(B) PERSONS DONATING TO FAMILY DEVELOPMENT ACCOUNTS OF OTHERS.—The amount which may be designated under paragraph (1)(B) by any qualified individual for any taxable year of such individual shall not exceed $1,000.

''(3) SPECIAL RULES FOR CERTAIN MARRIED INDIVIDUALS.—Rules similar to rules of section 219(c) shall apply to the limitation in paragraph (2)(A).

''(4) COORDINATION WITH IRAS.—No deduction shall be allowed under this section for any taxable year to any person by reason of a payment to an account for the benefit of a qualified individual if any amount is paid for such taxable year into an individual retirement account (including a Roth IRA) for the benefit of such individual.

''(5) ROLLOVERS.—No deduction shall be allowed under this section with respect to any rollover contribution.

''(b) TAX TREATMENT OF DISTRIBUTIONS.—

''(1) INCLUSION OF AMOUNTS IN GROSS INCOME.—Except as otherwise provided in this subsection, any amount paid or distributed out of a family development account shall be included in gross income by the payee or distributee, as the case may be.

''(2) EXCLUSION OF QUALIFIED FAMILY DEVELOPMENT DISTRIBUTIONS.—Paragraph (1) shall not apply to any qualified family development distribution.

''(c) QUALIFIED FAMILY DEVELOPMENT DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified family development distribution' means any amount paid or distributed out of a family development account which would otherwise be includible in gross income, to the extent that such payment or distribution is used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder.

''(2) QUALIFIED FAMILY DEVELOPMENT EXPENSES.—The term 'qualified family development expenses' means any of the following:

''(A) Qualified higher education expenses.

''(B) Qualified first-time homebuyer costs.

''(C) Qualified business capitalization costs.

''(D) Qualified medical expenses.

''(E) Qualified rollovers.

''(3) QUALIFIED HIGHER EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified higher education expenses' has the meaning given such term by section 72(t)(7), determined by treating postsecondary vocational educational schools as eligible educational institutions.

''(B) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term 'postsecondary vocational educational school' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this section.

''(C) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2).

''(4) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term 'qualified first-time homebuyer costs' means qualified acquisition costs (as defined in section 72(t)(8) without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121) for a qualified first-time homebuyer (as defined in section 72(t)(8)).

''(5) QUALIFIED BUSINESS CAPITALIZATION COSTS.—

''(A) IN GENERAL.—The term 'qualified business capitalization costs' means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

''(B) QUALIFIED EXPENDITURES.—The term 'qualified expenditures' means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

''(C) QUALIFIED BUSINESS.—The term 'qualified business' means any trade or business other than any trade or business—

''(i) which consists of the operation of any facility described in section 144(c)(6)(B), or

''(ii) which contravenes any law.

''(D) QUALIFIED PLAN.—The term 'qualified plan' means a business plan which meets such requirements as the Secretary may specify.

''(6) QUALIFIED MEDICAL EXPENSES.—The term 'qualified medical expenses' means any amount paid during the taxable year, not compensated for by insurance or otherwise, for medical care (as defined in section 213(d)) of the taxpayer, his spouse, or his dependent (as defined in section 152).

''(7) QUALIFIED ROLLOVERS.—The term 'qualified rollover' means any amount paid from a family development account of a taxpayer into another such account established for the benefit of—

''(A) such taxpayer, or

''(B) any qualified individual who is—

''(i) the spouse of such taxpayer, or

''(ii) any dependent (as defined in section 152) of the taxpayer.

Rules similar to the rules of section 408(d)(3) shall apply for purposes of this paragraph.

''(d) TAX TREATMENT OF ACCOUNTS.—

''(1) IN GENERAL.—Any family development account is exempt from taxation under this subtitle unless such account has ceased to be a family development account by reason of paragraph (2). Notwithstanding the preceding sentence, any such account is subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations). Notwithstanding any other provision of this title (including chapters 11 and 12), the basis of any person in such an account is zero.

''(2) LOSS OF EXEMPTION IN CASE OF PROHIBITED TRANSACTIONS.—For purposes of this section, rules similar to the rules of section 408(e) shall apply.

''(3) OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (6) of section 408(d) shall apply for purposes of this section.

''(e) FAMILY DEVELOPMENT ACCOUNT.—For purposes of this title, the term 'family development account' means a trust created or organized in the United States for the exclusive benefit of a qualified individual or his beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

''(1) Except in the case of a qualified rollover (as defined in subsection (c)(7))—

''(A) no contribution will be accepted unless it is in cash; and

''(B) contributions will not be accepted for the taxable year in excess of $3,000.

''(2) The requirements of paragraphs (2) through (6) of section 408(a) are met.

''(f) QUALIFIED INDIVIDUAL.—For purposes of this section, the term 'qualified individual' means, for any taxable year, an individual—

''(1) who is a bona fide resident of a renewal community throughout the taxable year; and

''(2) to whom a credit was allowed under section 32 for the preceding taxable year.

''(g) OTHER DEFINITIONS AND SPECIAL RULES.—

''(1) COMPENSATION.—The term 'compensation' has the meaning given such term by section 219(f)(1).

''(2) MARRIED INDIVIDUALS.—The maximum deduction under subsection (a) shall be computed separately for each individual, and this section shall be applied without regard to any community property laws.

''(3) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a contribution to a family development account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

''(4) EMPLOYER PAYMENTS; CUSTODIAL ACCOUNTS.—Rules similar to the rules of sections 219(f)(5) and 408(h) shall apply for purposes of this section.

''(5) REPORTS.—The trustee of a family development account shall make such reports regarding such account to the Secretary and to the individual for whom the account is maintained with respect to contributions (and the years to which they relate), distributions, and such other matters as the Secretary may require under regulations. The reports required by this paragraph—

''(A) shall be filed at such time and in such manner as the Secretary prescribes in such regulations; and

''(B) shall be furnished to individuals—

''(i) not later than January 31 of the calendar year following the calendar year to which such reports relate; and

''(ii) in such manner as the Secretary prescribes in such regulations.

''(6) INVESTMENT IN COLLECTIBLES TREATED AS DISTRIBUTIONS.—Rules similar to the rules of section 408(m) shall apply for purposes of this section.

''(h) PENALTY FOR DISTRIBUTIONS NOT USED FOR QUALIFIED FAMILY DEVELOPMENT EXPENSES.—

''(1) IN GENERAL.—If any amount is distributed from a family development account and is not used exclusively to pay qualified family development expenses for the holder of the account or the spouse or dependent (as defined in section 152) of such holder, the tax imposed by this chapter for the taxable year of such distribution shall be increased by 10 percent of the portion of such amount which is includible in gross income.

''(2) EXCEPTION FOR CERTAIN DISTRIBUTIONS.—Paragraph (1) shall not apply to distributions which are—

''(A) made on or after the date on which the account holder attains age 59½,

''(B) made to a beneficiary (or the estate of the account holder) on or after the death of the account holder, or

''(C) attributable to the account holder's being disabled within the meaning of section 72(m)(7).

''(i) APPLICATION OF SECTION.—This section shall apply to amounts paid to a family development account for any taxable year beginning after December 31, 2000, and before January 1, 2008.

"SEC. 1400I. DESIGNATION OF EARNED INCOME TAX CREDIT PAYMENTS FOR DEPOSIT TO FAMILY DEVELOPMENT ACCOUNT.

''(a) IN GENERAL.—With respect to the return of any qualified individual (as defined in section 1400H(f)) for the taxable year of the tax imposed by this chapter, such individual may designate that a specified portion (not less than $1) of any overpayment of tax for such taxable year which is attributable to the earned income tax credit shall be deposited by the Secretary into a family development account of such individual. The Secretary shall so deposit such portion designated under this subsection.

''(b) MANNER AND TIME OF DESIGNATION.—A designation under subsection (a) may be made with respect to any taxable year—

''(1) at the time of filing the return of the tax imposed by this chapter for such taxable year, or

''(2) at any other time (after the time of filing the return of the tax imposed by this chapter for such taxable year) specified in regulations prescribed by the Secretary.

Such designation shall be made in such manner as the Secretary prescribes by regulations.

''(c) PORTION ATTRIBUTABLE TO EARNED INCOME TAX CREDIT.—For purposes of subsection (a), an overpayment for any taxable year shall be treated as attributable to the earned income tax credit to the extent that such overpayment does not exceed the credit allowed to the taxpayer under section 32 for such taxable year.

''(d) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this title, any portion of an overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last date prescribed for filing the return of tax imposed by this chapter (determined without regard to extensions) or, if later, the date the return is filed.

''(e) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2007.

"PART IV—ADDITIONAL INCENTIVES

''Sec. 1400K. Commercial revitalization deduction.

''Sec. 1400L. Increase in expensing under section 179.

"SEC. 1400K. COMMERCIAL REVITALIZATION DEDUCTION.

''(a) GENERAL RULE.—At the election of the taxpayer, either—

''(1) one-half of any qualified revitalization expenditures chargeable to capital account with respect to any qualified revitalization building shall be allowable as a deduction for the taxable year in which the building is placed in service, or

''(2) a deduction for all such expenditures shall be allowable ratably over the 120-month period beginning with the month in which the building is placed in service.

The deduction provided by this section with respect to such expenditure shall be in lieu of any depreciation deduction otherwise allowable on account of such expenditure.

''(b) QUALIFIED REVITALIZATION BUILDINGS AND EXPENDITURES.—For purposes of this section—

''(1) QUALIFIED REVITALIZATION BUILDING.—The term 'qualified revitalization building' means any building (and its structural components) if—

''(A) such building is located in a renewal community and is placed in service after December 31, 2000;

''(B) a commercial revitalization deduction amount is allocated to the building under subsection (d); and

''(C) depreciation (or amortization in lieu of depreciation) is allowable with respect to the building (without regard to this section).

''(2) QUALIFIED REVITALIZATION EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified revitalization expenditure' means any amount properly chargeable to capital account—

''(i) for property for which depreciation is allowable under section 168 (without regard to this section) and which is—

''(I) nonresidential real property; or

''(II) an addition or improvement to property described in subclause (I);

''(ii) in connection with the construction of any qualified revitalization building which was not previously placed in service or in connection with the substantial rehabilitation (within the meaning of section 47(c)(1)(C)) of a building which was placed in service before the beginning of such rehabilitation; and

''(iii) for land (including land which is functionally related to such property and subordinate thereto).

''(B) DOLLAR LIMITATION.—The aggregate amount which may be treated as qualified revitalization expenditures with respect to any qualified revitalization building for any taxable year shall not exceed the excess of—

''(i) $10,000,000, reduced by

''(ii) any such expenditures with respect to the building taken into account by the taxpayer or any predecessor in determining the amount of the deduction under this section for all preceding taxable years.

''(C) CERTAIN EXPENDITURES NOT INCLUDED.—The term 'qualified revitalization expenditure' does not include—

''(i) ACQUISITION COSTS.—The costs of acquiring any building or interest therein and any land in connection with such building to the extent that such costs exceed 30 percent of the qualified revitalization expenditures determined without regard to this clause.

''(ii) CREDITS.—Any expenditure which the taxpayer may take into account in computing any credit allowable under this title unless the taxpayer elects to take the expenditure into account only for purposes of this section.

''(c) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—Qualified revitalization expenditures with respect to any qualified revitalization building shall be taken into account for the taxable year in which the qualified revitalization building is placed in service. For purposes of the preceding sentence, a substantial rehabilitation of a building shall be treated as a separate building.

''(d) LIMITATION ON AGGREGATE DEDUCTIONS ALLOWABLE WITH RESPECT TO BUILDINGS LOCATED IN A STATE.—

''(1) IN GENERAL.—The amount of the deduction determined under this section for any taxable year with respect to any building shall not exceed the commercial revitalization deduction amount (in the case of an amount determined under subsection (a)(2), the present value of such amount as determined under the rules of section 42(b)(2)(C) by substituting '100 percent' for '72 percent' in clause (ii) thereof) allocated to such building under this subsection by the commercial revitalization agency. Such allocation shall be made at the same time and in the same manner as under paragraphs (1) and (7) of section 42(h).

''(2) COMMERCIAL REVITALIZATION DEDUCTION AMOUNT FOR AGENCIES.—

''(A) IN GENERAL.—The aggregate commercial revitalization deduction amount which a commercial revitalization agency may allocate for any calendar year is the amount of the State commercial revitalization deduction ceiling determined under this paragraph for such calendar year for such agency.

''(B) STATE COMMERCIAL REVITALIZATION DEDUCTION CEILING.—The State commercial revitalization deduction ceiling applicable to any State—

''(i) for each calendar year after 2000 and before 2008 is $6,000,000 for each renewal community in the State; and

''(ii) zero for each calendar year thereafter.

''(C) COMMERCIAL REVITALIZATION AGENCY.—For purposes of this section, the term 'commercial revitalization agency' means any agency authorized by a State to carry out this section.

''(e) RESPONSIBILITIES OF COMMERCIAL REVITALIZATION AGENCIES.—

''(1) PLANS FOR ALLOCATION.—Notwithstanding any other provision of this section, the commercial revitalization deduction amount with respect to any building shall be zero unless—

''(A) such amount was allocated pursuant to a qualified allocation plan of the commercial revitalization agency which is approved (in accordance with rules similar to the rules of section 147(f)(2) (other than subparagraph (B)(ii) thereof)) by the governmental unit of which such agency is a part; and

''(B) such agency notifies the chief executive officer (or its equivalent) of the local jurisdiction within which the building is located of such allocation and provides such individual a reasonable opportunity to comment on the allocation.

''(2) QUALIFIED ALLOCATION PLAN.—For purposes of this subsection, the term 'qualified allocation plan' means any plan—

''(A) which sets forth selection criteria to be used to determine priorities of the commercial revitalization agency which are appropriate to local conditions;

''(B) which considers—

''(i) the degree to which a project contributes to the implementation of a strategic plan that is devised for a renewal community through a citizen participation process;

''(ii) the amount of any increase in permanent, full-time employment by reason of any project; and

''(iii) the active involvement of residents and nonprofit groups within the renewal community; and

''(C) which provides a procedure that the agency (or its agent) will follow in monitoring compliance with this section.

''(f) REGULATIONS.—For purposes of this section, the Secretary shall, by regulations, provide for the application of rules similar to the rules of section 49 and subsections (a) and (b) of section 50.

''(g) TERMINATION.—This section shall not apply to any building placed in service after December 31, 2007.

"SEC. 1400L. INCREASE IN EXPENSING UNDER SECTION 179.

''(a) GENERAL RULE.—In the case of a renewal community business (as defined in section 1400G), for purposes of section 179—

''(1) the limitation under section 179(b)(1) shall be increased by the lesser of—

''(A) $35,000; or

''(B) the cost of section 179 property which is qualified renewal property placed in service during the taxable year; and

''(2) the amount taken into account under section 179(b)(2) with respect to any section 179 property which is qualified renewal property shall be 50 percent of the cost thereof.

''(b) RECAPTURE.—Rules similar to the rules under section 179(d)(10) shall apply with respect to any qualified renewal property which ceases to be used in a renewal community by a renewal community business.

''(c) QUALIFIED RENEWAL PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified renewal property' means any property to which section 168 applies (or would apply but for section 179) if—

''(A) such property was acquired by the taxpayer by purchase (as defined in section 179(d)(2)) after December 31, 2000, and before January 1, 2008; and

''(B) such property would be qualified zone property (as defined in section 1397C) if references to renewal communities were substituted for references to empowerment zones in section 1397C.

''(2) CERTAIN RULES TO APPLY.—The rules of subsections (a)(2) and (b) of section 1397C shall apply for purposes of this section.''.

SEC. 403. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS TO RENEWAL COMMUNITIES.

(a) EXTENSION.—Paragraph (2) of section 198(c) (defining targeted area) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) RENEWAL COMMUNITIES INCLUDED.—Except as provided in subparagraph (B), such term shall include a renewal community (as defined in section 1400E) with respect to expenditures paid or incurred after December 31, 2000.''.

(b) EXTENSION OF TERMINATION DATE FOR RENEWAL COMMUNITIES.—Subsection (h) of section 198 is amended by inserting before the period ''(December 31, 2007, in the case of a renewal community, as defined in section 1400E).''.

SEC. 404. EXTENSION OF WORK OPPORTUNITY TAX CREDIT FOR RENEWAL COMMUNITIES.

(a) EXTENSION.—Subsection (c) of section 51 (relating to termination) is amended by adding at the end the following new paragraph:

''(5) EXTENSION OF CREDIT FOR RENEWAL COMMUNITIES.—

''(A) IN GENERAL.—In the case of an individual who begins work for the employer after the date contained in paragraph (4)(B), for purposes of section 38—

''(i) in lieu of applying subsection (a), the amount of the work opportunity credit determined under this section for the taxable year shall be equal to—

''(I) 15 percent of the qualified first-year wages for such year; and

''(II) 30 percent of the qualified second-year wages for such year;

''(ii) subsection (b)(3) shall be applied by substituting '$10,000' for '$6,000';

''(iii) paragraph (4)(B) shall be applied by substituting for the date contained therein the last day for which the designation under section 1400E of the renewal community referred to in subparagraph (B)(i) is in effect; and

''(iv) rules similar to the rules of section 51A(b)(5)(C) shall apply.

''(B) QUALIFIED FIRST- AND SECOND-YEAR WAGES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified wages' means, with respect to each 1-year period referred to in clause (ii) or (iii), as the case may be, the wages paid or incurred by the employer during the taxable year to any individual but only if—

''(I) the employer is engaged in a trade or business in a renewal community throughout such 1-year period;

''(II) the principal place of abode of such individual is in such renewal community throughout such 1-year period; and

''(III) substantially all of the services which such individual performs for the employer during such 1-year period are performed in such renewal community.

''(ii) QUALIFIED FIRST-YEAR WAGES.—The term 'qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

''(iii) QUALIFIED SECOND-YEAR WAGES.—The term 'qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under clause (ii).''.

(b) CONGRUENT TREATMENT OF RENEWAL COMMUNITIES AND ENTERPRISE ZONES FOR PURPOSES OF YOUTH RESIDENCE REQUIREMENTS.—

(1) HIGH-RISK YOUTH.—Subparagraphs (A)(ii) and (B) of section 51(d)(5) are each amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(2) QUALIFIED SUMMER YOUTH EMPLOYEE.—Clause (iv) of section 51(d)(7)(A) is amended by striking ''empowerment zone or enterprise community'' and inserting ''empowerment zone, enterprise community, or renewal community''.

(3) HEADINGS.—Paragraphs (5)(B) and (7)(C) of section 51(d) are each amended by inserting ''OR COMMUNITY'' in the heading after ''ZONE''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals who begin work for the employer after December 31, 2000.

SEC. 405. CONFORMING AND CLERICAL AMENDMENTS.

(a) DEDUCTION FOR CONTRIBUTIONS TO FAMILY DEVELOPMENT ACCOUNTS ALLOWABLE WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to adjusted gross income defined) is amended by inserting after paragraph (19) the following new paragraph:

''(20) FAMILY DEVELOPMENT ACCOUNTS.—The deduction allowed by section 1400H(a)(1).''.

(b) TAX ON EXCESS CONTRIBUTIONS.—

(1) TAX IMPOSED.—Subsection (a) of section 4973 is amended by striking ''or'' at the end of paragraph (3), adding ''or'' at the end of paragraph (4), and inserting after paragraph (4) the following new paragraph:

''(5) a family development account (within the meaning of section 1400H(e)),''.

(2) EXCESS CONTRIBUTIONS.—Section 4973 is amended by adding at the end the following new subsection:

''(g) FAMILY DEVELOPMENT ACCOUNTS.—For purposes of this section, in the case of family development accounts, the term 'excess contributions' means the sum of—

''(1) the excess (if any) of—

''(A) the amount contributed for the taxable year to the accounts (other than a qualified rollover, as defined in section 1400H(c)(7)), over

''(B) the amount allowable as a deduction under section 1400H for such contributions; and

''(2) the amount determined under this subsection for the preceding taxable year reduced by the sum of—

''(A) the distributions out of the accounts for the taxable year which were included in the gross income of the payee under section 1400H(b)(1);

''(B) the distributions out of the accounts for the taxable year to which rules similar to the rules of section 408(d)(5) apply by reason of section 1400H(d)(3); and

''(C) the excess (if any) of the maximum amount allowable as a deduction under section 1400H for the taxable year over the amount contributed to the account for the taxable year.

For purposes of this subsection, any contribution which is distributed from the family development account in a distribution to which rules similar to the rules of section 408(d)(4) apply by reason of section 1400H(d)(3) shall be treated as an amount not contributed.''.

(c) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 is amended—

(1) by adding at the end of subsection (c) the following new paragraph:

''(6) SPECIAL RULE FOR FAMILY DEVELOPMENT ACCOUNTS.—An individual for whose benefit a family development account is established and any contributor to such account shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a family development account by reason of the application of section 1400H(d)(2) to such account.''; and

(2) in subsection (e)(1), by striking ''or'' at the end of subparagraph (E), by redesignating subparagraph (F) as subparagraph (G), and by inserting after subparagraph (E) the following new subparagraph:

''(F) a family development account described in section 1400H(e), or''.

(d) INFORMATION RELATING TO CERTAIN TRUSTS AND ANNUITY PLANS.—Subsection (c) of section 6047 is amended—

(1) by inserting ''or section 1400H'' after ''section 219''; and

(2) by inserting '', of any family development account described in section 1400H(e),'', after ''section 408(a)''.

(e) INSPECTION OF APPLICATIONS FOR TAX EXEMPTION.—Clause (i) of section 6104(a)(1)(B) is amended by inserting ''a family development account described in section 1400H(e),'' after ''section 408(a),''.

(f) FAILURE TO PROVIDE REPORTS ON FAMILY DEVELOPMENT ACCOUNTS.—Paragraph (2) of section 6693(a) is amended by striking ''and'' at the end of subparagraph (C), by striking the period and inserting '', and'' at the end of subparagraph (D), and by adding at the end the following new subparagraph:

''(E) section 1400H(g)(6) (relating to family development accounts).''.

(g) CONFORMING AMENDMENTS REGARDING COMMERCIAL REVITALIZATION DEDUCTION.—

(1) Section 172 is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) NO CARRYBACK OF SECTION 1400K DEDUCTION BEFORE DATE OF THE ENACTMENT.—No portion of the net operating loss for any taxable year which is attributable to any commercial revitalization deduction determined under section 1400K may be carried back to a taxable year ending before the date of the enactment of section 1400K.''.

(2) Subparagraph (B) of section 48(a)(2) is amended by inserting ''or commercial revitalization'' after ''rehabilitation'' each place it appears in the text and heading.

(3) Subparagraph (C) of section 469(i)(3) is amended—

(A) by inserting ''or section 1400K'' after ''section 42''; and

(B) by inserting ''AND COMMERCIAL REVITALIZATION DEDUCTION'' after ''CREDIT'' in the heading.

(h) CLERICAL AMENDMENTS.—The table of subchapters for chapter 1 is amended by adding at the end the following new item:

''Subchapter X. Renewal Communities.''.

Subtitle B—Timber Incentives

SEC. 411. TEMPORARY SUSPENSION OF MAXIMUM AMOUNT OF AMORTIZABLE REFORESTATION EXPENDITURES.

(a) INCREASE IN DOLLAR LIMITATION.—Paragraph (1) of section 194(b) (relating to amortization of reforestation expenditures) is amended by striking ''$10,000 ($5,000'' and inserting ''$25,000 ($12,500''.

(b) TEMPORARY SUSPENSION OF INCREASED DOLLAR LIMITATION.—Subsection (b) of section 194(b) (relating to amortization of reforestation expenditures) is amended by adding at the end the following new paragraph:

''(5) SUSPENSION OF DOLLAR LIMITATION.—Paragraph (1) shall not apply to taxable years beginning after December 31, 2000, and before January 1, 2004.

(c) CONFORMING AMENDMENT.—Paragraph (1) of section 48(b) is amended by striking ''section 194(b)(1)'' and inserting ''section 194(b)(1) and without regard to section 194(b)(5)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE V—REAL ESTATE PROVISIONS

Subtitle A—Improvements in Low-Income Housing Credit

SEC. 501. MODIFICATION OF STATE CEILING ON LOW-INCOME HOUSING CREDIT.

(a) IN GENERAL.—Clauses (i) and (ii) of section 42(h)(3)(C) (relating to State housing credit ceiling) are amended to read as follows:

''(i) the unused State housing credit ceiling (if any) of such State for the preceding calendar year,

''(ii) the greater of—

''(I) the applicable amount under subparagraph (H) multiplied by the State population, or

''(II) $2,000,000,''.

(b) APPLICABLE AMOUNT.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies) is amended by adding at the end the following new subparagraph:

''(H) APPLICABLE AMOUNT OF STATE CEILING.—For purposes of subparagraph (C)(ii), the applicable amount shall be determined under the following table:

''For calendar year:	The applicable amount is:
2001	$1.35
2002	1.45
2003	1.55
2004 and thereafter	1.65.''.

(c) ADJUSTMENT OF STATE CEILING FOR INCREASES IN COST-OF-LIVING.—Paragraph (3) of section 42(h) (relating to housing credit dollar amount for agencies), as amended by subsection (c), is amended by adding at the end the following new subparagraph:

''(I) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of a calendar year after 2004, the $2,000,000 in subparagraph (C) and the $1.65 amount in subparagraph (H) 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 2003' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—

''(I) In the case of the amount in subparagraph (C), 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 amount in subparagraph (H), any increase under clause (i) which is not a multiple of 5 cents shall be rounded to the next lowest multiple of 5 cents.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 42(h)(3)(C), as amended by subsection (a), is amended—

(A) by striking ''clause (ii)'' in the matter following clause (iv) and inserting ''clause (i)'', and

(B) by striking ''clauses (i)'' in the matter following clause (iv) and inserting ''clauses (ii)''.

(2) Section 42(h)(3)(D)(ii) is amended—

(A) by striking ''subparagraph (C)(ii)'' and inserting ''subparagraph (C)(i)'', and

(B) by striking ''clauses (i)'' in subclause (II) and inserting ''clauses (ii)''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 2000.

SEC. 502. 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. 503. 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. 504. 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. 505. 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. 506. 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. 507. EFFECTIVE DATE.

Except as otherwise provided in this subtitle, the amendments made by this subtitle shall apply to—

(1) housing credit dollar amounts allocated after December 31, 2000, and

(2) buildings placed in service after such date to the extent paragraph (1) of section 42(h) of the Internal Revenue Code of 1986 does not apply to any building by reason of paragraph (4) thereof, but only with respect to bonds issued after such date.

Subtitle B—Private Activity Bond Volume Cap

SEC. 511. ACCELERATION OF PHASE-IN OF INCREASE IN VOLUME CAP ON PRIVATE ACTIVITY BONDS.

(a) IN GENERAL.—The table contained in section 146(d)(2) (relating to per capita limit; aggregate limit) is amended to read as follows:

''Calendar Year	Per Capita Limit	Aggregate Limit
2001	$55.00	$165,000,000
2002	60.00	180,000,000
2003	65.00	195,000,000
2004, 2005, and 2006.	70.00	210,000,000
2007 and thereafter.	75.00	225,000,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to calendar years beginning after 2000.

Subtitle C—Exclusion From Gross Income for Certain Forgiven Mortgage Obligations

SEC. 512. 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 SHORTFALL.—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) is 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 SHORTFALL 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 of such Code is amended by adding at the end the following new paragraph:

''(4) 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.

The SPEAKER pro tempore. The gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) each will control 1 hour.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill, H.R. 3081.

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

There was no objection.

□ 1530

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

Mr. Speaker, today will be another day of accomplishment for the American people because today Congress will once again do the right thing and pass a plan to help make health care more affordable and accessible for hard-working, middle-income, self-employed Americans. We will also strengthen our pension system for millions of Americans and make it better for working women and people who switch jobs so often and in that way all Americans can be more secure in their retirement.

Mr. Speaker, I am proud that Congress is here today once again pushing to remove the gruesome death tax penalty from the Tax Code and to send it one step closer to the grave. Clearly, the death tax is one of the most unfair taxes in the Tax Code today. It is terribly complex and, what is worse, at a time when the only economic cloud on our horizon is our negative private savings rate, the death tax is a dollar for dollar tax on the personal savings of Americans. That is wrong.

Furthermore, it often prevents families from being able to see their small businesses go down to their heirs and forced to be sold in order to pay the tax. No one should have to visit the undertaker and the IRS on the same day.

Today the House considers the Small Business Tax Fairness Act to help the diesel engine of our economy and the job creation factory of our country. That factory is America's small businesses. More than 6 out of every 10 American workers is employed by a small business. Small businesses have created two-thirds of the new jobs since 1970, and small businesses account for close to 40 percent of the GNP.

American women are starting new businesses at twice the rate of men. This year, in fact, will be the first year in our entire history where women will own more than half of all businesses, about 8 million across the Nation. The Small Business Tax Fairness Act is aimed to help those hard-working, middle-income Americans, the shopkeeper in South Carolina, the restaurant owner in California, and the small family in Ohio. These Americans are not rich. The average small business owner makes about $40,000 a year, and the average restaurant owner makes about $50,000 a year; but as we have heard already this morning, and it is really a shame, Democrats who want to divide our country are making the same old class warfare arguments that do nothing to help unite us; do nothing to help recognize the ladder of upward mobility for all Americans and that no one stays fixed in where they are today.

We should be expanding opportunity for all, not pitting one group of Americans against another. Is expanding the low-income housing tax credit a tax break for the rich? Is creating new renewal communities in America's most

poverty stricken communities a tax break for the rich? Is helping self-employed Americans get health insurance at a tax break, is that helping the rich? Is strengthening our pension system a tax break for the rich?

All these provisions are included in this bill, but Democrats still cannot stop the tax cut for the rich broken record. Why can Democrats not leave the divisive class warfare rhetoric back in the 20th century where it belongs?

Once again, Democrats are fighting tax relief, any tax relief and all tax relief, whether it is for married couples or whether it is for small businesses.

Mr. Speaker, today Congress is once again doing the right thing. It was right to balance the budget and to pay down the debt, and we did that. It was right to strengthen Medicare, and we did that. It was right to cut taxes for families, promote higher education, expand health care, and we have done that. It was right to fix the failed welfare system so Americans can discover the freedom of independence and personal responsibility. It was right to reform the IRS, and we did that. It was right to help our school children and help parents and teachers with education reform. It was right to stop the raid on the Social Security trust fund and protect every dime of Social Security from being spent on other programs, and we have done that.

It is right to pass this plan today, a plan to help more Americans get health insurance, to give millions of Americans more retirement security, to help small businesses continue to create jobs and economic growth, and to put a nail in the coffin of one of the worst taxes in America today, the death tax.

Mr. Speaker, I urge the passage of this bill, and I would like to submit for the RECORD the following correspondence between Chairman GOODLING and myself:

COMMITTEE ON WAYS AND MEANS,
Washington, DC, March 7, 2000.

Hon. WILLIAM F. GOODLING,
Chairman, Committee on Education and the Workforce, Rayburn House Office Building, Washington, DC.

DEAR CHAIRMAN GOODLING: I write to confirm our mutual understanding with respect to further consideration of H.R. 3801, the ''Wage and Employment Growth Act.'' H.R. 3801 was favorable reported by the Committee on Ways and Means on November 11, 1999.

In addition to the tax items considered by the Committee on Ways and Means, H.R. 3081 contains a number of provisions within the jurisdiction of the Education and Workforce Committee. In addition to the amendments to the Fair Labor Standards Act in Title I, the bill also contains provisions in Title III relating to the Employee Retirement Income Security Act (ERISA) and other pension related matters, which were previously approved by your Committee and included in the conference report for H.R. 2488, the ''Taxpayer Refund and Relief Act.'' You may recall that, in order to expedite consideration of H.R. 2488, you agreed to withhold the ERISA related items when the bill was considered on the floor pending subsequent action in conference.

Similarly, in order to expedite consideration of H.R. 3081, it is my understanding that you will agree to withhold consideration on the floor of the ERISA and pension related items within your Committee's jurisdiction at this time. This is being done based on the understanding that I will support efforts to include the agreed upon provisions in the final conference report on H.R. 3081, and that I will not object to a request for conferees with respect to matters within the jurisdiction of your Committee when a House-Senate conference is convened on this legislation.

Finally, I will include in the Record a copy of our exchange of letters on this matter during floor consideration. Thank you for your assistance and cooperation in this matter. With best personal regards,

Sincerely,

BILL ARCHER,
Chairman.

COMMITTEE ON EDUCATION AND THE WORKFORCE,
Washington, DC, March 7, 2000.

Hon. BILL ARCHER,
Chairman, Committee on Ways and Means, Longworth HOB, Washington, DC.

DEAR CHAIRMAN ARCHER: Thank you for your letter and for working with me regarding H.R. 3081, the Wage and Employment Growth Act. As you have correctly noted H.R. 3081 contains a number of provisions within the jurisdiction of the Committee on Education and the Workforce. I understand that in order to expedite consideration of the bill, all provisions within the sole jurisdiction of the Committee on Education and the Workforce will be deleted from the bill, including Title I, Amendments to the Fair Labor Standards Act; Section 377, a free standing provision dealing with the clarification of church plans under state insurance law; and all pension amendments to ERISA contained in Title III.

I appreciate your support and efforts to include the above referenced pension provisions in the final conference agreement on H.R. 3081. I also appreciate your support in my request to the Speaker for the appointment of conferees from my Committee with respect to matters within the jurisdiction of my Committee when a conference with the Senate is convened on this legislation.

Thank you for working with me to develop this legislation and for agreeing to include this exchange of letters in the Congressional Record during the House debate on H.R. 3081. I look forward to working with you on these issues in the future.

Sincerely,

BILL GOODLING,
Chairman.

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

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

Mr. Speaker, when we are talking about justice, equity, and fair play, it is not right to call this a class war. While it is true that in the Republican tax bill, which basically came out of the Committee on Rules, that there are some democratic principles that we can support, the truth of the matter is one does not have to be an accountant or H&R Block or a tax lawyer to see that the $120 billion tax cut is not for the small business person. So take a look at it. Clearly, it is targeted for the wealthiest Americans that we have.

Now, it may not be bad to do that, but do not pile up on a bill that is just trying to give a dollar extra in terms of minimum wage. If these things want to be done, come out and let the Committee on Ways and Means have hearings, vote on it and bring it to the floor so that the floor can work its will.

What my colleagues are basically doing today is to say how can we kill the minimum wage bill. Now, the gentleman from California (Mr. DREIER), the chairman of the Committee on Rules, he stood up in this well and he said he thought it was bad to superimpose congressional rule on employers, and I know a lot of my colleagues think that is true. So why not just take the minimum wage bill, leave the tax portion to the Committee on Ways and Means, and vote up or down on what is right on minimum wage. Or do it their way and say, hey, the President is inclined to support minimum wage; maybe politically we can vote for it and have the President to veto it.

Now, how can one get the President to veto it? Load it up with provisions of the tax bill that passed last year because he would veto it.

Now, it just seems to me that if my colleagues on the other side did not have the political courage to get a vote to override the President's veto, we should not do on legislation for minimum wage what the Committee on Ways and Means and what this House is not prepared to do with a straight shot.

Everything that the people want is going to be taken, whether it is the Patients' Bill of Rights, affordable drugs, and it is going to be said that my colleagues on the other side are for these things and then add on to it substantial tax cuts that is not for the working people but for those who really have the highest earnings and deserve the benefits the least.

If one takes a look at the alternative that we asked for, many of the things that are in their bill we have, but what we do is close the loopholes of Americans that after enjoying the benefits of the great prosperity that we have renounce their citizenship, renounce their country, renounce the American flag and flee off to foreign countries. For crying out loud, why would anyone be opposed to closing up that loophole? It is in our alternative.

We then will target the tax money, not $122 billion but $36 billion, to the small farmers, the small businesspeople, and this is what they want and this is what the President is willing to sign.

We have targeted relief for people that need and deserve it. So if what my colleagues on the other side are trying to say is that they are for an increase in the minimum wage but they want to

help the small businessman, how do they explain that three-fourths of the bill, in terms of tax cuts, is not going to the small businessman, not going to the small farmer? Is this their way to kill a bill by having the President to veto it and then wait until their whole legislative process collapses and then we negotiate with the President?

We should not have to negotiate with any President. We should legislate, and we should also give the minority an opportunity to express its will.

What does that mean? Why would the rule deny us an opportunity just for an alternative, just to give Republicans and Democrats an opportunity to say that we have a better way to do it?

Well, we know one thing, that what is really trying to be done is to get that 800 pound billion dollar gorilla back up here to the tax floor in smaller pieces. It did not work last year. It was vetoed last year. An override for the veto last year was not run for, and an override this year is not being thought about to try for.

There are things that we should be working together on: Fixing up Social Security, Medicare, Patients' Bill of Rights, affordable drugs, education; not to do it as Democrats, not to do it as Republicans but to do it as Americans and as Members of Congress and working with the President. One does not have to like the President to work with him, but they cannot do it alone and the only time we can accomplish something is by cooperation, as the chairman and I did when we brought to the floor removing the penalty for people who want to work after 65. That is what is called cooperation. That is how bills are not vetoed, and that is how we can work again.

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

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. CRANE), the ranking Republican member of the Committee on Ways and Means.

Mr. CRANE. Mr. Speaker, I thank the chairman, the gentleman from Texas (Mr. ARCHER), for yielding me this time.

Mr. Speaker, we stand on this floor, representatives of a country that is basking in a time of great economic prosperity. The United States is at full employment and business is expanding with new jobs being created at a rate rarely experienced in anyone's lifetime. Today we have an opportunity to return money to Americans who work hard and, based on that work, pay too much in taxes.

While I wish it could be more, it is time to give a little back. I am particularly pleased with the death tax relief provisions and delighted that we continue our efforts to eradicate it. Whether it is the family farm or a more traditional business, the death tax is an assault upon the moral values of every family in this country that has had the wherewithal to create a business from nothing, persevere through the bad times and hope to leave it to their children.

Unfortunately, it is all too often that a family is forced to sell its business because the Federal Government has decreed that it is entitled to a disproportionate share of a family's business once the owner has died. In effect, Uncle Sam put a bounty on family-owned businesses. The old saying is that death and taxes are sure things, and years ago the Federal Government made certain that through the death tax the two are inextricably intertwined.

This bill gives us an opportunity to loosen just a little the stranglehold the Tax Code has on these families and their livelihoods.

I also want to convey my support for accelerating the 100 percent health insurance deduction for the self-employed. Being able to purchase health care insurance means that more children and men and women will have access to the best health care system in the world.

I was pleased we were able to include a reinstatement of the installment method of accounting for accrual basis taxpayers, which has been so detrimental to hundreds of thousands of businesses across the country, many of them in my home State of Illinois.

□ 1545

Mr. Speaker, I will continue my fight to drastically reform our tax system and reduce the tax burden our American families struggle with every day.

I urge my colleagues to vote in support of H.R. 3081, the Small Business Tax Fairness Act of 2000.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. LEVIN), a senior member of the Committee on Ways and Means.

Mr. LEVIN. Mr. Speaker, there has been a lot of talk on the Republican side about the ''straight-talk express.'' This bill is the ''double-talk express.''

These are the facts: our Democratic bill does more, does more for small business than the Republican bill. The Republican bill does most for the very wealthy. As the gentleman from New York (Mr. RANGEL) eloquently stated, about three-quarters of the tax relief in this bill goes to the upper 1 percent, and this is called a small business bill. This is called a minimum wage bill.

Mr. Speaker, we are not fighting any tax relief; we are fighting for the right kind of tax relief. What the Republicans are doing here is using the minimum wage as a bargaining chip, and the very wealthy pick up most of the winnings.

The class warfare here, if there is any, is against the working poor. A Member of Congress earns in one month what a low-income family working hard earns in about a year. I do not demean the work of those of us in Congress, and we should not demean the work of those who are in low-income categories.

We passed a welfare reform bill here; and I voted for it, people moving from welfare to work. Tens of thousands of them who have moved from welfare to work under the present minimum wage cannot earn enough to get above the poverty line; cannot earn enough when they work hard 40 hours a week to get above the poverty line. What my colleagues are trying to do is to nickel and dime this bill and tie it to a bill that is going to be vetoed. Why pass a bill through here that the President says he is going to veto? What is the sense of doing that? This is the same old same old Republican majority.

Mr. Speaker, it is time to turn a new leaf in this House. The people who work hard for a living at a minimum wage deserve an increase. They are way behind in terms of real dollars where they were 15 years ago, even after the action of a couple of years ago. It is a disgrace to tie this bill to something else. Bring it up alone. Mr. Speaker, we know why they will not do it, because they know it will pass. Eventually, we are going to pass a bill here that addresses the needs of hard-working, low-income families, and not a bill that gives almost 75 percent to the most wealthy 1 percent in the United States of America.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentlewoman from the State of Washington (Ms. DUNN), a respected Member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, I want to thank the gentleman from Texas (Mr. ARCHER) and all of the other people, Republicans and Democrats, who worked so hard and so fairly to put the provisions together that we will be voting on today. This bill provides essential relief that is a down payment toward the ultimate repeal of the devastating death tax.

The freedom to attain prosperity and to accumulate wealth is uniquely American; and when unfettered, it is a wonderful thing to behold. Yet, the current tax treatment of a person's life savings is so onerous that children are often forced to turn over more than half of their inheritance to the Federal Government, in cash, within 9 months of the death of the parent. We all know stories about the basic unfairness of this tax. It is just as wrong as it is tragic, and it dishonors the hard work of those who have passed on.

As a result, in the past, Congress has tried to provide targeted death tax relief to certain people. In 1997, a new death tax provision was enacted to provide additional relief to smaller family-held businesses and farms. Although it was a good idea at the time, this exemption has proven to be a

boondoggle for attorneys who are hired by families trying to navigate their way through the 14-point eligibility test.

The Democrats now propose to increase this family-owned business exemption under the guise of relief. Well, it will not work. Many estate planners have told us that this exemption is so complex that fewer than 2 percent of businesses or farms even qualify. As much as we try, it is simply impossible to duplicate in law the complex family relationships that exist in the real world.

Democrats will also argue today that this tax only hits a select few. This argument is misleading because it only focuses on a portion of the debate: who pays the tax. What they do not tell us is that the mere existence of the tax forces businesses to spend an average of $67,000 per year in life insurance premiums and attorneys and accountant fees in order to prepare for the tax. The total cost of compliance in the private sector alone is about equal to the total dollars collected in this tax each year. In addition, their argument does not account for the number of businesses who sell before the owner dies in order to pay a lower capital gains tax.

The Chicago-based Vanguard, one of America's last remaining black-owned newspapers, was forced to sell last year because they could not pay the millions of dollars they owed in death tax. As a result, that community lost an important voice. This is typical of what happens when a family-owned enterprise cannot afford to pay the high after-death taxes.

That is also why the Black Chamber of Commerce, the Hispanic Chamber of Commerce, and the National Indian Business Council all support the repeal of the death tax. They argue that it takes 2 or 3 generations to gain an economic foothold in the community. To them, the death tax is an enemy.

Mr. Speaker, I urge every single one of my colleagues on the floor of this House to vote against the repeal of the unfair death tax that we can do away with in this bill.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. PHELPS).

Mr. PHELPS. Mr. Speaker, I rise in strong opposition today to the Republican tax cut package. I urge that all Members who support fair, affordable, small business tax relief to instead cosponsor the Democratic alternative which we should have been allowed to consider on the floor today.

Yesterday I testified before the Committee on Rules in favor of a rule that made in order both the wage and tax provisions of the Democratic alternative. This alternative, originally sponsored by the gentleman from Michigan (Mr. BONIOR), the gentleman from New York (Mr. RANGEL), the gentleman from Texas (Mr. SANDLIN), and myself included a two-step, one-dollar minimum wage increase and a $32 billion package of targeted small business tax relief. It had strong support in the House and across the country, and it merited an opportunity for debate in a clean up or down vote. Unfortunately, perhaps because they too were aware of our proposal's popularity, the committee recommended a closed rule on H.R. 3081.

This should not be a partisan issue. This is an issue of fairness and fiscal responsibility of making it easier for working men and women to provide for their families and making it easier for employers to help them do so. Members on both sides of the aisle deserve the chance to vote on a package of sensible, targeted tax provisions that are fully paid for and that serve the specific purpose of helping to offset the burdens that result from an increased minimum wage.

Instead, we have before us a sprawling, incredibly expensive tax cut bill which lavishes the vast majority of its benefits on the wealthiest one-third or 1 percent of taxpayers. In fact, the portion of the Republican bill which actually helps small businesses is less than the $32 billion provided by our substitute. Yet, the Republican bill carries a cost of $122 billion over 10 years. Unlike the Democratic package, which is fully offset, H.R. 3081 jeopardizes not only the future of Social Security and Medicare, but also our ability to give Americans the biggest tax break of all by paying down the national debt.

At the conclusion of this debate, a motion to recommit will be offered that will contain the Democratic tax statistic. I urge support of the Democratic alternative.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from Florida (Mr. FOLEY), a respected member of the Committee on Ways and Means.

Mr. FOLEY. Mr. Speaker, let me thank the chairman of the committee for the excellent bill that is on the floor today, and let me urge the members of the minority to use a little caution when characterizing these bills.

First and foremost, I supported increasing minimum wage and will vote again that same way today. But let me also detail for my colleagues the fact that the process today in the bill we are debating are in fact sponsored largely by a number of prominent Democrats. Pension modernization that is coming within this bill is known as the Portman-Cardin bill; distressed communities, which does not sound like something that is for the rich in Palm Beach, known as Watts-Talent-Frost and 19 others. Low income housing, Johnson–Rangel, the ranking member of the committee, on a bill that I have sponsored with the gentleman from New Jersey (Mr. ANDREWS) for forgiving mortgage obligations, that is, forgiving debt for somebody who has gone bankrupt. We are trying to help those that need help rebuilding their lives.

Why do we debate this bill if it is going to be vetoed by the President? I heard that question asked by my colleague. We have to do that until the President finally gets it right. We did that three times with welfare reform and finally, finally the President signed the bill. Lo and behold, every Member running for Congress for reelection, Democrat or Republican, gets up and says, we have reformed welfare. Now they take credit for it because it is a good bill.

The other thing that bothers me in this process is many of the people that advocate putting another dollar burden on the average small business owner are those same people who have never actually worked outside this process in their life. They have not had a small business. I owned a restaurant. It was difficult to make ends meet, difficult to make payroll; and at times, I went without a paycheck because I had to pay my staff. Yes, I agree increasing the minimum wage will help, but I certainly do not find it a problem to at least assist the small businesses in making that increase in payroll costs softened at least by some important tax provisions.

Now, we can sit here and wrangle all day about a bad bill, a good bill, this bill, that bill. I have heard many Members of Congress today say, help the small people out, and I agree. People at minimum wage are seeing increased fuel costs. I am not hearing much being done by the Energy Department or the White House, other than to say, my God, gas prices are up. I think we need some help for people that are, in fact, paying for gas at the pump. But one thing we can do certainly today is help provide some incentives for small business.

Mr. Speaker, again, if people would look carefully at what is in this bill, they will not be taken in by the persuasive arguments of some on the other side that this is for the wealthy. That is an easy argument. They always come with that wealthy argument: it is for the rich; it is for the rich. Folks, look at the bill. Health insurance, pension modernization, distressed communities, low-income housing. These issues are not for the rich; these are for every American.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, Members may not recognize this fellow in the fedora standing in the shadows, but they ought to be aware of what he is doing. He is a caricature of America's leading tax shelter hustlers. This bill is his bill. By restricting amendments, by assuring that we cannot deal with the leading causes of injustice in our tax

system today, Republicans have protected the tax shelter hustlers.

Only yesterday, the Secretary of the Treasury, Larry Summers, told the Senate Finance Committee that failure to address this issue of tax shelters ''in a meaningful way puts the fairness and efficacy of our tax system at risk.'' He has also said that the most serious compliance problem we have in the American tax system today is the failure to deal with tax shelter hustlers. This bill in particular, like the Committee on Ways and Means, in general does absolutely nothing to stop the tax shelter hustlers that are robbing the Treasury of upwards of $10 billion a year.

Only this week we learned that the tax shelter problem has gotten so serious that one insurance company after another is moving to Bermuda. It is so bad that even some of the insurance companies that remain in this country are saying, our competitors are gaining an unfair advantage through their tax shelters.

□ 1600

It is wrong, and that is why the substitute that the gentleman from New York (Mr. RANGEL) has proposed incorporates a bill that I wrote concerning abusive tax shelters. It would do something about the most serious compliance problem with our tax system. The instant bill does absolutely nothing.

There is another problem that the gentleman from New York (Mr. RANGEL) addresses. As incredible as this tax shelter hustler problem is, there is even one greater problem. Some Americans have grown so prosperous that they can afford the arrogance of renouncing their citizenship and discovering one day that the Port Royal Golf Course in Bermuda is their hometown, that they have new citizenship. This expatriotism problem represents a multi-billion dollar scandal of people renouncing their citizenship for the sole purpose of dodging taxes.

Once again, like the fellow in the fedora, those who have so little patriotism, those scoundrels, who would renounce their American citizenship to evade their taxes, they are fully protected in this bill. But they are fully dealt with in the substitute of the gentleman from New York (Mr. RANGEL). Republicans are so fearful of dealing with these real tax problems in this country.

And who do Members think picks up the tax tab for the hustler in the fedora and the scoundrel, who renounces his American citizenship? Small business and individual taxpayer because who else is left to pick up the tab? So by dodging these serious problems of tax dodging our Republican colleagues are actually imposing more burden on the small businesses of America.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the respected gentlewoman from Connecticut (Mrs. JOHNSON), a member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of this legislation. Small business is the engine of our growing economy. It also creates more new jobs than all the big business put together. Yet, it finds it very difficult to pay higher wages for entry level jobs.

Today, between the various bills that we will pass, we will increase the minimum wage, but we will also cut costs for our small businesses so they will have the revenues to pay the higher wage without laying people off.

I am proud that the Republican approach very carefully and realistically focuses on job retention, as well as fair wages. I am also pleased that this bill has lots of things in it for working people, not just about wages, but in this bill we pass pension legislation that allows women over 50 to make catch-up contributions to pension plans. This means women who stay home and take care of their children, when they return to the work force, can make those catch-up contributions and retire with the level of security that, frankly, they need, and we in America need them to have.

It is also true that this bill allows portability, makes it much easier to carry your pension from one job to another without fear of loss. It also allows faster vesting.

This is terrific legislation for working people. It will enable small businesses to offer pension plans. It will give women a fair shake in the retirement security business. In addition, it will spread and encourage the building of affordable housing in our cities.

If there is one crisis that is looming that we are not talking about, it is the need for low-wage earners to have decent places to live and rent in our cities. This bill addresses that issue, as well.

It also cuts costs for small business in other ways, allowing them to expense the cost of equipment so they can hire more people and do better strengthening our economy and the fabric of our communities.

This is broad-based tax reform for small business. It helps working people, not only through wages, when it is coupled with the following bill, but through housing, pension reform, health care deductibility for premiums.

We need to think holistically about opportunity in America. That is what this tax bill does. Cutting taxes means we can save for our retirement. Cutting taxes strengthens our economy and helps our people.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Washington (Mr. MCDERMOTT).

Mr. MCDERMOTT. Mr. Speaker, Yogi Berra says, it is deja vu all over again, and here we are again. It is another month. We saw the February tax bill, and now we have the March tax bill. This one cuts $120 billion out of the tax base with no budget, no concern for Medicare, no concern for social security. We are simply giving it away again.

This one has an interesting twist to it, because it says, you small business guys, we are going to do something for you. We are going to raise the minimum wage for your workers, and that is going to be a cost to you. Now we have to give something to the small business people.

But let me tell the Members, it is premised on the idea that small business people must be stupid, that they cannot read tax law, because this bill is not designed for small business people. Two-thirds of the $120 billion in tax breaks goes for the estate tax. That affects the 2 percent richest people at the top of the society. That is why this graph is so illustrative. The Republican tax bill is all loaded on the end of the rich people.

The gentleman from New York (Mr. RANGEL) has put a bill forward that says, yes, we believe there ought to be some estate tax changes, but like this blue line, it ought to start way back with small people's estates and sort of be equal all the way. Not the Republicans, give it all to the rich. That is why we have a spike down here in accounts of $25 million and more. That is not for small business people.

We talk about what we are going to do for pension changes. Eighty-seven percent of the pension changes go to the 5 percent of the people at the top. It is, again, a bill skewed to the people at the top. That is in the face of not doing anything about Medicare, not doing anything about social security. Let us just shovel the money out the door.

Now, between the February bill and this bill, we have served up to the American people the belief that they are going to get $375 billion in taxes, a reduction. Now wait for the April bill and the May bill and the June bill. They will be right back where they were last year with a tax cut of over $792 billion, which the President vetoed.

If Members think that the President is not paying attention, and that if they send it to him one piece at a time he will not understand what they are doing, they are really kind of underestimating the intellect of the President. He can add. He can add the February bill to the March bill to the April bill to the May bill, and he is going to veto them all. This is a poison pill for a raise in the minimum wage. That is all it is designed to do.

Mr. ARCHER. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, the gentleman has an interesting chart. The fascinating thing about it is, though, that the people that he claims will get the benefit

of the reduction in the death tax are dead. They do not get any benefit. They are gone. The real issue is, who are their heirs? How is it distributed?

But they do not want to talk about that. That is the reason why there is no official distribution table on the death tax, because it is not going to benefit the people who have died, it is the people who lose their jobs and it is the people who have the distribution.

Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana (Mr. MCCRERY), a respected member of the Committee on Ways and Means.

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

Mr. Speaker, every time we bring a bill to the floor to cut taxes, the Democrats come up with the same old objection: ''Oh, it is a tax cut for the rich.'' The way they define rich, I just want all those folks out in America who are middle class to know that they are actually rich, because they are among those defined to be rich by the Democrats. So keep that in mind.

Let me just enumerate a few provisions of this bill that are clearly not for the rich: a 100 percent health insurance deductibility for the self-employed. Those are not rich folks, those are folks that have started their own business and worked for years and years at those razor-thin margins to keep it going, and they do not get the same health care treatment as big corporations. This bill will do that.

Community renewal, tax breaks to build the inner city and rural areas to try to provide jobs in those areas. That is not for the rich. A low-income housing tax credit. We are going to increase the amount of money available for low-income housing in this country. That is not for the rich. There is pension reform, and 77 percent of people on pensions are middle class and lower-income workers, not rich.

Finally, if we want to talk about the estate tax, yes, if we count all the assets and the income of the folks who are affected by the death tax, we could think they are rich. The fact is that a great many of those folks, like farmers, like small business owners, are asset rich and cash poor. When they die, for their small business or their farm to keep alive, to keep going, we had better have death tax relief, or those small farms and small businesses are going to go away because their heirs are cash poor. They cannot afford to pay the tax, so they have to sell the farm or sell the business in order to pay the tax. That is not right.

This bill will get us just a little way down the road towards correcting the inequity in the Tax Code of America.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee (Mr. TANNER), a member of the committee.

Mr. TANNER. Mr. Speaker, I thank the gentleman for yielding time to me. I want to thank the gentleman from New York (Mr. RANGEL) for the opportunity to say a few words.

Mr. Speaker, I am still, as a Blue Dog, mystified as to this procedure, this process. The majority party continues to bring bills to the floor when we do not have a budget. We owe $3.7 trillion in hard cash, and we are paying $240 billion year in interest alone. One-third of all of the individual and corporate taxes being collected on April 15 go to pay nothing but interest. Yet, we bring these tax measures to the floor.

If we pass this one, this body will have passed over $300 billion worth of tax cuts with no budget, not doing anything about the debt, nothing about social security, energy, nothing about Medicare, recruitment and retention in the military, readiness of the country. We need military modernization, we need a pay raise for the troops. The veterans, it will take $3 billion to help the veterans.

We do not have time for that, but we do have time for $300 billion worth of tax cuts over the next 10 years on money that is not even here. This money is projected. They have to be living in a cave not to understand that oil prices are rising, if Members do not understand that. That puts tremendous inflationary pressure on the system. This projection of a huge surplus could go away just as easily as it came about with rising oil prices, rising interest rates. That surplus that all of these tax cuts come out of may never get here.

Mr. Speaker, the other part I want to talk about is the estate tax. I do not like estate taxes. I am responsible for a bill to do away with them. But politics is the art of the possible. Here it is not, in this day, in this time, possible politically to do away with the estate tax.

What did the gentleman from New York (Mr. RANGEL) write? He wrote true estate tax relief for the small family farmer. Tim and Susan Lucky live in my district in Gibson County, Tennessee. They have a farm that is worth about $3 million. They do not have any money, but they have a farm worth about $3 million. Do Members know what they pay, under the bill of the gentleman from New York (Mr. RANGEL) in estate taxes? Nothing. Do Members know what they pay under the Republican plan in estate taxes? It would be $336,000. Tell me who is interested in estate tax relief for the family farmer and the small businessman.

This is a fact, under these bills that are mentioned. We did not get to offer the bill of the gentleman from New York (Mr. RANGEL). Do Members know why? Because it will pass.

So legislative malpractice in bringing tax bills to the floor without a budget is the same legislative malpractice in shutting out a bill like this.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. HERGER), another respected member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, small businesses are the backbone of our Nation's economy, creating jobs, economic growth, and innovation. The legislation before us today, the Small Business Tax Fairness Act, provides the tax reform necessary to ensure that small businesses will continue to prosper.

For example, this legislation will help the self-employed afford health care by providing full deductibility of health insurance premiums. It will help small businesses acquire the tools they need to compete by increasing the amount small businesses can expense.

This legislation also provides much needed assistance to families attempting to pass a business from one generation to the next by reducing the burdensome death tax.

□ 1615

Furthermore, this legislation will help Americans save for their retirement by modernizing pension laws.

Mr. Speaker, I am especially pleased that the legislation before us today includes a provision I authored, which will restore peace of mind to small business owners by allowing small businesses to once again make use of installment sales. This provision will correct an urgent situation whereby thousands of small business owners have seen the value of their businesses drop by 10 to 20 percent.

Enactment of the Installment Tax Correction Act aspect of this legislation will mean real relief and fairness for those who have spent a lifetime building a business only to see a change in tax law threaten their retirement.

I urge all my colleagues to support tax fairness by supporting this legislation.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentlewoman from Florida (Mrs. THURMAN), a member of the Committee on Ways and Means.

Mrs. THURMAN. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for his work on this piece of legislation.

Mr. Speaker, today in America, there are about 203,000 women working full time for minimum wage. These women are working to support their families. These are not high school students working for extra spending money.

Raising the Federal minimum wage by $1 would give these mothers an extra $2,000 a year. That $2,000 would feed a family of four for 7 months.

Mr. Speaker, look around in these neighborhoods. These are the nursing aids who attend to our mothers and our fathers, the day care workers who care for our children, the clerks who help us at the grocery store. But do my colleagues know what? This raise is in

jeopardy today because the Republican leadership has attached a risky tax scheme and doing little for small businesses of America. I support raising the minimum wage and providing tax cuts for small businesses, but not this way.

Today, this House is considering $122 billion tax scheme that, according to Citizens for Tax Justice, will give 73 percent of the tax cut to people who make $319,000 and higher, while doing little for working families and small business.

It is irresponsible for us, once again, to be bullied into voting for a tax bill that is not paid for, breaking our own rules in this House. If this economy should falter and this surplus is not real, then we are going to put it back on the children and back on the grandchildren. Do my colleagues know what? The ones that we are raising that we want them to have the opportunity to have a small business will not be there because they will have debt because we do not pay for it.

However, the gentleman from New York (Mr. RANGEL) and Members put together a Democratic substitute like the rules tell us to do, paid for, which should be considered here today. But guess what? We are not even going to be given the opportunity other than talk about it. We will not even get any votes on it.

It would have provided $32 billion in targeted tax cuts designed to help small businesses offset the cost of implementing the minimum wage. These targeted cuts include 100 percent deductibility for health insurance for self-employed, a permanent extension of the Work Opportunity Tax Credit, and Welfare to Work Tax Credit, and estate tax relief. The gentleman from Tennessee (Mr. TANNER) said it better than anybody.

The SPEAKER pro tempore (Mr. PEASE). Without objection, the gentleman from Ohio (Mr. PORTMAN) will control the time of the gentleman from Texas (Mr. ARCHER).

There was no objection.

Mr. PORTMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH. Mr. Speaker, I thank the gentleman from Ohio (Mr. PORTMAN), who has been one of our most vigorous advocates of pension reform, for yielding me this time. I am happy to see that this legislation has some of his work included.

Mr. Speaker, I rise in strong support of this legislation. This package provides much needed relief to small businesses that, combined with an increase in the minimum wage, is a win-win situation for workers and entry-level positions who are trying to work their way into the mainstream of our strong economy.

I have been a long-time supporter of raising the minimum wage, and this $1 increase that we have proposed is the equivalent of a 20 percent raise over 3 years. That sends a strong positive message to working seniors, first-time workers, and those striving to work their way out of the welfare system.

Combined with that minimum wage increase, this legislation provides much-needed tax relief that will assist small businesses and their workers. For example, it enhances the retirement security of all Americans by increasing pension portability, allowing workers over 50 to catch up on contributions and increasing the contribution and benefits limits in defined contribution and benefits plans.

It encourages job creation among small businesses through increasing the expense and write-off for equipment, an important pro-growth initiative.

This legislation also reforms a section of the code that punishes people by artificially lowering the value of their pension through caps.

It also creates tax incentives to lure investment back into some of our most depressed communities so that they can share in our economic prosperity. It expands incentive for the creation of affordable housing.

Notwithstanding all of that, we are hearing rhetoric on the other side of the aisle, as incredible as it may sound, that this is all tax cuts for the rich. In reality, we are simply helping all American workers partake of the current financial prosperity of our country.

I urge all of my colleagues to look beyond the rhetoric and to support this important fairness legislation.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Massachusetts (Mr. NEAL), a member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, the Republican leadership in the House is finally dealing with the minimum wage issue. We are going to do something for millions of wage earners making $10,712 annually. I just cannot figure out what the long-term goal is, to kill a bill before it gets to the President? To get the President to veto it? Or simply to get this hot potato off of their hands?

The issue is not going to go away simply because a poison pill is added to the minimum wage increase in the form of a tax bill, a tax bill that has such little support today that the Republican leadership did not even dare to give the gentleman from New York (Mr. RANGEL) a substitute, because they knew that Democratic substitute, with the help of their own Members, would prevail.

I support a number of items in this proposal today, but not allowing the Democratic substitute has stifled debate in an irresponsible way here. Our bill was targeted and paid for and, most importantly, had the most votes.

The fact that it is not paid for today is crucial because this is just one of the several bills that will come to the House floor this year, all designed to have a dramatic revenue loss in the future, justified by questionable estimates about the budget situation, estimates that can change very quickly in any sign of a downturn. That is the context in which this debate takes place today.

Moreover, there are provisions in this bill before us that overreach, especially in the estate and pension areas and should be opposed on the merits.

In the pension area, the bill does contain a number of proposals that everyone supports. These proposals are in the administration's bill. These proposals are in my bill. They are in the Portman bill. They are in the Democratic Caucus bill. But there are also, in this bill today, many provisions lobbied extensively by the business community that are highly controversial; and that in the end is the problem.

Let me read from a quote that the administration has offered on this proposal. ''H.R. 3832 contains pension provisions that would raise the maximum retirement plan contribution and compensation limits for business owners and executives. This would weaken the pension anti-discrimination and top-heavy protections for moderate- and lower-income workers. These provisions are regressive, would not significantly increase plan coverage or national savings, and could lead to cuts in retirement benefits for moderate- and lower-income workers while benefits for the highly paid executives are maintained or even increased.''

I cannot support this proposal. As I have suggested in the past, and I will suggest again today, the proponents of pension legislation should meet with the administration, develop a consensus package on these items that might well be enacted this year, especially those items involving pension portability. That would clear away the underbrush, if I may use that word, and allow us to focus on the more serious differences between us.

I believe that all of us want to expand pension coverage for those who do not have it and want the current employer-based pension system to simply work better.

Mr. PORTMAN. Mr. Speaker, I yield myself 2½ minutes to respond to some of the comments that were just made and talk a little bit about this package.

First, I want to commend the gentleman from Texas (Chairman ARCHER) for putting this good tax relief package together.

We have to recall where we are. We are in the process of raising the minimum wage, and this is simply an attempt to try to cushion the impact of that minimum wage on job loss in this country, because all the studies show

there will be an impact on the economy particularly among smaller businesses. So these proposals are focused on smaller businesses.

In the pension area in particular, the problem we have of a gap of people not having pensions is primarily among smaller businesses. There are about 70 million Americans today who do not have pension coverage. That is unacceptable. That has happened increasingly with the administration's position that I just heard announced about pension reform. It will continue to happen. It will continue to have fewer and fewer people getting pensions because the administration seems to be taking the position that any kind of pension reform that would at all incur, increase, and expand coverage for defined contribution plans and defined benefit plans somehow is going to help the rich too much.

Let me tell my colleagues about the limits that the gentleman from Massachusetts (Mr. NEAL) just talked about. He said the administration is opposed to raising the limits, the contribution limits and the benefit limits on pensions. Somehow this would be counterproductive. It would hurt low-wage workers.

Let me tell my colleagues what the limits are today. Today the limit is about $170,000 compensation limit under defined contribution plan and defined benefit plan. We propose raising it to $200,000 a year. In 1993, under a Democrat Congress, I might say, that limit was at $235,000. It was reduced over time, strictly as a revenue grab, in order to effect the deficit we lived in and had in this country.

If that $235,000 were adjusted to inflation today, it would be $290,000 limit. Now, tell me, if the Treasury Department opposes this pension provision because the limits are too high, why did a Democrat Congress have $235,000 limit that would now be almost $300,000?

We are talking about just raising it up to $200,000 because, yes, we believe that those 70 million Americans who do not have a pension now, particularly in small businesses, where only 19 percent of small businesses because of the costs and the burdens and the liabilities now have any coverage. We believe those small businesses ought to be able to offer a pension plan to their employees. We want every employee in America to have a pension plan. That is the purpose of this legislation.

It is focused on small business because that is where most of the problem is with regard to the pension coverage, but it is going to help every American be able to put more aside for retirement.

It also provides for portability and people to take a pension from job to job. Finally, it provides, yes, for some common sense regulatory relief so that the costs and burdens are reduced for those smaller businesses.

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

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I join in this discussion because I want to raise the question of why we are using this time to try and talk about the need for tax cuts for the wealthy. This is all about increasing minimum wage. We are being sidetracked. We are being taken off course while the Republicans are attempting one more time to get their outrageous tax cuts into law by any means necessary.

Whether we are talking about the tax cuts that are being indicated in order, as they would say, to do minimum wage increase, or whether we are talking about the ongoing, continuing effort to just give more tax breaks to the rich, we find ourselves having to defend time and time again against trying to do more and more for the rich corporations and the richest Americans in this country.

Let us force this discussion on whether or not there is a need for an increase in the minimum wage for the poorest of the working people in this Nation at a time when everyone is touting how well we are doing in this economy, how well people are doing in Silicon Valley. There are 260,000 millionaires in Silicon Valley alone. My colleagues would dare say that we cannot have this modest increase in minimum wage until we do some more tax cuts for the rich. This is outrageous. We have had to fight our Republican friends every step of the way.

The alternative that we have designed would, of course, take care of some of those areas where we could do some targeted tax cuts. This is not the way to do it. I would ask my friends and my colleagues to resist this effort to give more tax cuts to the rich.

Mr. PORTMAN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. CALVERT).

□ 1630

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

I am a former small business owner. I understand what overregulation does to small business. I understand what overtaxation does to small business. I understand what too much litigation does to a small business. I understand what happens when the Government increases the cost to stay in business. And I know that a lot of businesses do not stay in business.

A lot of small businesses are not in Silicon Valley; they are in our hometowns. They are our local dry cleaners, our local drive-thru restaurants, the local carryout. These are not big corporations. These are small mom and pop businesses. Matter of fact, two-thirds of the job creation in this country is by small businesses, and we need to help them. We need to help them stay in business because, without some of these minor changes in the Tax Code, they are not going to be around.

What is wrong with allowing small businesses an opportunity to deduct their health care expenses? What is wrong with some changes in the death tax, which everyone agrees is a disgrace? We should not have a death tax in this country, a tax of up to 55 percent of the value of one's estate, when they have paid taxes all of their lives.

Small business is important. And as one of the few people in the House that actually operated a small business, I would like to see it stay around, so I am hoping my colleagues will get together and vote on this and vote to support this Tax Relief Act.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. WYNN), who has committed his career to the protection of small business.

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

I never cease to be amazed at how my Republican colleagues can take basically a good idea and turn it into a vehicle to give more tax relief to the very wealthy. It absolutely amazes me.

We do have a good idea here. We ought to help small businesses. Small businesses are the engine of America's economy. They create half of the jobs and contribute to half of the gross domestic product. So there are things we can do to help small business. On the other hand, however, when we look at this Republican proposal, we find it is not small businesses, not the mom and pop neighborhood restaurants and groceries; it is the real fat cats who get the lion's share of the benefits.

Let me talk about first what the Democrats want to do to help small business. First of all, we want to give 100 percent deductibility for health insurance. That is something small businesses want. We also want to increase small business deductions for investments in plants and equipment. We want to extend the work opportunity tax credit and the welfare-to-work tax credit. These are tax benefits that actually benefit small businesses and help them hire workers. We also want to address the estate tax issue, and we want to raise up to $4 million, the exemption, for estate taxes. So we are concerned about that issue. We want to give an increase in the meals deduction for small neighborhood restaurants, so they can benefit from that.

There is a package of things that we want to do, that I actually believe some Republicans want to do, that we ought to do. That package is reasonable, about $36 billion, and we can pay for it with the offsets in the Democratic proposal. Unfortunately, the Republicans would not allows us to bring this proposal to the floor.

Now, let us look at the Republican plan. It is bloated: $120 billion. And when we ask ourselves if small businesses are not benefiting from this, the question then becomes, who is? I can tell my colleagues who is: 73 percent of the benefit in the Republican plan goes to the richest 1 percent of Americans. These people are already doing very well in our current economy. They have stocks, they have bonds, they do not need this massive tax relief package.

On the other hand, our approach says let us help small business; let us save Social Security and Medicare by being fiscally prudent. I ask my colleagues to consider the Democratic alternative and reject the Republican approach.

Mr. PORTMAN. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. SWEENEY).

Mr. SWEENEY. Mr. Speaker, I am here to talk about a specific provision that is part of this bill, and I think it really points out the difference between what our philosophy is and what the other side believes in. It is the installment tax consumer credit that is part of this bill, repealed last year by the administration as a revenue enhancer.

What the administration prefers to do is force the hard-working American families, those in the small business community, to pay taxes even before they receive payment for the sale of their business. And it has real human impact.

For example, several months ago Dorothy and George Long arranged for the sale of their bed and breakfast in my district in Upstate New York. They had worked for over 30 years to build this business, and now they were looking forward to the sale of the business so they could retire. Unfortunately, they may have to reconsider those plans because they are, with the current structure, left with three very tough choices: take a loan out in order to pay for the capital gains tax immediately due, break their contract and face a lawsuit, or suffer the consequences of nonpayment of taxes.

Mr. Speaker, I think that it is very important that we pass this bill today because we have to ensure that small businesses remain healthy. And providing for these kinds of tax reductions in small business will do that.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. MENENDEZ).

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

The Republican proposal we have before us today, I believe, is shameful. The Republicans claim that small businesses need tax breaks to offset an increase in the minimum wage, and we Democrats have a proposal that would do just that. But what Republicans are not telling us is that they offer the wealthiest Americans a tax cut of $123 billion but fail to provide working families a decent wage. Under the Republican proposal, minimum wage workers would have to wait 3 years to receive a mere dollar increase in their wages.

Tell the woman working 40 hours a week, breaking her back pressing garments or cleaning hotel rooms, that she has to wait 3 years to get a dollar increase in her wage while the wealthiest Americans are getting a $123 billion tax cut.

Tell a father, laboring all day in the field or in a factory, facing the indignity of a poverty-level wage, that he has to wait 3 years to get a dollar increase in pay while the wealthy are getting a $123 billion tax cut.

Tell a single mom, who leaves her child in the care of strangers, with no idea about the quality of care they receive while she waits on tables, that she has to wait 3 years for a dollar increase in her wages while the wealthy are getting a $123 billion tax cut.

We Democrats are not willing to tell those people who get up every day, work hard, play by the rules and at the end of the week find themselves in such circumstances that they must wait.

Rather than proposing a timely increase in their wages, our Republican colleagues have opted to sacrifice these families in the name of tax cuts for the wealthy. This is a lose-lose scenario for minimum-wage workers.

First, the Republican proposal jeopardizes their ability to provide for their children and denies them basic health and retirement security, and then Republicans propose an excessive tax cut for the wealthy that will jeopardize Medicare and Social Security.

We must prevent this double jeopardy for working families.

The SPEAKER pro tempore (Mr. PEASE). Without objection, the gentleman from Illinois (Mr. WELLER) will control the time of the gentleman from Ohio (Mr. PORTMAN).

There was no objection.

Mr. WELLER. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, I rise in support of increasing the minimum wage by a dollar. I also rise in support of helping small business and low-wage workers save for their retirement. This is a good package of legislation, raising the minimum wage and helping small employers and little guys and gals who work.

We give 100 percent deductibility for the self-employed, to make health insurance more affordable and increase access to health care. We expand the low-income housing tax credit, a public-private partnership to help provide affordable housing for low-income working families. We increase the meal deduction, which helps truck drivers and traveling salesmen who have to travel for their work. And we also expand pension opportunities, which particularly benefit working women, and that is one of our goals.

But, my colleagues, I wanted to talk about one particular provision in this legislation, and it is legislation that works towards the goals of this Congress, to make our Tax Code more fair, particularly for working Americans. This is an issue that has been brought to my attention usually by a spouse of a construction worker, someone who has seen their spouse get up early in the morning for the last 30 years, go out and work, come home dead tired from back-breaking construction labor. These are folks who work hard, get callouses on their hands, get their hands dirty, but they work hard.

This legislation addresses a fairness issue for the building trades, dealing with the section 415 pension limitations. Those are limitations on multiemployer pension funds usually managed by a building trade union, like the operating engineers or the laborers or the electricians, even maritime unions. It is important legislation because what this legislation does is it gives those construction workers and those maritime workers the pension benefits they were promised and deserve. Currently we have limits in section 415 of the pension code that prevent them from getting what they were promised. In fact, no matter how many hours they work, no matter how many hours they put in each day, whether they have overtime and what is contributed, there is a cap. And, unfortunately, that cap is not fair.

And I want to thank the chairman of the Committee on Ways and Means, the gentleman from Texas (Mr. ARCHER), for including this important provision, which helps 10 million working Americans. When I think of the section 415 issue I think of the working couple that first brought it to my attention, Lori and Larry Kohr from Peru, Illinois. Larry's a retired laborer, and he recently told me, when he retired, that his benefit should have been just a little under $40,000 a year in pension benefits from his laborer's pension fund, or about $3,300 a month. But he was shocked to learn that once he retired he only got about half of it because of that 415 pension limitation.

My colleagues, this is a fairness issue. These individuals have worked hard. For people like Lori and Larry Kohr, where Larry Kohr should be getting about $3,300 a month, Larry Kohr, like 10 million other construction workers, is seeing only about half what he should get. This Republican Congress is working to bring fairness so that these kind of construction workers, as well as maritime workers, get their full pension benefits. Right now they only get about half. We want to give them the full amount.

That is the goal of this legislation. That is why I urge my colleagues to support H.R. 3081, to fix the 415 pension

limitations, to help couples like Lori and Larry Kohr of Peru, Illinois, to make our Tax Code more fair. Let us vote ''aye'' to help the self-employed make health insurance more affordable, with 100 percent deductibility; let us help the poor find affordable housing by expanding the low-income housing tax credit; and let us expand pension opportunities, particularly to help working women; and let us help those traveling salespeople and truck drivers who are forced to be on the road to work; and let us lift that 415 pension cap.

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

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Hawaii (Mr. ABERCROMBIE).

Mr. ABERCROMBIE. Mr. Speaker, I realize that not all of our colleagues are on the floor at the moment, but for those who are paying attention to this discussion here today, how is it possible for us to make any progress in this at all if we are going to sit here and talk about let us help. The gentleman who spoke previously knows perfectly well that the 415 provision he is talking about is in both bills.

This is not a Republican issue or a Democratic issue, and it has been made that way. If those of us who are genuinely interested in the minimum wage, and in tax breaks for businesses that deserve it with respect to the minimum wage, had been allowed to carry on our negotiations, Republicans and Democrats alike, we would have that legislation on this floor and we would not have this agonizing session that we are having today. The reason that we are not here today on a bill that Republicans and Democrats can get together on is because the Republican leadership has said they do not want that to happen.

How can we turn the poorest of the poor into an issue that we then utilize to try to hurt them because we think it is going to benefit us somehow? I appeal to my Republican colleagues and to those Democrats who may be concerned about it in terms of small business implications. We have crafted a bill which is essentially the Republican-Democratic compromise that we wanted in the first place. It is not our fault; it is not the fault of the gentleman from New York (Mr. RANGEL) that that is appearing as ''the Democratic substitute.''

I wish it would say just the substitute on this issue, because Republicans and Democrats can support it and take credit. The Democrats will say, hey, yes, we were for the minimum wage; but we were not hurting small business. We are actually benefiting small business with targeted tax credits for small business. That was not something I dreamed up as a Democrat. There is no such thing as a business meal entertainment deduction for Republicans and a spousal travel deduction for Democrats. It helps everybody connected with the travel industry, with the tourism industry, for those who want to take people off welfare and put them to work. That is Republicans and Democrats.

My plea to my colleagues, Mr. Speaker, is to pass the so-called Democratic substitute because it is really the congressional substitute, to see to it that small businesses and those directly affected by the minimum wage will have the benefit of it. Please take this off the ideological lines. Mr. Bush and Mr. Gore are going to beat each other up for 7 months and 27 days after today.

□ 1645

The poor people in this country who deserve the tax break, the small business people who deserve the benefit of the minimum wage combination of tax incentives and a minimum wage raise will be the beneficiaries and we can all take credit.

My bottom line plea to you, Mr. Speaker, and to my colleagues, Republicans and Democrats alike, let us put this together, a minimum wage increase and a small business tax incentive that makes some sense, that blends together. We can all claim credit for it. We can all come out of this institution today feeling that we have accomplished something not as Democrats or Republicans but as Americans who are concerned about other Americans.

The SPEAKER pro tempore (Mr. PEASE). Without objection, the gentleman from Ohio (Mr. PORTMAN) will reclaim control of his time.

There was no objection.

Mr. PORTMAN. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I certainly agree with my colleague the gentleman from Hawaii (Mr. ABERCROMBIE) that we need to work together on these proposals. I would just suggest to him that many of the proposals that he talked about, the 415 changes from multi-employer plans that are so important to unions, the health care insurance for those who are self-employed, the provisions in here for community renewal I certainly think should be bipartisan. The pension provisions have been bipartisan from the start. We have 80 Democrat cosponsors and 80 Republican cosponsors. I think this is sort of America's bill. There are people who think the Democrat bill does not do that.

The Small Business Survival Committee has written us a letter saying that the Democrat alternative is a de facto tax increase on small businesses. We can talk more about that later.

Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Speaker, I rise for the purpose of entering into a colloquy with my friend the gentleman from Ohio (Mr. PORTMAN).

Mr. Speaker, I am grateful for the hard work my colleagues on the Committee on Ways and Means have done in putting together a strong package of tax relief for America's small businesses.

Unfortunately, I have been contacted by constituents concerned about potential interpretations of sections 235, 241 and 281 of H.R. 3081. They fear these could negatively affect pension benefits.

I have written the distinguished gentleman from Texas (Mr. ARCHER) and the distinguished gentleman from Ohio (Mr. BOEHNER) detailing these concerns, which I will insert into the RECORD.

Over the past months, I appreciate the time the gentleman from Ohio and all the members of the committee concerned with pension issues have spent as we have worked to ensure that these concerns are properly addressed.

Mr. Speaker, I would like to get assurances from the gentleman from Ohio (Mr. PORTMAN) that these sections that I have mentioned are not intended to harm participants.

It is my understanding that these provisions are not intended to be interpreted in such a way as to reduce pension benefits, discourage companies from increasing pension benefits, or allow for violations of the Tax Code.

So I ask my friend from the State of Ohio (Mr. PORTMAN) is my understanding correct?

Mr. PORTMAN. Mr. Speaker, will the gentlewoman yield?

Mrs. KELLY. I yield to the gentleman from Ohio.

Mr. PORTMAN. Mr. Speaker, I thank the gentlewoman from New York (Mrs. KELLY) for yielding.

Mr. Speaker, I would say absolutely that her understanding is correct. In fact, just the opposite is intended by these provisions and will be the effect of these provisions, which is to say that they will expand pension coverage for American workers.

Mrs. KELLY. Mr. Speaker, reclaiming my time, I thank the gentleman very much for his comments. I really appreciate his assurances and his continuing efforts on this legislation.

With these efforts, we can assure concerned individuals that pensions are enhanced and protected by this legislation. We have the opportunity to level the playing field for small businesses today with this legislation that provides, among other things, millions of entrepreneurs with 100-percent health insurance deductibility next year and increases the business meal deduction to 60 percent.

Most importantly, the bill repeals the unfair installment sales tax that has already impacted small businesses by drastically reducing their value and blocking their sale.

I look forward to voting in favor of this important legislation today, and I

urge all of my colleagues to join me in strong support.

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

Mr. Speaker, my friend, the gentleman from Ohio (Mr. PORTMAN) just got finished talking about the degree of bipartisanship that went into this bill; and if he is talking about his willingness to work with Democrats in order to reach bipartisanship, nobody in this House works harder than he does in order to accomplish that end.

But my friend knows that, as relates to this particular bill, that his colleagues on the other side of the aisle put tax cuts on top of tax cuts on top of tax cuts until they were convinced that the President of the United States would veto this bill.

This has nothing to do with the degree of cooperation that the gentleman from Ohio (Mr. PORTMAN) has given to us in the Committee on Ways and Means over the years. But that small bit of bipartisanship that is displayed in this bill is overwhelmingly knocked out by the degree of partisanship to make this bill be vetoed.

I look forward to the day that we will not be talking about one part of a bill but that we will be talking about an entire bill as we work together, Republicans and Democrats, not for our parties but for our Congress and for our country.

Mr. Speaker, I yield 2 minutes to the gentleman from Maine (Mr. ALLEN).

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

Mr. Speaker, we need to reject this Republican tax plan. Despite its title, this is no small business tax cut. Moreover, this proposal would cut taxes before we even have the outlines of a budget resolution.

In reality with this bill, the top one percent of taxpayers will get an average tax cut of $6,000 and the top one percent of taxpayers of those earning over $319,000 a year. The lower 60 percent get an average of $4 each, $4, not even enough to buy a movie ticket. For 60 percent of the public, this is no tax cut at all.

Now, we are used to seeing Republican tax plans that favor the wealthy, but this one has to set a record. Seventy-three percent of the benefits go to the wealthiest one percent in this country.

Moreover, this bill is premature. We have not passed a budget resolution, but the Republicans are coming in with yet another huge tax cut. We have done nothing in this House to secure the solvency of Social Security, nothing to protect the future of Medicare, nothing to provide prescription drug coverage for seniors, and nothing to pay down the national debt.

This bill jeopardizes our ability to achieve any of these goals. We should reject this misleading, irresponsible Republican tax plan. And I have to say, simple fairness would require that we be given a chance to vote on the Rangel alternative Democratic plan, which was a real small business tax cut and which would not disrupt our ability to achieve other important national priorities.

Mr. PORTMAN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, as chairman of the Subcommittee on Tax, Finance and Exports of the Small Business Committee, this bill is the bare minimum we should do to help small businesses prosper. We must remember that our economy thrives and unemployment is low primarily because of small businesses.

I want to commend the gentleman from Texas (Chairman ARCHER) for quickly resolving the installment sales issue. Without this reform, thousands of small business owners will have seen their lifetime of investment and hard work erode all because the Federal Government wants to collect taxes early.

This legislation also addresses many of the unresolved priorities still left over from the 1995 White House Conference on Small Business. The number two issue at that conference was full deduction of meals expense. This bill increases the meals deduction to 60 percent. More importantly, it provides relief for our truckers by allowing them to deduct 80 percent of their meals expense.

The number four issue at the conference was estate, or death tax, relief. This bill provides meaningful death tax reform. This will help small businesses pass their businesses on to the children.

The number five issue for the conference was health care reform. This bill provides immediate 100 percent deductibility of health insurance for the self-employed.

Finally, the number seven issue at the White House Conference on Small Business was pension reform. The bill contains many of the bipartisan reforms championed by the gentleman from Ohio (Mr. PORTMAN) and the gentleman from Maryland (Mr. CARDIN). The legislation is another in a series of tax relief bills by the Republicans.

Contrast this to the President's budget, where he proposes 106 separate tax increases totaling $181 billion. I will not support the increase of the minimum wage, which is tampering with the free enterprise system. But to offset that, Mr. Speaker, let us help the small businesses by having a very modest tax cut.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the ranking member for his kindness.

Mr. Speaker, I hope that my staff accepts my apology for discarding the comments that have been prepared for me and allow me to speak from the heart. Though, when we begin to speak about tax issues, one would think that our focus should be basically on the analytical numbers. But this is an issue of the heart.

My hometown newspaper accounts for what we do up here every week and gives a recording of how we voted. Sometimes they do an excellent job, many times, but I take issue sometimes because they do not account for some of the very good legislative initiatives that are in fact alternatives or substitutes.

Today I rise to support the substitute for the minimum wage, because it is from the heart that I speak. Today I also rise to support the Democratic alternative to give small businesses a real tax cut. And the reason, Mr. Speaker, is because Americans want us to do business here. They do not want us to make political havoc.

Believe it or not, the Republican legislation does nothing to help small businesses with respect to tax cuts because it does not help the lowest of those at 2.5 million, but really this tax cut is for those whose net is $30 million.

I support tax cuts for small businesses, and I go on record today supporting the alternative that the Democrats have offered that will provide estate tax relief for family farms and small businesses, give small businesses a greater tax increase. And, yes, I support the alternative for an increase in the minimum wage, Mr. Speaker. Because I asked a sixth grader today whether $5 was any money. It is not. And that is what the minimum wage is right now, $5.15.

The Democratic alternative will give us 50 cents for 2 years, which means a dollar to $6.15. Can we do any less for a women who works, has four children, and has a disabled husband?

Today I speak to the heart. Let us not play to the politics of this. Let us vote for real tax relief for small business and let us provide those with an income who need minimum wage.

I would say, Mr. Speaker, let us not support bills that will be vetoed by the President of the United States.

Mr. PORTMAN. Mr. Speaker, I yield 3½ minutes to the gentleman from Arizona (Mr. HAYWORTH) a member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Ohio for yielding me the time.

Mr. Speaker, let us speak from the heart. Let us engage in this debate. With the American people watching, Mr. Speaker, let us take a look at who benefits from tax reductions.

It is sad to hear my friends on the left reminiscent of that scene in motion pictures. ''No tax relief, not for

nobody, not for no how, not for no reason'' seems to be the canard of the day.

Who do they think is helped by reducing the death tax? It is the family farmer. It is the small business person in rural communities throughout Arizona and throughout America. Because time after time we have seen it.

Gene Stenson, for example. His dad founded a railroad track manufacturing company down in Florida in 1967. But after his dad's death in 1976, the Stensons had to shut down a facility not in Florida but in North Carolina, laying off two-thirds of their 110 employees to pay the death tax.

Is that compassion? Is that a tax cut only for the wealthy? No. It exposes the canard of the left and their philosophy that was bent on bankrupting this country with deficit budget after deficit budget. Now that we are putting our House in order for Main Street and Wall Street, Mr. Speaker, we want to put it in order for every street.

Is it not compassionate to offer 100 percent health insurance deductibility for the self-employed? Of course it is compassionate. Again, we heard from my friend the gentleman from Maine (Mr. ALLEN) just a few minutes ago, saying, oh, listen, we need to get to work on these vital issues.

I hear from my friends on the left how important it is to have health insurance coverage. This is a major step forward. Time and again I hear from my constituents, why can we not enjoy what major corporations enjoy, 100 percent deductibility of health insurance?

This tax relief is offered. The community renewal portion of this tax relief legislation is something that is bipartisan in nature. It helps America's most low-income areas. Family development accounts help the working poor save for lifetime needs. The working poor, the family with two children earning just a little bit over $12,000. Nineteen million Americans qualified for the EIC in 1999, low-income housing tax credit.

□ 1700

Pension reform that my colleague from Ohio has worked on, that the ranking member talked about being so important in a bipartisan fashion, the portability to take your benefits in your personal retirement and move them from job to job.

Mr. Speaker, we have a fundamental choice here. We can embrace the canards and the class warfare of the left to have issues to squabble about in the campaign, or we can embrace common sense tax relief, pension reform, health insurance deductibility for all Americans. That is the true measure of compassion, not the subjugation to the lowest rung of the economic ladder but the empowerment of all Americans. That is what we will do with this legislation.

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

The senior Senator from Arizona would be proud of the gentleman that represents the 6th Congressional District of Arizona as related to 100 percent deductibility of health insurance because that is in the Democratic bill and in the Republican bill and so many other things he speaks well of; but he would be sorely disappointed that you would just ignore the needs for Social Security and Medicare as you go on and take 75 percent of that amount, of the $122 billion tax bill, and make certain that those who are the wealthiest benefit most. You did a fantastic job up until Tuesday, and I hate to see you losing those principles now.

Mr. Speaker, I yield 2 minutes to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong opposition to this Republican legislation and to all the proposals that the Republican Party is offering today. In fact, what they are offering is not only absurd but it is an insult to American working people. They are proposing a paltry increase in the minimum wage of $1 over 3 years, and at the same time they are proposing a huge tax break for the richest people in this country.

Millions of low-wage workers are working 40 or 50 hours a week struggling to keep their heads above water. In terms of the purchasing power of the minimum wage, it is lower today than it was 20 years ago. And in hearing this cry of working people, the Republicans are proposing a 33-cent-an-hour increase in the minimum wage. But at the same time they are proposing a gigantic tax break for the people who do not need it, the people who are making over $300,000 a year. And 75 percent of their tax proposal goes to those people.

To add insult to injury, in my State of Vermont where the legislature had the decency to raise the minimum wage to at least $5.75 an hour, the Republican proposal will mean nothing for the next 2 years. And Vermont is not alone. Many other States have moved to raise the minimum wage. So right now, at a time when this country has the greatest gap between the rich and the poor of any industrialized nation, where we have the richest 1 percent owning more wealth than the bottom 95 percent, where we have millions of workers working longer hours for lower wages than was the case 20 years ago, what the Republicans are saying is, that is not bad enough, let us make it worse.

Let us reject this proposal.

Mr. Speaker, I rise in strong opposition to H.R. 3832. This bill is being touted as a package of tax provisions designed to offset the impacts of an increase in the minimum wage on small business. Yet some of the pension provisions included in the bill don't have a single thing to do with small business tax relief and are simply new tax breaks that mostly accrue to the wealthiest Americans.

The pension provisions in this legislation will not increase pension coverage for millions of Americans that currently lack it, and may even reduce coverage for lower and middle-income employees according to the Center on Budget and Policy Priorities.

According to the non-partisan Institute for Taxation and Economic Policy:

The 20 percent of individuals with the highest incomes would receive 96.5 percent of the new pension tax breaks.

By contrast, the bottom 60 percent of the population would receive less than one percent of the benefits of the new pension provisions.

Last November, Treasury Secretary Summers and Labor Secretary Herman, criticized these pension provisions, saying that they "could lead to reductions in retirement benefits for moderate and lower-income workers."

Mr. Speaker, if the Congress is really concerned about protecting the pensions of American workers it should quickly address the cash balance pension rip off scheme being implemented by hundreds of large corporations all over this country. In fact if this Congress is really concerned about protecting the pensions of American workers it should pass H.R. 2902, the Pension Benefits Preservation and Protection Act, legislation that I authored and that now has a total of 80 co-sponsors.

Mr. Speaker, all across this country, American workers are deeply concerned about the status of their pension plans. That concern is well founded. Since 1985, despite large profits and growing surpluses in their pension funds, twenty percent of Fortune 500 companies and over 300 companies in all have slashed the retirement benefits that they promised their employees. Many more companies are contemplating similar action. Not only is this trend outrageous, it is also illegal under current law. Cash balance schemes violate age discrimination laws because they cut the accrual rate of pension benefits as a worker gets older. Workers should not have their pension benefits reduced just because of their age.

Frankly, it is simply unacceptable that during a time of record breaking corporate profits, huge pension fund surpluses, massive compensation for CEOs (including very generous retirement benefits), that corporate America renege on the commitments that they have made to workers by slashing their pensions.

Just last month I authored comments to the Internal Revenue Service stating that these cash balance schemes violate the pension age discrimination laws. 59 other Members of Congress joined me in signing on to these IRS comments. These comments detail how corporations are stealing the benefits of their most loyal and experienced workers.

Consider this: if a company reduced pension benefits based on race, or religion, or gender, the federal government would be sure to take appropriate action against the company. But, when it comes to enforcing the pension age discrimination laws, the federal government has clearly been asleep at the wheel. Fortunately, some of us in Congress are beginning to wake them up.

Corporations currently receive over $80 billion a year in federal government subsidies through the tax code. American taxpayers have a right to expect that corporations who

take advantage of this special tax treatment will not blatantly violate the law.

Yet, hundreds of corporations throughout the country from IBM to AT&T are doing just that by converting their traditional defined benefit pension plans to these cash balance schemes.

Cash balance schemes are nothing but a replay of the corporate pension raids we experienced during the 1980's. While these companies claim that they are converting to cash balance plans to attract younger workers into their workforce, the fact of the matter is that cash balance plans are intentional attempts to slash the pension benefits of older workers.

The reason why large corporations are targeting their older workers' pensions is easy to understand. Millions and millions of Americans in the so-called ''baby boom'' generation are rapidly approaching retirement age. Companies that reduce the pensions of older workers will thus realize tremendous cost savings when these people retire.

Companies claim that they are converting to cash balance schemes to attract a younger, more mobile workforce. But, worker mobility is not the rationale for converting to a cash balance plan, money is. As 11,000 people a day turn 50, which cash balance promoter Watson Wyatt claims will turn us into a ''Nation of Floridas,'' employers are looking for any way possible to reduce older workers' promised benefits. This is outrageous.

But, what is even more outrageous is that they are not being honest to the employees whose pensions they are slashing. As Joseph Edmunds stated at a 1987 Conference of Consulting Actuaries, ''It is easy to install a cash balance plan in place of a traditional defined benefit plan and cover up cutbacks in future benefits.''

Despite the protestations of cash balance promoters, cash balance schemes are implemented to unlawfully cut the benefits of older employees and to disguise those cuts by implementing a plan that makes it virtually impossible for employees to make an ''apples to apples'' comparison of their benefits under the old and new plans.

Not only does the federal government need to enforce the laws that are on the books, Congress also must pass meaningful pension protections right now. That is why I introduced H.R. 2902. This legislation would primarily do three things:

First, it would send a directive to the Secretary of Treasury to enforce the laws that are already on the books;

Second, it would provide a safe harbor making cash balance plans legal only if employees are given the choice to remain in their old pension plan with detailed disclosure; and

Third, it would provide a major disincentive for companies to slash the future pension benefits of employees.

Mr. Speaker, H.R. 2902 would provide meaningful pension protection to millions of Americans, unlike the current bill being considered right now. My legislation is being supported by the Pension Rights Center, the National Council of Senior Citizens, the Communications Workers of America, the IBM Employees Benefits Action Coalition, and several other groups. I urge my colleagues to defeat H.R. 3832, and work with me to pass real pension protection.

I include my letter to the IRS signed by 50 other Members, as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC.

DEPARTMENT OF THE TREASURY,
Internal Revenue Service, Ben Franklin Station, Washington, DC.

Attn: CC:DOM:CORP:R (Cash Balance Plans and Conversions).

We, the undersigned Members of Congress, are pleased to respond to your request for comments on cash balance pension plans. (64 Fed. Reg. 56578.)

INTRODUCTION

We commend the Internal Revenue Service and Department of Treasury for the decision to further evaluate your position on the conversion of traditional defined benefit pension plans to so-called ''cash balance'' pension plans, and for soliciting public comments on this matter. Although such conversions have been occurring for many years, increased understanding of these conversions has raised serious questions, particularly whether they violate federal anti-age discrimination statutes.[1]

Prior to the recent, and growing, scrutiny of cash balance conversions by employees, Members of Congress, and some actuaries, the complexity of these plans have made it understandably difficult for the cognizant federal agencies to fairly evaluate the age discriminatory effect of these plans. In this instance, the problem has been exacerbated by what—in the most generous terms—can be described as an almost complete lack of candor on the part of many proponents of cash balance conversions in communications with their employees and the media.[2]

Numerous respected national journals have played a critical role in bringing to light not only the age discriminatory impact of these conversions but also the clear age discriminatory intent of at least some cash balance backers. Given the large volume of new information and concern about cash balance plan conversions, we urge the Department of Treasury, IRS, and all other cognizant federal agencies to thoroughly reexamine the existing legal requirements for defined benefit pension plans and the extent to which cash balance conversions fail to comply therewith. Workers and members of Congress do not have access to the full documentation related to these conversions on an individualized basis, making it critical that the key government oversight agencies use their access to plan documents to fully examine and understand the nature and effect of these conversions. We urge all of the involved agencies to act quickly within their respective regulatory authority to remedy the significant legal irregularities that appear to permeate these conversions, and if it is concluded that the agencies do not have sufficient authority, to propose legislation to Congress to address any outstanding legal issues.

The comments that follow address the following topics:

(1) Cash balance conversions are often intentional attempts to cut the pension benefits of older employees and increase the operating income of employers.

(2) Cash balance plans are defined benefit plans, not defined contribution plans.

(3) Cash balance plans fail to meet the requirements for defined benefit plans and violate federal anti-age discrimination statutes.

(4) The ''wear-away'' feature of many cash balance conversions violate federal anti-age discrimination statutes.

(5) Cash balance conversions should therefore be disqualified under existing law.

(6) A safe harbor should be established allowing cash balance plans to meet existing legal requirements only if all employees are allowed to choose which pension plan works best for them with detailed disclosure.

Throughout your consideration of cash balance conversions, we ask the IRS and the Department of the Treasury to bear in mind, that while the United States has a ''voluntary'' pension system, that system is, and should be, subject to rigorous statutory and regulatory oversight. This voluntary pension system receives over $80 billion a year in federal government subsidies through, inter alia, the tax code. It will always be the case that corporations will favor public subsidies without any governmental oversight. However, the taxpayers have a right to expect that corporations who take advantage of this special tax treatment will adhere to requirements of the law, including federal age discrimination statutes. Given the substantial sums of money in corporate pension plans, experience has repeatedly shown that, without governmental vigilance, corporations will attempt to manipulate their pension plans at the expense of their employees. Cash balance conversions are just the latest vehicle to accomplish that goal. In this case, federal age discrimination statutes provide the IRS and other federal agencies with the means to stop these schemes, which are intentional efforts to wring savings from the pensions of older employers.

(1) Cash balance conversions are often intentional attempts to cut the pension benefits of older employees and increase the operating income of employers.

Cash balance plans are a relatively recent innovation. The first cash balance plan was implemented in 1984, according to the consulting firm Watson Wyatt Worldwide.[3] Almost universally, companies implementing a cash balance plan are converting from some other type of defined benefit plan.[4] To date, 22% of the Fortune 100 companies have converted to some sort of hybrid pension plan, over 70% of which are cash balance plans.[5] It is estimated that 20% of those in the Fortune 500 have converted to a cash balance plan.[6]

Cash balance promoters explain the popularity of cash balance conversions by arguing that cash balance plans provide employers with a competitive advantage because these plans better suit the desires of an increasingly mobile workforce.[7] Promoters have also stated that cash balance plans are easier for employees to understand because the benefit is expressed in terms of a lump sum dollar amount as opposed to a monthly benefit under a traditional defined benefit plan.[8] These rationales for cash balance conversions are frequently pretextual.

In truth, a significant reason that corporations convert to a cash balance plan is to cut the pension benefits of older workers—workers who comprise a larger and larger percentage of the workforce.[9] That cash balance plans reduce the accrual rate for older workers is not a well-kept secret. Kyle N. Brown, a retirement and pension lawyer with Watson Wyatt Worldwide said to a Society of Actuaries Conference in October of 1998: ''The economic value that is accrued, is different in hybrid plans than it is for traditional plans. In essence, that is part of the reason why you want to put these plans in. You know you are trying to get a different pattern of accrual. Well, what that means is

Footnotes at end of letter.

that for your older, longer service workers, that their rate of accrual is going to go down. There is going to be a reduction in their rate of accrual.''

The reason why large corporations are targeting their older workers' pensions is easy to understand. Millions and millions of Americans in the so-called ''baby boomer'' generation are rapidly approaching retirement age. In Watson Wyatt's July 1998 edition of its Insider newsletter, the aging of the U.S. labor market is carefully detailed.[10] As the newsletter demonstrates, the number of workers in the 55–64 age category is expected to grow by 54% in the decade from 1996 to 2006.[11] Companies that target the pensions of older workers will thus realize tremendous cost savings when these people retire.

In addition, Watson Wyatt's Insider dispels one of the other myths advanced by cash balance proponents, namely, that these plans are a response to an increasingly mobile American workforce: ''Contrary to popular belief, Americans are not changing jobs faster than ever before. According to an in-depth study of employment records by Watson Wyatt, as baby boomers are driving up the average age of the workforce, job mobility is decreasing.''[12]

Cash balance plans are thus not a response to a more mobile work force. In fact, as Watson Wyatt admits, the percentage of workers staying at a single employer for 10 years has risen in the last ten years, as has the percentage staying with the same company for 20 years.[13]

Worker mobility is not the rationale for converting to a cash balance plan, money is. As 11,000 people a day turn 50, which Watson Wyatt posits will turn us into a ''Nation of Floridas,'' employers need to find ways to retain them. Instead of creating incentives to retain older workers, companies have turned to cash balance plans, which make it much more likely that older workers will have to delay retirement.[14] Employers who convert to a cash balance plan thus see a two-fold benefit. Companies retain older workers who can no longer afford to retire and the benefits the employees do receive at retirement will be significantly lower.

Just as with the worker mobility argument, cash balance promoters are disingenuous when they argue that the ''lump sum'' feature of cash balance plans are easier for employees to understand. To the contrary, cash balance proponents have argued in favor of these plans because they make it more difficult for employees to understand that their benefits are being reduced.[15]

Again, cash balance promoters have been very open amongst themselves about the ability of these plans to mask benefit cuts. In a July 27, 1989 letter from Kwasha Lipton to Onan Corporation, the consultant notes, ''One feature which might come in handy is that it is difficult for employees to compare prior pension benefits formulas to the cash balance approach.''

Similarly, Joseph Edmunds stated at a 1987 Conference of Consulting Actuaries, ''[I]t is easy to install a cash balance plan in place of a traditional defined benefit plan and cover up cutbacks in future benefits.''

Likewise, William Torrie of PricewaterhouseCoopers at the October 18–23, 1998 Society of Actuaries meeting said, ''[C]onverting to a cash balance plan does have an advantage of it masks a lot of the changes. . . .''

In addition, current accounting rules actually encourage the practice of reducing pension benefits. Due to Financial Accounting Standard (FAS) 87, companies are able to report pension assets as operating income. By listing pension assets as operating income, companies can increase their bottom line by cutting the pension benefits of their workforce, which is exactly what is happening today.[16] This is wrong, and must be put to an end immediately.

We understand that the intended purpose of FAS 87 was to require the disclosure of pension liabilities. While transparency regarding an employer's pension situation—both as to liabilities and surpluses—would appear to be proper, clearly pension assets are not operating income.[17] And allowing them to be characterized as such creates two perverse incentives. First, it encourages employers to reduce pension benefits in order to create large pension surpluses. Second, it distorts the financial health of the company, making investors believe the company is more profitable than it actually is. Surplus pension assets should be used for cost of living increases for pensioned retirees, and other retirement benefits. Unfortunately, that is not happening today.[18] We believe that FAS 87 should be changed to require employers to list net pension cost as investment income instead of operating income.[19]

In summary, despite the protestations of cash balance promoters, these conversions are implemented to unlawfully cut the benefits of older employees and to disguise those cuts by implementing a plan that makes it virtually impossible for employees to make an ''apples to apples'' comparison of their benefits under the old and new plans.[20] We ask that the Treasury Department, the IRS, and other federal agencies keep the admissions of cash balance promoters in mind when evaluating cash balance plans' compliance with federal age discrimination statutes.[21]

(2) Cash balance plans are defined benefit plans, not defined contribution plans.

Although there seems to be little dispute that cash balance plans are defined benefit plans and not defined contribution plans, we address it briefly.[22] ERISA and the Code recognize only two types of pension plans: defined benefit and defined contribution plans. In the most basic terms, the distinction between the two is who bears the risk of investment gains and losses. In defined benefit plans, the employer bears the risk and in defined contribution plans, it is the participant. ERISA defines a defined contribution or individual account plan as, ''[A] pension plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account, and any income, expenses, gains, and losses, and any forfeitures of accounts of other participants which may be allocated to such participant's account.''[23]

A defined benefit plan is any other pension plan which is not a defined contribution plan.[24]

Cash balance pension plans are not defined contribution plans because they are employer-funded and participants do not bear the risk (nor reap the benefits) of investment gains and losses. Nor, despite the fact that participants are presented with hypothetical ''cash balances'' do they have segregated accounts.

Employer cash balance contributions are typically comprised of two components: a pay credit and an interest credit. The pay credit is generally a fixed rate of an employee's salary. The interest credit is designed to mimic defined contribution plans by providing a hypothetical investment return, usually calculated as a fixed interest rate or tied to an index such as the yield on 30-year U.S. Treasury Bonds. Because this interest credit is calculated based on the difference between an employee's age and normal retirement age, the amount of this interest credit relative to the pay credit decreases as the employee ages.

(3) Cash balance plans fail to meet the requirements for defined benefit plans and violate federal anti-age discrimination statutes.

Because cash balance plans are defined benefit plans, they must comply with the letter of the relevant provisions of ERISA, the Internal Revenue Code and the ADEA. All three legal regimes provide that the rate of pension benefit accruals not be reduced based on the employee's age.[25] Cash balance pension conversions violate these provisions because the rate of benefit accrual is reduced and is reduced because of the employee's age. This problem is exacerbated by plan provisions commonly referred to as ''wear away,'' which prevents older workers from earning new benefits under the new plan until they exceed those that the employee accrued under the former plan.

As the IRS is aware, the Code and ERISA contains a detailed set of standards with which defined benefit plans must comply. Those standards include rules for reporting and disclosure, participation and vesting, funding, fiduciary responsibility, and administration and enforcement. The benefit accrual requirements, which are contained in the participation and vesting requirements, are fundamental and critical protections to ensure that pension plan participants fairly accrue and receive benefits under their pension plans. The benefit accrual rules are an important assurance that participants are treated fairly and that the plan sponsor does not design the plan to benefit only certain types of workers.

Under section 204(b)(1)(G) of ERISA, defined benefit plans are not in compliance with the law ''. . . if the participant's accrued benefit is reduced on account of an increase in his age or service.'' Furthermore, under ERISA §204(b)(1)(H)(i) and Code §411(b)(1)(H)(i) and ADEA §4(i)(1)(A), a defined benefit shall not be treated as in compliance ''. . . if, under the plan, an employee's benefit accrual is ceased, or the rate of an employee's benefit accrual is reduced, because of the attainment of any age.''

In addition, one of the key elements of a defined benefit plan is that it promises and provides benefits in the form of an annuity, a monthly or regular stream of payments at retirement. ERISA §3(23) expressly requires that defined benefit plans determine an individual's accrued benefit ''. . . expressed in the form of an annual benefit commencing at normal retirement age.'' And, Code §411(a)(7), for purposes of section 411 vesting and accrual rules, defines ''accrued benefit'' in the case of a defined benefit plan as ''the employee's accrued benefit determined under the plan and, except as provided in subsection 9(c)(3), expressed in the form of an annual benefit commencing at normal retirement age.'' We firmly believe that the age-neutrality of benefit accruals must be assessed based upon a normal retirement age annuity and not on the basis of cash balance plan ''hypothetical accounts'' which have no legal status under current law.

Based upon these requirements, cash balance conversions are in violation of ERISA, the Internal Revenue Code and ADEA. By definition, older participants accrue benefits at a lesser rate because they have a shorter period of time to earn interest than younger

workers do. Under a cash balance scheme, the interest credit is tied directly to the employee's age.

As Lee Sheppard observed in her January 11, 1999 article in Tax Notes Today (emphasis added), ''Whether a cash balance plan would satisfy the proposed [IRS] regulation depends on the definition of 'rate of accrual.' If rate of accrual is defined by projecting the participant's benefit to an annual benefit beginning at normal retirement age, then cash balance plans flunk, because *the size of the participant's actuarially determined benefit is purely a function of his or her age. Indeed, it is impossible to estimate a cash balance plan participant's pension benefit without knowing his or her age.*''

Professor Edward Zelinsky of the Benjamin N. Cardozo School of Law came to the same conclusion in his October 1999 paper, entitled, ''The Cash Balance Controversy'' (emphasis added), ''As a matter of law, the typical cash balance plan violates the statutory prohibition on age-based reductions in the rate at which participants accrue their benefits * * *. *There is no dispute about the underlying arithmetic: as cash balance participants age, the contributions made for them decline in value in annuity terms.* Moreover, cash balance arrangements are defined benefit plans and therefore measure accrued benefits in terms of annuity equivalents, not in terms of the contributions themselves.''

Cash balance promoters attempt to counter conclusions such as Ms. Sheppard's and Professor Zelinsky's by arguing that the rate of benefit accrual under a cash balance plan should not be calculated by projecting the pension benefits into an annuity beginning at normal retirement age. They point out that neither the Code nor ERISA define ''rate of benefit accrual.'' Instead, some suggest that the IRS should look at the absolute dollar amount ''credited'' to employees' cash balance ''accounts'' annually or that the IRS should remove cash balance interest credits from its analysis.

This argument is generally founded on statutory construction that is nonsensical. The accepted canons of statutory construction dictate that words and phrases should not be interpreted in isolation, but rather in the context in which they are used. Section 411(a)(7) of the Code requires an employees ''accrued benefit'' to be expressed in terms of an annual benefit commencing at normal retirement age * * *.'' The term ''accrued benefit'' is used throughout section 411(b)(1). Cash balance promoters opine that, because the term ''rate of benefit accrual'' is used instead of ''accrued benefit'' in section 411(b)(1)(H)(i), Congress did not intend that the IRS should evaluate compliance with §411(b)(1)(H)(i) by projecting an employee's annual benefit beginning at normal retirement age.

It is not surprising that the term accrued benefit is not used in §411(b)(1)(H)(i). This subparagraph is concerned with the pace at which the accrued benefit grows. To insert the term ''accrued benefit'' in this section would make it nonsensical. However, by reference to the provisions in the same paragraph, it is obvious that the benefit that is accruing is the projected annual benefit at normal retirement age.[26]

Any doubt about the meaning of the language of §411(b)(1)(H)(i) is resolved by comparing it to the §411(b)(2)(A), which states in relevant part, ''A defined contribution plan satisfies the requirements of this paragraph if * * * the rate at which amounts are allocated to the employee's account is not reduced, because of the attainment of any age.''

In essence, cash balance promoters argue that the IRS should apply §411(b)(2)(A) in determining whether cash balance conversions violate the age discrimination statute. But, cash balance plans are defined benefit plans, not defined contribution plans. As such, cash balance plans must comply with §411(b)(1)(H)(i). A comparison of the language of these two sections evidences a different standard. The only interpretation that makes sense given the context of §411(b)(1)(H)(i) and a comparison with the language of §411(b)(2)(A) is that the rate of benefit accrual is evaluated in terms of the projected annual benefit at normal retirement age.

This interpretation is borne out in the comments of Paul Strella—currently at the pension consultant firm of William M. Mercer and formerly a Tax Benefit Counsel at the Department of Treasury—at a 1992 Enrolled Actuaries Meeting: ''There is a rule in the Internal Revenue Code, along with ERISA, that says that the rate of accrual, the rate of benefit accrual in a pension plan can not decline merely on account of increasing age. Well, a cash balance plan does exactly that.''

This view is also apparently shared by some within the IRS. For example, a September 3, 1998 memorandum from the District Director of the Ohio Key District in Cincinnati, Ohio to the Director of Employee Plans Division in Washington, DC states that at least one cash balance plan ''does not satisfy the clear and straightforward requirement of §411(b)(1)(H)(i) of the Code because the plan's benefit accrual rate decreases as a participant attains each additional year of age.''

(4) The ''wear-away'' feature of many cash balance conversions violate federal anti-age discrimination statutes.

In addition to violating Code §411(b)(1)(H)(i), and related sections of ERISA and the ADEA, by reducing benefit accruals based on age, many cash balance plans violate federal age discrimination law, including §411(d)(6) of the Code, through their use of the wear-away mechanism. It was only during the past year that members of Congress became aware that in many cash balance conversions, older workers do not accrue new pension benefits until they have ''worn away'' their previously earned benefits. To permit pension plans to include ''wear away'' violates both the letter and spirit of two key ERISA [and ADEA] principles: (1) that accrued benefits cannot be reduced, and (2) that pension plans cannot discriminate on the basis of age. To deny participants additional accruals on the basis of years of service and benefits already accrued under the plan before the amendment is contrary to public policy. In this situation, benefits accrued based on years of service absolutely is a proxy for age. Plan wear-away provisions do not meet the ERISA/IRC exception for explicit uniform limitations on benefit accruals for all workers based upon a maximum number of years of service. Under wear-away clauses, the only workers who do not receive continued accruals are the oldest workers. To claim that they always remain entitled to their accrued benefit, even though every day it is being eroded and used against their ability to earn new benefits, makes a mockery of ERISA's accrued benefit protections.

There is little doubt that the wear-away feature of cash balance plans is targeted at older workers. The wear-away takes place because the benefits the employee is entitled to under the traditional defined benefit plan are greater than those under the cash balance plan. By definition, the employees that fit this profile are older workers because benefits under a traditional defined benefit plan accrue more quickly for the older, more senior workers while the rate of accrual under a cash balance plan accrue more slowly for this group of employees. Given the age discriminatory intent of cash balance promoters, the IRS should cast a jaundiced eye at their claims that the disproportionate impact of wear-away on older workers is not by design.

In our mind, the practice of wear-away is contrary to the law and public policy and cannot be allowed to continue. The fact that the IRS has not objected to these provisions in the past, and may have given some plan sponsors prefatory language refuting any age discrimination questions, should not stand in the way of the IRS and other agencies fresh assessment of whether cash balance plans comply with the law. In light of the wealth of new information that has become public in the past year, it is critical that the IRS take all needed steps to ensure that all pension plans comply with the law.

(5) Cash balance conversions should therefore be disqualified under existing law.

As we have discussed, cash balance pension conversion are illegal under §411(b)(1)(H) of the Internal Revenue Code, §204(b)(1)(H) of ERISA, and §4(i)(1)(A) of ADEA in terms of accrual rates. We have also indicated that most cash balance conversions are in violation of §411(d)(6) of the Internal Revenue Code dealing with wear away.

Since, cash balance conversions are in violation of these laws, we believe that the IRS should disqualify these conversions under current law. Cash balance promoters have appealed for regulatory relief on the grounds that they were lulled into a false sense of security about the legality of cash balance conversions. We have little sympathy for their arguments. Much of the difficulty in uncovering the age discriminatory nature of cash balance conversions lies with the promoters themselves and they are entitled to no benefit from the confusion of their own making.

Finally on this point, we note that most of the arguments made by cash balance promoters are policy arguments for why hybrid pension plans, including cash balance plans, are a positive development that deserve the support of the federal government. Even if those arguments had some merit, which in our strong view they do not, those arguments are inappropriate in this regulatory context. Cash balance conversions violate federal anti-age discrimination statutes.

(6) A safe harbor should be established allowing cash balance plans to meet existing legal requirements only if all employees are allowed to choose which pension plan works best for them with detailed disclosure.

In consideration of the goals of the age discrimination regimes in the Code, ERISA, and the ADEA, and based on our considerable consultation with employees affected by cash balance conversions, we also believe that a safe harbor should be established that would protect the tax-exempt status of cash balance conversions if the employers offer all current employees the choice to remain in the traditional defined benefit plan. We believe that such a safe harbor would come the closest to proverbial ''win-win'' outcome for all stakeholders in the cash balance pension debate.

The safe harbor that we are recommending would necessarily require the employer to provide a detailed individualized statement

allowing the employees to easily compare between the traditional defined benefit plan and the cash balance plan. If the company does not want to provide these individualized statements, the company may be exempted from this requirement only if they allow their employees to choose which pension plan works best for them on the date that they leave the company. On this date, the company must also allow the employees to compare exactly how much they would receive under the traditional defined benefit plan and the cash balance plan.

Due to the complexities involved, we believe that companies that have already converted to cash balance plans should be given at least 90 days to make the above changes in their pension plan. As we noted above, from a policy standpoint we believe this represents a middle ground that would most effectively address the concerns of all involved. For the employers, their pension plans would continue to enjoy tax-exempt status. And, for the employees, they would be able to continue to receive the pension benefits that were promised to them.

We do not, however, offer here an opinion about whether the IRS has the authority to implement such a safe harbor under current federal law. If the IRS determines that it does not have the authority to do so, we stand ready to support an IRS request to implement the necessary statutory changes.

Thank you for giving us this opportunity to express our views. We look forward to working with you to address the serious age discriminatory impact of cash balance conversions.

Sincerely,

Bernard Sanders, George Miller, William Clay, Martin Frost, Barney Frank, Edward J. Markey, Patsy Mink, Marcy Kaptur, Peter J. Visclosky, Rush D. Holt, Carolyn B. Maloney, Lynn C. Woolsey, Sherrod Brown, John Conyers, Jr., Jerrold Nadler, Martin Olav Sabo, Nancy Pelosi, Luis V. Gutierrez, John Elias Baldacci, Cynthia A. McKinney, Donald M. Payne, Peter A. DeFazio.

Tammy Baldwin, Lane Evans, Frank Pallone, Jr., Sheila Jackson-Lee, Tom Lantos, Steven R. Rothman, Dennis J. Kucinich, Janice D. Schakowsky, Eleanor Holmes Norton, Robert A. Brady, Corrine Brown, Michael P. Forbes, Gary L. Ackerman, John Joseph Moakley, James P. McGovern, John F. Tierney, Neil Abercrombie, Bob Filner.

Michael F. Doyle, Major R. Owens, Michael E. Capuano, Danny K. Davis, Alcee L. Hastings, Carolyn McCarthy, Bobby Rush, Barbara Lee, Ron Klink, Tom Barrett, John W. Olver, Bennie G. Thompson, Sanford D. Bishop, Jr., Ted Strickland, Jesse L. Jackson, Jr., Bobby Scott, Stephanie Tubbs Jones, Pat Danner, James Traficant, Bill Luther.

FOOTNOTES

[1] These anti-age discrimination statutes include not only the ADEA, but also the Internal Revenue Code, and ERISA as amended.

[2] Outside pension advisors who promote the cash balance concept as a way to cut pension benefits were well aware of the age discriminatory impact of these conversions as evidenced by comments made in correspondence and at actuarial meetings. For instance, comments made at numerous American Society of Actuaries meetings bear out the widespread understanding that cash balance conversions targeted the benefits of older workers. This does not, however, in any way absolve the many corporations—including many Fortune 500 companies—who have made these conversions and who all ostensibly have sufficient inhouse expertise to understand the impact of these plans. We are not aware of any companies who have implemented a cash balance conversion based on the advice of outside consultations but who lacked a full understanding of the ramifications for their older workers. If they do exist, they have yet to come forward.

[3] See www.watsonwyatt.com/homepage/us/news/pres_rel/Jan99/hybrid-tm.htm.

[4] Based on unconfirmed anecdotal evidence, there may be one or two companies that have implemented a cash balance ''from scratch.'' However, given the hundreds of companies that have implemented conversions, federal agencies' review of cash balance plans should focus on them in the context of conversions.

[5] See www.watsonwyatt.com/homepage/us/news/pres_rel/Jan99/hybrid-tm.htm.

[6] Daniel Eisenberg, ''The Big Pension Swap,'' Time Magazine (April 19, 1999) at 36 (''20% of Fortune 500 companies, including AT&T and Xerox, now offer these plans which cover close to 10 million workers nationwide.'').

[7] Ellen Schultz, ''The Young and Vestless,'' The Wall Street Journal (December 16, 1999) at A1. (''Employers . . . increasingly acknowledge that switching to the new plans does reduce benefits for many veteran employees. But compensating for this, they say, is that the plans are better for a younger, more mobile workforce.'').

[8] The ERISA Industry Committee, Understanding Cash Balance Plan: (''Unlike traditional defined benefit plans, cash balance plans provide an easily understood account balance for each participant.'').

[9] There is also growing evidence that cash balance conversions do not benefit younger workers. Ellen Shultz, ''The Young and Vestless.'' The Wall Street Journal (December 16, 1999) at A1. (''Many younger workers are no more likely to collect a benefit from these new-fangled plans than they are from traditional pensions. And when they do collect, they often fare only a little better under a cash-balance system.''

[10] See www.watsonwyatt.com/hompage/us/new/Insider/6_98.HTM.

[11] See id.

[12] *See id.* (emphasis added).

[13] See id.

[14] See www.watsonwyatt.com/homepage/us/res/workmgmt-tm.htm (''Are you paying for performance or for tenure and *age*:'') (emphasis added).

[15] The authors understand that no current federal law prevents a company from reducing future pension benefits. However, federal law prohibits such cuts from being implemented in an age discriminatory fashion. In this case, companies are using cash balance plans to conceal impermissible age discrimination.

[16] Ellen Shultz, ''Joy of Overfunding: Companies Reap a Gain Off Fat Pension Plans,'' The Wall Street Journal (June 15, 1999) at A1. (''Thanks to an accounting rule that is little known to either shareholders or analysts, and that was written for a very different era, there is a way to gain from the pension surplus. The rule provides that if investment returns on pension assets exceed the pension plans' current costs, a company can report the excess as a credit on its income statement. Voila: higher earnings.'').

[17] Ellen Shultz, ''How Pension Surpluses Lift Profits,'' The Wall Street Journal (September 20, 1999) at C1. (''Pension income isn't what you would consider operating income at these companies; it is more along the lines of investment income.'').

[18] Ellen Shultz, ''Joy of Overfunding: Companies Reap a Gain Off Fat Pension Plans,'' The Wall Street Journal (June 15, 1999) at A1. (''In the early 1980s, 60% of large companies provided regular cost-of-living increases for pensioned retirees; today, with the plans in better financial shape, fewer than 4% do.)

[19] A September 17, 1999 Bear Stearns Study, entitled ''Retirement Benefits Impact Operating Income,'' reached a similar conclusion. (''We . . . recommend that the components of net pension cost be disaggregated for purposes of financial analysis.)

[20] While not the focus of these comments, the authors do believe that current federal law needs to be amended to increase the disclosure requirements when companies decrease their employees' future pension benefits.

[21] In light of these statements, in the event of litigation challenging the legality of cash balance conversions, the authors believe plaintiffs would have little difficulty establishing the discriminatory intent of the actuaries and companies promoting cash balance plans.

[22] The authors have omitted a lengthy discussion of the differences between defined contribution and defined benefit plans because the IRS is well versed in those distinctions.

[23] ERISA §3(34).

[24] ERISA §3(35) (describing a defined benefit plan as ''a pension plan other than an individual account plan.'')

[25] See ERISA §204(b)(1)(H)(i), Code §411(b)(1)(H)(i) and ADEA §4(i)(1)(A).

[26] See, e.g., NRLB v. Federbush Co. Inc., 121 F. 2d 954, 957 (2d 1941) (''Words are not pebbles in alien juxtaposition; they have only a communal existence; and not only does the meaning of each interpenetrate the other, but all in their aggregate take their purport from the setting in which they are used. . . .'')

Mr. PORTMAN. Mr. Speaker, I yield myself 1 minute to respond briefly. We are going to hear a lot about tax cuts for the rich from the other side apparently. I would just like to remind Members about what is actually in this legislation. There is health insurance for those who are self-employed. Those are people who are primarily small businesspeople. These are not the rich. There is community renewal here for our very poorest neighborhoods, rural and urban neighborhoods around America. Those are the people who will benefit. With regard to the low-income tax credit, that is going to benefit not the rich; it is going to benefit people who need the benefit of government help in housing.

With regard to pensions, and I see my colleague here from North Dakota. Let us look at the benefits. Seventy-seven percent of the people who are currently participating in pensions make less than $50,000 a year. These are not rich people. These are people who need our help. I would just say, I have now had a chance to look at the Democratic alternative, as I have been sitting here, in more detail. It provides a net $8 million in tax relief as I see it over 5 years. The Republican alternative provides through all those items I just mentioned about $48 billion worth of needed tax relief that is going to help all Americans.

Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. REYNOLDS).

Mr. REYNOLDS. Mr. Speaker, I think my colleague from Ohio outlined specifically that anyone who tries to sell this tax plan as a tax cut for the rich has not read the legislation introduced by my Republican colleagues. This bill clearly goes after taking an opportunity to take care of middle America and our low-income families, whether it is addressing low-income tax credits or housing or more particularly looking at those people who pay insurance.

To have an opportunity as self-employed individuals to begin to have some relief on the cost of paying for that insurance while self-employed is an opportunity that this bill begins to address. Quite frankly we need to do more than what the $28 billion that has been afforded in this tax package has done for Americans.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding me the time. I want to begin by commending the gentleman from Ohio (Mr. PORTMAN), who is truly a leader in retirement savings initiatives. How I wish that the provisions in this bill that reflect his very good work were before us in a fair and thoroughly considered way. I think we could have a 100 percent vote out of this House as we advance the opportunities for Americans to save for retirement. But unfortunately, that is anything but the bill that is in front of us.

They will talk about this good thing, and they will talk about that good thing and let us recognize them for what they are, window dressing on a bill, the heart of which is an estate tax cut giving direct tax benefit to the wealthiest people in the country. It is a fine thing to do, but is that our first priority for tax relief?

Some will say our farmers need this, and I want to contrast in the balance of my remarks their plan versus our plan as it regards farmers. An analysis of their proposal shows that farms under $13 million, farms and small businesses with assets under $13 million fare better under the Democrat substitute. The Democrat substitute effectively takes up to $4 million for estate tax relief. Checking with the census on data in North Dakota, the State I represent, 99.7 percent of the farms fare better under the Democrat plan because they are under that $13 million figure. That lets us know the amount in their plan that goes toward the wealthiest, the very wealthiest people in this country.

Only this majority could take what was initially designed to be minimum wage legislation and lard it up with a huge windfall for the wealthiest people in this country. I particularly resent saying that theirs is the one that helps the family farmer. If Members want to help the family farmer, vote for the Democrat substitute that effectively takes estate tax relief to $4 million, not their plan.

The SPEAKER pro tempore (Mr. PEASE). Without objection, the gentleman from Arizona (Mr. HAYWORTH) will control the time of the gentleman from Ohio (Mr. PORTMAN).

There was no objection.

Mr. HAYWORTH. Mr. Speaker, I yield myself 1 minute to make a couple of points in response to my good friend from North Dakota. I am pleased that he embraces the notion of death tax relief for family farms. I am sorry he neglected to offer us the name of the source for his analysis that smaller farms would be helped. I look forward to a response on their side on their time with that information.

What I would also like to point out is correspondence that the Speaker has received from the Small Business Survival Committee, Mr. Speaker. It reads, and I quote, ''The alternative offered by the minority, the alternative is a de facto tax increase on small businesses, that are the leading source of new jobs and economic expansion in America. The alternative to the tax plan being considered today would severely jeopardize the financial security of the small business community.''

I would reiterate that when we take a look at the package being offered as the alternative, Mr. Speaker, it offers a net $8 million of tax relief as opposed to the majority common sense plan, $48 billion in tax relief.

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

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, this budget-busting, Social Security-risking tax bill would cause the sheriff of Nottingham to cringe in embarrassment because it is the most regressive tax bill in recent history. Three-quarters of the benefits go to the top 1 percent, a group of people with an average income of $900,000. Its estate tax provisions are even more regressive. We are denounced for class warfare rhetoric, but this bill is a sneak attack against working Americans.

Mr. Speaker, in the spirit of today's game shows, this bill does not ask who wants to be a millionaire, nor does it ask who wants to marry a multi-millionaire. It asks who wants to give huge tax breaks to multi-multimillionaires. And I emphasize ''million heirs,'' because the breaks go chiefly not to those who are rich because of their efforts but those who become rich because of their clever selection of parents.

Ninety-five percent of Americans get 13 bucks out of this bill. There are some pennies for average Americans. But the top 1 percent get $6,000 of tax relief, or as we say in L.A., dinner at Spagos. This bill is so obnoxious, so regressive, that it is being packaged in the rhetoric of talking about the average beauty shop owner. But to get the benefits, you need an estate of $4 million and more. That is a lot of beauty shops. And then they take this deceptively packaged tax bill and they feel they cannot conceal it enough, so they wrap it in an increase in the minimum wage. This bill provides over $100 billion of tax relief to the superrich, and it provides $11 billion of wage increases to those who make $5.15 an hour.

Mr. Speaker, I include for the RECORD the following documents from the Citizens for Tax Justice:

HOUSE GOP MINIMUM WAGE PLAN OFFERS $11 IN UPPER-INCOME TAX BREAKS FOR EVERY $1 IN WAGE HIKES FOR LOW EARNERS

The House GOP leadership's $123 billion tax-cut/minimum wage plan, to be voted on this week, would give upper-income taxpayers $11 in tax breaks over the next decade for every dollar in increased wages paid to low-wage workers.

Unbalanced Acts, a joint analysis of the GOP proposal by Citizens for Tax Justice and the *Economic Policy Institute*, finds:

Over the next decade, the proposed tax cuts will total $122.8 billion. Over the same period, wage increases stemming from the $1 boost in the minimum wage will total only $11.2 billion. This means that over ten years, for every dollar in higher wages for low-wage workers, $10.90 in upper-income tax breaks will be provided.

Almost all the tax cuts (91.4%) would go to the best-off tenth of all taxpayers. In fact, the top one percent of all taxpayers, those making more than $319,000 a year, would get almost three-quarters of the tax reductions. Their average annual tax cut under the plan would be $6,128 each (in 1999 dollars). That compares to only a $4 average tax cut for the bottom 60 percent.

While the tax bill's permanent tax cuts grow to $17.6 billion by 2010, the effect of the minimum wage proposals will be totally eroded by inflation after 2006.

''The minimum wage hike will allow low-wage workers to share in the gains of this economic recovery, while the proposed tax cuts will needlessly provide a second helping of the economic pie to the wealthiest taxpayers,'' said EPI Vice President Lawrence Mishel.

''It's ridiculous that a minimum wage bill supposedly designed to aid low-wage workers would actually give its biggest benefits to the highest-income people in the country.'' said Citizens for Tax Justice, director Robert S. McIntyre.

EPI's minimum wage analysis compares the wage hikes under the GOP plan, which would boost the minimum wage by $1 over three years, to the wages that affected workers would earn if their wages merely keep up with inflation over the next decade. The GOP's three-year phase-in of the wage boost provides an $11.2 billion gain to these workers over ten years—$3.8 billion less than the Bonior-Kennedy proposal's two-year implementation plan, which would produce a total of $15 billion in higher wages.

The distributional effects of the tax cuts were analyzed by CTJ using the Institution on Taxation and Economic Policy Tax Model. The $123 billion estimated ten-year cost of the tax cuts is based on preliminary, March 1, 2000 estimates from the Joint Committee on Taxation. (The tax cut plan would, among other things: cut estate taxes by $79 billion over ten years—representing almost two-thirds of the total proposed tax cuts; increase the write-off for business meals to 60% of cost from 50% under current law; provide added tax breaks for pensions and 401(k) plans; increase the limits on immediate write-offs of business capital investments; speed up the date when 100% of self-employed health insurance can be deducted; restore a loophole for installment sales that was repealed in 1999; expand enterprise zones; expand the tax credit for investors in low-income housing; expand the tax credit for investors in low-income housing; and augment tax breaks for private tax-exempt bonds.)

A table detailing the distributional effects of the tax cuts follows:

EFFECTS OF THE TAX CUTS IN THE HOUSE GOP 2000 MINIMUM WAGE BILL

[Annual effects at 1999 levels; $-billion except averages.]

Income group	Income range	Average income	Estate tax cuts	Corporate tax breaks	Pensions & 401Ks	Total tax cuts	Average tax cut	Percent of total tax cut
Lowest 20%	Less than $13,600	$8,600	−0.0	−0.0	−0.0	−0.0	−1	0.3%
Second 20%	13,600–24,400	18,800	−0.0	−0.1	−0.0	−0.1	−4	0.9%
Middle 20%	24,400–39,300	31,100	−0.0	−0.2	−0.0	−0.2	−7	1.7
Fourth 20%	39,300–64,900	50,700	−0.0	−0.3	−0.0	−0.3	−13	3.0
Next 15%	64,900–130,000	86,800	−0.0	−0.4	−0.1	−0.6	−29	5.3%
Next 4%	130,000–319,000	183,000	−0.8	−0.5	−0.4	−1.7	−329	15.7%
Top 1%	319,000 or more	915,000	−5.7	−1.4	−0.7	−7.7	−6,128	73.1%
All			−6.5	−2.8	−1.2	−10.6	−83	100.0%
Addendum:								
Bottom 60%	Less than $39,300	$19,500	0.0	−0.3	−0.0	−0.3	−4	2.8%
Top 10%	92,500 or more	218,000	−6.5	−2.0	−1.1	−9.7	−765	91.4%

Notes: Figures show the annual effects of the approximately $123 billion in tax cuts over the next 10 years included in the GOP minimum wage increase plan to be voted on by the House on March 9 or 10. All provisions are measured as fully effective, at 1999 income levels. Distributional figures do not include the faster phase-in of the self-employed health insurance deduction.

Source: Institute on Taxation and Economic Policy Tax Model. Citizens for Tax Justice, March 7, 2000.

The report, *Unbalanced Acts,* is available on-line at both www.epinet.org and www.ctj.org. It can also be obtained by calling 1–800–374–4844.

UNBALANCED ACTS

A COMPARISON OF THE PROPOSED MINIMUM WAGE AND TAX BILLS

(By Jared Bernstein, Robert S. McIntyre, and Lawrence Mishel)

The good news is that an increase in the federal minimum wage looks like a real possibility. How good the news is, however, depends on which of the two competing proposals wins out. The differences between the two proposals are not insignificant, especially when considering the billions of dollars in tax cuts in which the GOP leadership has couched its minimum wage proposal. A comparison of the size and phase-in periods of the competing minimum wage proposals in relation to the proposed $123 billion GOP tax cut package finds that:

The $123 billion in tax reductions proposed by the House GOP leadership over the 2000–10 period is nearly 11 times greater than the $11.2 billion in wage hikes that would be generated by its accompanying minimum wage proposal.

Over the course of a decade, for every dollar in higher wages generated for low-wage workers by the House GOP plan, $10.90 in tax cuts will be provided, mostly for those with the highest incomes.

While the tax bill's permanent tax cuts grow to $17.6 billion in fiscal year 2010, the effect of both of the minimum wage proposals will be totally eroded by inflation after fiscal year 2006.

The Bonior-Kennedy minimum wage proposal's two-year implementation plan providers a total of $15 billion in higher wages, while the GOP plan's three-year schedule provides an $11.2 billion gain to these workers, or $3.8 billion less.

Ninety-one percent of the gains from the GOP's proposed tax reductions are targeted to the wealthiest 10%, with 73.1% accruing to the richest 1% of households. In contrast, the minimum wage proposals are designed to aid the lowest-income workers.

AN ANALYSIS OF THE GAINS FROM THE TAX AND MINIMUM WAGE PROPOSALS

Quantifying the aggregate wage gains over the next 10 years under both the Bonior-Kennedy and the House GOP minimum wage proposals (see appendix for methodology) allows for a clear comparison of the proposed minimum wage increases and the proposed tax legislation (Table 1).

TABLE 1.—COMPARISON OF ANNUAL AND CUMULATIVE IMPACT OF HOUSE GOP TAX AND MINIMUM WAGE PLANS, 2000–10

[amounts in billions]

Fiscal year	House GOP		Comparison of House GOP tax and min wage plan	
	Tax cuts	Min wage	(1) − (2)	Ratio of tax cuts to MW plan (in percent) (1)/(2)
Annual impact:				
2000	$0.5	$0.7	−$0.2	73
2001	2.4	1.7	0.7	142
2002	9.2	3.2	6.1	292
2003	10.6	2.7	7.9	395
2004	10.8	1.7	9.1	626
2005	12.3	0.9	11.4	1,301
2006	13.4	0.4	13.0	3,421
2007	14.4	.....	14.4	(1)
2008	15.2	.....	15.2	(1)
2009	16.3	.....	16.3	(1)
2010	17.6	.....	17.5	(1)
Cumulative impact:				
2000–10	122.8	11.2	111.6	1,093
2000–05	45.8	10.8	35.0	422

[1] Cannot calculate ratio with zero as denominator.

Source: EPI/Joint Committee on Taxation.

The GOP minimum wage proposal would be phased in over three years, with two annual increases of $0.33 and one of $0.34; the Bonior-Kennedy plan would involve two annual $0.50 increases. After the full implementation of these increases, the effects of the minimum wage hike will decline as inflation continues its ongoing erosion of the value of the minimum wage. After fiscal year 2006, inflation will have eroded the new minimum to the point that it will represent no improvement over the current level. Since it takes the GOP plan an additional year to push the minimum wage to the $6.15 level, the $11.2 billion in cumulative gains under the House GOP plan are significantly less than the $15 billion impact of the Bonior-Kennedy plan.

Ultimately, though, the size of the GOP's proposed tax cuts quickly dwarfs that of either minimum wage proposal. By fiscal year 2002, the $9.2 billion in proposed tax cuts are nearly three times as large as the cumulative $3.2 billion in minimum wage hikes up to that point. The annual tax cuts eventually rise to $17.6 billion in 2010, but the minimum wage increase's effect falls to zero after 2006. Thus, the tax cuts grow over time and are permanent, but the minimum wage legislation, while important, has but a temporary impact because neither of the current proposals guarantee further increases after the $6.15 level is reached. (Indexing the minimum wage to inflation or wage growth would remedy this problem of minimum wage erosion.)

The 10-year impact of the House GOP tax legislation—$122.8 billion over the 2000–10 period—is 10.9 times as large as the $11.2 billion in total wage hikes that the GOP's minimum wage boost would produce. Thus, over the course of 10 years, for every dollar in higher wages generated for low-wage workers by the House GOP plan, $10.90 in tax cuts will be provided for mostly those with the highest incomes in the nation.

THE DISTRIBUTIONAL IMPACT OF THE GOP TAX PROPOSAL

The distributional assessment of the tax plan (Table 2) is based on the Institute on Taxation and Economic Policy Tax Model, Among other things, the GOP tax cuts would:

Cut the top estate tax rate from 55% to 48%; eliminate the 5% surtax that recaptures the benefits of the lower estate tax rates; reduce other estate tax rates by 2 percentage points; and replace the credit against estate taxes with an exemption (worth more to the largest estates). The $79 billion in estate tax cuts over 10 years are almost two-thirds of the total tax cuts proposed in the bill.

In crease the write-off for business meals from 50% to 60% of cost under current law.

Provide added tax breaks for pensions and 401(k) plans.

Increase the limits on immediate write-offs of business capital investments.

Speed up the date when 100% of self-employed health insurance can be deducted.

Restore a loophole for installment sales that was repealed in 1999.

Expand enterprise zones.

Provide tax breaks for timber companies.

Expenad the tax credit for investors in low-income housing.

Augment tax breaks for private tax-exempt bonds.

Table 2 shows that almost all of the benefits of the tax legislation (91.4%) would accrue to the wealthiest 10% of the population. In fact, the wealthiest 1% would get 73.1% of the proposed tax reductions.

A one-dollar increase in the minimum wage provides no economic rationale for tax cuts of the magnitude proposed in the GOP legislation. Yet, as with the last minimum wage increase, Congress again intends to use this opportunity to implement a regressive tax cut. As the above analysis has shown, the benefits to the wealthy from this proposal far outweigh the benefits of the wage increase.

TABLE 2.—EFFECTS OF THE TAX CUTS IN THE HOUSE GOP 2000 MINIMUM WAGE BILL

[Annual effects at 1999 levels; $ billion except averages]

Income group	Income range	Average income	Estate tax cuts	Corporate tax breaks	Pensions & 401Ks	Total tax cuts	Average tax cut	Percent of total tax cut
Lowest 20%	Less than $13,600	$8,600	$0.0	$0.0	$0.0	$0.0	$−1	0.3
Second 20%	13,600–24,400	18,800	0.0	−0.1	0.0	−0.1	−4	0.9
Middle 20%	24,400–39,300	31,100	0.0	−0.2	0.0	−0.2	−7	1.7
Fourth 20%	39,300–64,900	50,700	0.0	−0.3	0.0	−0.3	−13	3.0
Next 15%	64,900–130,000	86,800	0.0	−0.4	−0.1	−0.6	−29	5.3
Next 4%	130,000–319,000	183,000	−0.8	−0.5	−0.4	−1.7	−329	15.7
Top 1%	319,000 or more	915,000	−5.7	−1.4	−0.7	−7.7	−6,128	73.1
All			−6.5	−2.8	−1.2	−10.6	−83	100.0
Addendum:								
Bottom 60%	Less than $39,300	19,500	0.0	−0.3	0.0	−0.3	−4	2.8
Top 10%	$92,500 or more	218,000	−6.5	−2.0	−1.1	−9.7	−765	91.4

Figures show the annual effects of the approximately $123 billion in tax cuts over the next 10 years included in the GOP minimum wage increase plan to be voted on by the House on March 9 or 10. All provisions are measured as fully effective, at 1999 income levels. Distributional figures do not include the faster phase-in of the self-employed health insurance deduction. Source: Institute on Taxation and Economic Policy Tax Model. Citizens for Tax Justice, March 7, 2000.

APPENDIX: MINIMUM WAGE SIMULATION METHODOLOGY

To determine the aggregate wages generated by a minimum wage increase, one needs to identify the hourly wages and weekly hours of workers in the ''affected range,'' i.e., those whose wages fall below the proposed new minimum wage. We identify those in the ''affected range'' by ''aging'' the 1999 hourly wage distribution found in the Outgoing Rotation Group files of the Current Population Survey by a 2.5% rate of inflation (the long-term rate projected by the Congressional Budget Office). Our analysis assumes that in the absence of a minimum wage increase, low-wage workers would maintain their real wage, seeing no improvement or deterioration. This assumes wage growth depletes the size of the working population in the affected range, as some workers' wages will eventually exceed that of the newly established minimum wage. (The minimum wage would rise in two annual $0.50 increments in the Bonior-Kennedy version and two $0.33 annual increments and a $0.34 increment in House GOP plan). When those earning $5.15 in 1999 see their earnings reach $6.15, then the minimum wage legislation no longer has any effect, which under our assumptions would take place eight years from now. We assume that the minimum wage increases take effect in April of the relevant year.

The aggregate wage benefit is computed for workers in the affected range as the difference between their simulated wage level and the new minimum ($6.15 in later years; other values in the transition years) multiplied by their average weekly hours for 52 weeks. We increase the wage gain to reflect a labor force growing by 1% annually.

The wage gains associated with minimum wage increases in this simulation would be smaller (larger) if we assumed either a faster (slower) inflation rate or real wage gains (declines).

Mr. HAYWORTH. Mr. Speaker, I yield myself 1 minute in brief response to my colleague from California. Mr. Speaker, it was interesting to listen to the litany of game shows. Perhaps one we might call on our friends on the left to actually watch and live up to is the game show ''To Tell the Truth'' because that seems to be sadly, noticeably absent from the litany of lines we are hearing today from the left.

My friend from California and others in this Chamber are well aware that small business owners, family farmers, actually create jobs for other Americans, so reducing the tax bite, saying death to the death tax actually empowers Americans to keep their jobs, rather than seeing family farms sold off to pay off a huge tax bill, and the same thing with businesses.

Mr. Speaker, I yield 4½ minutes to the gentleman from New York (Mr. LAZIO), a member of the Committee on Commerce.

Mr. LAZIO. Mr. Speaker I want to thank the gentleman from Arizona, I want to thank the chairman of the Committee on Ways and Means for his leadership in bringing this to the floor, and I want to thank the Republicans and Democrats that helped shape this bill. These tax provisions that represent, let us put this in perspective, about 1 percent of the non-Social Security surplus that we will generate, about one penny out of every dollar.

This Small Business Tax fairness Act that is under debate today was drafted in the spirit of mutual respect, Republicans and Democrats not presuming to know what the final product was; but we have come together to try and craft something from the start. This bill was introduced by myself and cosponsored by colleagues from both sides of the aisle. I want to, if I can, pay special tribute to the gentleman from Illinois (Mr. SHIMKUS), who played a key role in drafting this legislation. Additional Republican cosponsors included the gentleman from Illinois (Mr. WELLER), the gentleman from Pennsylvania (Mr. SHERWOOD), and the gentleman from Mississippi (Mr. PICKERING). And on the Democratic side of the aisle, the gentleman from California (Mr. CONDIT) and the gentleman from Alabama (Mr. CRAMER) helped craft this bill, were involved from the beginning. Additional Democratic cosponsors, including the gentleman from Georgia (Mr. BISHOP), the gentleman from Mississippi (Mr. SHOWS), and the gentleman from Minnesota (Mr. PETERSON), also played key roles.

□ 1715

These Members came together in the spirit of bipartisan cooperation. They gathered with goodwill to come to grips with a complex and tangible problem.

This bill represents a credible and honest effort to find a workable balance between the contending viewpoints that are found both in this House and in the American public at large.

We came to the table with the realization that a wage increase was fair but we also came to the table with a desire to protect the small business people who will end up bearing the direct burden of any wage increase that we pass here today. We wanted to avoid the real life situations in which low-wage workers would be laid off because of the increased pressure this bill places on small employers' bottom lines.

In short, we wanted to find a win/win. In fact, Mr. Speaker, that is exactly what we have done.

Mr. Speaker, we all wish to ensure that American workers at the bottom of the economic ladder are fairly compensated for their hard and honest labor. Yet we must also recognize that Federal wage mandates imposed from on high in Washington can have a particularly negative impact on the small businesses where these very same low-wage earners are employed.

For those who wish to say that they want to balance the minimum wage increase with tax relief for America's small businesses, they can do that here today. For those who say that they favor letting the self-employed deduct health insurance costs, they can do precisely that today. For those who say they wish to vote for low-income housing tax credits, they can do precisely that today. If, however, they wish to conjure up reasons to vote against this bill, they may be able to do that.

Mr. Speaker, we here in Washington are about to impose higher payroll payments upon mom and pop stores throughout the country. Is it not only fair that we should also offer these same small business owners Federal help and not make them shoulder this burden alone?

I would like to know what the opponents of this bill find so objectionable about provisions that help small business owners offer pensions to their workers. I would like to understand why anyone would oppose the community renewal provisions of this bill that

help bring hope to America's most economically troubled regions. What is wrong with balancing this wage increase that elevates salaries at double the rate of inflation, with aid to the small businesses who in the end will be forced to pay the bill for what we pass here on Capitol Hill?

Mr. Speaker, the energy of entrepreneurs, people who have the courage to risk all to realize their vision and dreams, should be rewarded, not punished. Do we really wish to leave the owners of small computer firms, restaurants, and mom and pop stores hanging out on a limb where we shove them off alone? I think not, Mr. Speaker. Let us offer those owners of mom and pop stores a helping hand.

In the beginning, I must admit that I was a bit perturbed and perplexed and even puzzled by the opposition to this bill; but upon reflection, I am not so perplexed after all.

No, Mr. Speaker, I am neither perplexed nor puzzled by the opposition to this bill.

I remain, however, perturbed. I am perturbed by the fact that many of the people in opposition would be motivated by the other ''P'' word: Politics, to injure the small business owners and workers who form the backbone of the American economy.

This bill represents an honest and good faith effort in which representatives from both sides of the partisan divide came together to achieve the best possible results, and the best possible result is precisely what we shall achieve here on the floor of the Chamber today when we pass this bill.

Mr. Speaker, we are first and foremost public servants. Let us put election year political jockeying aside and do what the people of America expect us to do. Let us do what we came here to Washington to do. Let us make people's lives better. Let us pass this bill.

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

Mr. Speaker, I do not care how much time they give my friend, the gentleman from New York (Mr. LAZIO), to speak. He has to be pretty hard put to find any bipartisanship on the tax provisions in this bill. We can rest assured if there was any attempt, we would not find 90 percent of the tax cuts going to 10 percent of the highest income people here. If we did have a bipartisanship, we would not find three-fourths of the tax cuts going to the highest income people.

Let me say this to my friend, the gentleman from Arizona (Mr. HAYWORTH). He came pretty close to calling one of our colleagues a liar that was speaking. He came very, very close. I do hope that a reflection on the RECORD might bring out the best that he has in his personality and his character so that we can continue to work together as friends in this legislature, notwithstanding the TV shows that he watches.

Mr. Speaker, I yield 2 minutes to my friend, the gentleman from California (Mr. FILNER).

Mr. FILNER. Mr. Speaker, there they go again. The majority is once again bringing up legislation that purports to help the average hard-working, taxpaying American but in reality is just more relief for their well-to-do friends and business partners.

The gentleman from Arizona (Mr. HAYWORTH) watches television. He is telling his friends that the price is right, yet he is putting all of America into jeopardy.

We cannot continue to widen the gap between those who have and those who have less. Just like the majority's so-called marriage penalty relief, this tax cut/minimum wage increase does just that. It actually widens the income gap.

Billions and billions in tax cut benefits for the majority's rich friends and one dollar to America's working people; one dollar to America's working people.

All Americans should share in the prosperity of this booming economy, not just America's corporate CEOs. The Democratic substitute would allow those at the low end of the wage scale to share in this prosperity. I urge my colleagues on both sides of the aisle to remember the priorities of the average American. Let us raise the minimum wage, save Social Security and Medicare, pay down the national debt and stop helping the wealthy under the pretense of helping the average hard-working American.

Mr. Speaker, the saying goes, a rising tide lifts all boats but it is very clear that if this is approved the majority's proposal will leave an awful lot of smaller boats stuck in the muck of economic misery.

Defeat this bill and let us have all America set sail on the ship of prosperity.

Mr. HAYWORTH. Mr. Speaker, I yield myself 1 minute to respond to some of the rhetorical fireworks in the past couple of minutes.

Mr. Speaker, I appreciate my good friend, the ranking member of the committee, the gentleman from New York (Mr. RANGEL), and I am sorry that he felt it necessary to offer a personal attack by way of rhetoric, but we will look past that and go to the facts because as we know facts are stubborn things.

When we examine the alternative offered by the minority, it is actually cruel because it offers tax relief with one hand and takes it away with the other. I point specifically to two increases, two estate tax increases, in the Democratic alternative; and I would point out, Mr. Speaker, that Americans for Tax Reform have sent a letter to the chairman of the Committee on Ways and Means where they state specifically the Democratic alternative would result in new taxes on estates, corporate income, and capital gains alone.

So I think that is important to remember.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. CUMMINGS).

Mr. CUMMINGS. Mr. Speaker, America's labor force is the backbone of our flourishing economy. Without the efforts of workers in America's industries, big business could not thrive. When we do our job, we receive due compensation. The American people should be no different. It is our job to ensure that America's workers are not taken advantage of.

It is convenient for big business to forget those whose labor helps their companies thrive. Well, it is our job to remind them. It is our job to ensure that the minimum wage levels will afford our Nation's workforce with a decent life-style. It is our job to ensure that the Social Security trust fund is intact when they retire.

It amazes me that while colleagues on the other side of the aisle profess to raise the minimum wage, they continue in their quest to provide careless tax benefits to the wealthy and threaten the Social Security trust fund.

Raising the minimum wage over the course of 3 years is not enough. Our workers deserve more. Our workers deserve better. America's workers are doing their jobs and now is the time that we do ours.

Mr. Speaker, I urge that we reject this bill and fully support the Democratic alternative.

Mr. HAYWORTH. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. ROYCE).

Mr. ROYCE. Mr. Speaker, I thank the gentleman from Arizona (Mr. HAYWORTH) for yielding me this time.

Mr. Speaker, small businesses are the backbone of our economy. They employ over half the private workforce in this country. They contribute half of all sales. They are responsible for half the private gross domestic product in the United States.

Now, what this bill will provide is needed relief for small business and for America's workers. The new tax relief provisions will create new jobs. They will promote continued economic growth. They will continue to promote the type of employment policies in which people can find jobs.

The reforms in the pension system will enhance retirement security. The acceleration of the 100 percent health deduction for the self-employed will help ensure that workers will be able to afford quality health care in the private marketplace.

It is time to remove some of the government ties that still bind the engine behind America's unprecedented economic prosperity. It is small business that leads to this prosperity, and I urge my colleagues to pass this bill.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, on the 29th of September, 1.4 million Americans will go to the mailbox looking for their paycheck. They are the young people who serve in the Army, the Navy, the Air Force and the Marines. It will not be there because the same people who claim to be for national defense, the same people who claim that there is this huge surplus out there, have seen to it that they are not going to get paid until two days later, October 1. That is so there can be an accounting gimmick and their pay counts against next year's budget and not this year's budget.

Now, if one is a Congressman and they make about $130,000, waiting 2 extra days for their pay is no big deal but if one is an E–4 with a child and a wife waiting that extra weekend to buy the Pampers or the baby formula, it is a big deal.

So the same folks who did this are saying we have over $100 billion to give away in tax breaks, 90 percent of which is going to the richest Americans, but we do not have enough for someone if they serve in the Armed Forces, and we are going to delay their pay. That is how much we think of them.

It gets even worse. If one served their Nation honorably, they were promised health care for the rest of their life if they served 20 years. Those same people who show up at the base hospitals they are being told, we are sorry, there is not enough money to take care of them; they are to go out and fend for themselves on Medicare; but there is $120 billion in tax breaks for the wealthiest Americans.

It gets even worse. For 3 years the same folks who are saying there is all this money laying around, that is why we have to have these tax breaks, froze the budget for the VA. They froze it.

Mr. Speaker, if there is not enough money to take care of those who need it the most, then there is not tax breaks for the least.

Mr. HAYWORTH. Mr. Speaker, I yield myself 1 minute in response to my colleague, the gentleman from Mississippi (Mr. TAYLOR), with whom I see eye to eye on many issues of national security.

I appreciate his points but it is interesting that it is somewhat of a selective outrage at the majority in this legislative body because I can remember the President of the United States, Mr. Speaker, visiting this Chamber for a State of the Union message and in outlining budget priorities failed to even articulate just a bit of rhetoric for those veterans who have served our country.

Indeed, as the record reflects, it was the majority adding $1,700,000,000 in health care benefits for our veterans. The other irony, I would point out to my friends in the minority, is this, just a few short months ago they embraced tax relief to the tune of $300 billion and yet now, Mr. Speaker, they tell us it is risky to propose real tax relief of even $48 billion to help America's working families.

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Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I need to remind my colleague from Arizona that it is the House's responsibility to deal with the House's business. The gentleman from Mississippi was talking about what we do, not what the President does, and that needs to be taken into account.

What we are about to do today is add-to. When we add up all of the tax cuts that have now been proposed by the majority in the House and the Senate, it is $500 billion. This is money that is saying our debt continues to go up and the risk to Social Security increases with every bill that is passed like the one before us today.

Mr. Speaker, we do not with small businesses any favors or family farmers any favors by enacting a tax cut which brings them minimal relief, minimal relief at the same time it undermines the fiscal discipline that has produced the longest economic expansion period in the history of our country. The Democratic alternative would provide an immediate $4 million exclusion for estate tax that would exempt more than 90 percent of the family farms from paying any estate tax at all.

I would welcome the opportunity today on this floor to debate between the bill of the majority and the bill of the minority on a line-by-line basis. Then the rhetoric would stop, I say to my friend from Arizona, and we could have an honest discussion. Why would you not permit an honest discussion of these issues? Why do you pass over the fact that the statement of the gentleman from Mississippi was 100 percent true? Why do you continue to do that with rhetoric? Why is it so important to continue to discuss tax cuts when we ought to be debating the very issues that we seem to all be agreed to.

Vote against this bill and vote for the motion to recommit.

Mr. Speaker, I rise in opposition to this fiscally irresponsible tax bill and in strong support of the Democratic alternative which will be offered as the motion to recommit.

I said on many occasions that the tax bill that this body passed and the President vetoed last year was the most fiscally irresponsible legislation in my 21 years in Congress. We are well on our way to replicating that dubious achievement this year. If we pass this bill today, the total cost of tax bills passed by the House or the Senate to date will total nearly $500 billion when the interest costs are taken into account. More costly tax bills stand in line to follow.

The tax bill before us is simply a political document that never will become law. Worse, this tax bill put forward by the Majority does not provide meaningful relief from the estate taxes for small businesses and farmers. It may be a good deal for wealthy individuals with estates of $10 million or more, but it doesn't do much for the vast majority of small businesses and family farmers in my district.

We do small businesses, family farmers and ranchers no favor by enacting a tax cut which brings them minimal relief at the same time it undermines the fiscal discipline which has produced the longest economic expansion period in the history of our country.

The Democratic alternative developed by CHARLIE RANGEL and JOHN TANNER is a fiscally responsible tax proposal which would provide real and meaningful tax relief for the largest number of small businesses. Incidentally, it also could be signed into law.

The Democratic alternative would provide an immediate $4 million exclusion for the estate tax which would exempt more than 90% of family owned farms from paying any estate tax at all. There are 193,024 family farmers in the State of Texas with farms valued at less than 5 million dollars who would benefit from the estate tax relief in the Democratic substitute. The bill before us does very little for these family farms.

The Democratic alternative contains several other important tax breaks for small businesses that I have long supported. It immediately implements the 100% deduction of health insurance for the self-employed. It makes permanent both the Work Opportunity Credit and the Welfare-to-Work Credit for businesses which hire disadvantaged workers. It increases the business meal deduction and the first-year 100% deduction for investment expenses. And, importantly, the Democratic alternative will maintain the fiscal discipline that has produced our strong economy because the tax cuts in the Democratic alternative are paid for. No wonder the small business community has been so impressed with this proposal.

The President has promised that he will sign into law the Democratic tax package. The fact that the leadership left only a procedural vote to indicate support of this amendment raises the question of what is more important to them: actually providing tax relief to small businesses or keeping a political issue alive.

Vote against this bill and vote for the motion to recommit so we can pass business tax relief which genuinely has been targeted towards small businesses and which can be signed into law.

Mr. HAYWORTH. Mr. Speaker, I yield myself 1 minute.

In response to my colleague from Texas, the reason we engage in this debate, and it is good that there are honest, philosophical differences; but I think all Members of the House, Mr. Speaker, need to be reminded that the money we are talking about does not belong to the Federal Government; it serves no higher purpose when we leave it in the hands of Washington bureaucrats, and the best way to empower all Americans is to make sure that all Americans hold on to more of their hard-earned money.

I would be happy to point out again that if we examine the alternative offered by the minority, it offers tax relief in one hand, it takes it away with estate tax increases on the other hand. The net tax relief of the minority package is a total of $8 million as opposed to $48 billion of comprehensive relief offered by a bipartisan majority. Again, I would point out that many Members of the minority, just a few short weeks ago, embraced a $300 billion tax relief package.

Mr. RANGEL. Mr. Speaker, I yield 10 seconds to the gentleman from Texas (Mr. STENHOLM) to respond to what the gentleman from Arizona just alleged.

Mr. STENHOLM. Mr. Speaker, I appreciate my friend's comments. I would also point out that we have a $5.6 trillion debt that needs to be addressed. That is what we are talking about on this side. Pay down the debt first, and then let us deal with tax cuts and other priorities.

Mr. HAYWORTH. Mr. Speaker, I yield myself 30 seconds.

The SPEAKER pro tempore (Mr. PEASE). The gentleman from New York (Mr. RANGEL) controls the time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. BACA).

Mr. BACA. Mr. Speaker, I rise in behalf of the working families. I am speaking about the $1 increase in the minimum wage over the next 2 years, and I oppose the passage of the tax scheme provision, the Republican tax bill, H.R. 3081, that benefits the wealthy. We are talking about a cost over 10 years of $122 billion. That is not being fiscally responsible. We are talking about the need to be fiscally responsible, and we have that responsibility. We have the responsibility to do the death tax reduction. This bill is not dealing with the death tax reduction. We have the responsibility to working families, families right now that need an increase. There are many individuals that are struggling right now.

I myself come from a poor family and know what it is like to struggle, when one is just making minimum wage. Many of our students that are up in the gallery and others are saying look, we need an increase right now. We want to make sure that we can afford to put food on the table. We want to enjoy the same things that other individuals enjoy. We want to enjoy the quality of life. We want to make sure that we do not have to struggle like many others. We are very fortunate in our country that we have the ability for those of us who earn the money, but for those individuals that are poor and disadvantaged, we need to help them.

Mr. Speaker, I rise today to speak on behalf of working families across America.

I am speaking about a one-dollar increase in minimum wage over the next two years and opposing the passage of the tax provisions of the Republican tax bill, H.R. 3081.

The minimum wage proposal would benefit millions of families and allow them some comfort and economic dignity.

40% of minimum wage workers are the sole breadwinners in their families.

It is our responsibility to allow everyone—everyone—a chance at the American Dream and opportunity to bridge together and help improve the quality of life for all Americans.

The working people of America—the ones who built this country—deserve the opportunity to provide for themselves and their family.

You can't raise a family on $5.15 an hour.

You can't house a family on $5.15 an hour.

And you certainly can't put a decent roof over their heads for $5.15 an hour.

Parents who are forced to work two jobs are unable to spend much time with their children. That is wrong.

Democrats have been pushing for an increase since January of 1998 and it has taken the Republican leadership too long to respond.

How can they give themselves a $4,600 pay raise last year and then deny Labor a $1 pay raise over two years?

Republicans have used up all their excuses.

Now is the time to give these Americans a raise.

This issue is not about politics but about women . . . about children . . . and most importantly . . . about fairness.

Why should we vote for open markets in China and then deny the American worker his overdue benefits?

Why should we vote for a tax bill that will benefit only the wealthy and do nothing for the working class?

These votes are simple . . . yes to minimum wage and no to the tax.

I say we pass the minimum wage bill and change the slanted tax bill . . . and give laboring Americans the dignity to live.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members are reminded not to address comments about occupants of the gallery.

Mr. HAYWORTH. Mr. Speaker, I yield myself 1 minute. Welcome, my colleague from California, to this Chamber and to the debate. To my colleagues on the left and my friend from Texas, whom I guess left the Chamber, I would simply point out again that facts are stubborn things.

It is a fact that we have paid down over $140 billion of this debt. It is a fact that the budgeteers not here in Congress, but down at the other end of Pennsylvania Avenue at the White House who assessed what has transpired here with our budget, say that in 1999, for the first time since 1960, the United States Government offered a budget surplus over and above those funds of the Social Security Trust Fund. I would remind my colleagues that it was the efforts of this majority to lock away 100 percent of the Social Security surplus for Social Security in stark contrast to previous majorities in earlier years where that Social Security money was spent just as fast as it could be printed.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from New Jersey (Mr. HOLT).

Mr. HOLT. Mr. Speaker, this week I visited a beautiful farm, 85 acres in Holmdel, New Jersey, the Garden State. This property is one of the largest parcels of undeveloped land in that township. The farm has survived two world wars, the Great Depression, the advent of the technological revolution, and the factory farm. But today, because of the estate tax, family members may have to sell the property to developers. This is true even though some of the survivors would like to keep the land in the family and preserve it as open space and farmland.

Well, when a government policy robs families of their heritage and forces communities to develop land instead of preserving it, something needs to be changed. I am proud to cosponsor the legislation introduced by the gentleman from New York (Mr. RANGEL) that would help mitigate this unfair tax which hits so many in New Jersey.

The Rangel small business tax package would relieve the estate tax burden for family-owned farms and small businesses, and also includes other helpful tax cuts, including a provision to make permanent the work opportunity and welfare-to-work tax credits. The proposal would also accelerate 100 percent health insurance deduction for the self-employed and increase the tax deductions for business expenses. This is a responsible package to preserve family farms and small businesses and is compatible with efforts to shore up Social Security and Medicare and pay down the debt.

Central New Jersey supports eliminating the estate tax for family-owned farms and businesses. I urge my colleagues to support responsible estate tax relief.

Mr. HAYWORTH. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. GARY MILLER).

Mr. GARY MILLER of California. Mr. Speaker, this bill is about cleaning up neighborhoods and helping people afford housing. It would increase the State authority for the low-income housing tax credit from $1.25 per person to $1.65 per person, and it will index that cap to inflation. What does that mean to people in your district and mine struggling to afford housing?

Here are some statistics: the current credit on caps is $1.25 per person. It has not been changed since 1986, which means that while housing is currently affordable and the buying power of taxpayers has been decreased by almost 50 percent, it is not what it used to be. Mr. Speaker, 12 million Americans who are eligible for this program are not benefiting, which means that they are paying a very high portion of their income for rent or they are living in substandard housing.

Also, this legislation helps distressed areas by creating renewal communities with pro-growth tax initiatives to create jobs, encourage personal savings,

and clean up neighborhoods on former industrial sites so new businesses can grow.

Some people have said this tax cut is for the rich, but obviously that is not true. The truth is that those who argue against this kind of a tax cut are simply against any kind of a tax cut. They are terrified about letting any money get away from the Government because they honestly believe government is a solution to all of our problems.

Mr. Speaker, I urge all of my colleagues to support this bill that will help people improve their communities and afford housing.

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

For someone to say that Democrats are against any tax cuts, they obviously did not read the substitute. We have $36 billion worth of tax cuts here. The only difference is that we give a clear, no-tax status to those people who have estates that are $4 million tax free and we give relief up to $13 million. The Republicans have most all of their tax cut going to people in higher incomes. So one cannot say that when we look at the substitute, we have a $36 billion tax cut there, that we do not believe in tax cuts.

The truth of the matter is that the majority does not believe in a one-dollar increase in the minimum wage, because if they did believe in it, they would have worked out in a bipartisan way how we could bring the President to sign a bill. It is as simple as that. As a matter of fact, if they had just stopped at $36 billion, we could have walked out of here, men and women, Republican and Democrats, going to our home districts and saying, not only did we help those that work every day, even though it is at near-poverty wages, but we gave relief to small employers who may not be able to afford that $1. That is what we could have done. That could have been the beginning of us working together toward other tax cuts after we take care of Social Security and Medicare and affordable drugs, after we make certain that we protect the patient's right to be able to sue, after we do those basic things, again, not as the majority and minority, not as Republicans and Democrats, but as Members of Congress working together to improve the quality of life for most Americans, especially working Americans.

There will be enough differences for us to go to the polls and to campaign, but we do not have to fight on each and every issue. Why cannot the majority take a deep breath, get a life, and try to do some of the things that the senior Senator from Arizona was saying. Be responsible. Stop thinking only in terms of tax cuts.

The American people say, I want a tax cut. They are saying, that is my money. But we have a responsibility to take care of that over $5 billion of Federal debt that we have to pay down. We have to take care of Medicare. We have to take care of Social Security. While we are at it, they say, yes, take care of cutting my taxes; but during this period of prosperity, do not deny the working poor a $1 increase in the minimum wage.

So I suggest to the other side that they know that they have begged for a veto. The worst thing that could happen to my colleagues is for the President to decide not to be held hostage and to swallow these irresponsible tax cuts, but that is not going to happen. Because it was this President that has led us to this period of prosperity and he is not going to allow politically motivated Members of this House to drive them into doing something this irresponsible because he wants a minimum wage.

Mr. Speaker, it is not too late for my colleagues to change their wayward ways and to attempt to sit down and to work with Democrats and to work with the President and to do the right thing. My Republican colleagues could not get this 800-pound gorilla off the floor last year, and you will not be able to do it this year.

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

I thank my colleague from New York. I thought for a moment there he was engaged in self-analysis when he talked about playing politics and who was holding whom hostage over reasonable relief for working Americans when it comes to taxation.

Again, facts are stubborn things. It is worth noting that this Congress together, in a bipartisan fashion, joined to create a lockbox for Social Security that kept the Social Security surplus, 100 percent of it, intact and reserved for Social Security; that it is this Congress, working together, that paid down $143 billion of a $5 trillion national debt that hangs over the heads of our children; that it is this common sense Congress, working in a bipartisan fashion, with sober, business-minded friends in the minority in a bipartisan fashion to offer reasonable tax relief and search for a way to find common ground. Indeed, that is what this legislation provides.

Mr. Speaker, we offer tax relief for working Americans. We offer empowerment for the economically downtrodden. We offer a way to say death to the death tax and make sure that people stay gainfully employed and that family farms and small businesses are not sold off to satisfy the insatiable desire of those who always seek for the public Treasury personal funds. That, in the final analysis, is what this debate comes down to, Mr. Chairman. It is this question: To whom does the money belong? Does it belong to Washington bureaucrats, or does it belong to the American people who work hard, pay their taxes, and play by the rules?

Mr. Speaker, a bipartisan majority supports the notion that the money belongs to the people who earn it, who work hard and play by the rules, and who deserve to have a good chunk of their money stay in their pockets.

In conclusion, I would simply point out that the minority alternative offers, are we ready for this, a net tax relief package of $8 million as opposed to broad-based tax relief of $48 billion under the bipartisan majority plan.

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That is what we must work for, economic empowerment, not only through wages, but allowing all Americans to keep more of their hard-earned money. That is why I am pleased to support the commonsense majority plan that passed out of the Committee on Ways and Means and comes to this floor for the consideration of all my colleagues.

Mr. MOORE. Mr. Speaker, I rise today in support of H.R. 3832, the Small Business Tax Fairness Act of 2000.

I have long been a supporter of targeted tax relief that will help sustain the growth of economy, support the continued health of our nation's small businesses, restore and rehabilitate our rural and urban communities, and provide incentives for individuals to save for their retirement.

While I would have included provisions that differ somewhat from this version had I drafted this bill myself, I strongly support the following provisions that will benefit small businesses and the self employed, low-income and rural areas, and the working poor and middle-income America:

100 Percent Deductibility of Health Insurance Costs: This provision will level the playing field for the self-employed and reduce the burden on the over 44 million Americans currently without health insurance.

Small Business Expensing: A majority of our nation's small businesses exceed the current small-business expensing limits in only three months. This bill would raise the threshold from $20,000 to $30,000, which will free up capital resources for additional investment in small businesses to expand and create new jobs.

Installment Sales Tax Correction: Last year, Congress passed and the President signed into law a bill that provided much needed tax relief to individuals and businesses through extending certain tax credits. Unfortunately, this law contained a provision, which will be repealed by H.R. 3832, that prohibits small businesses that use accrual accounting methods from selling assets in installments.

Community Development and Low-Income Assistance: The measure also provides for the creation of "renewal communities" to assist low-income and rural areas with tax relief that will help spur economic growth. Additionally, the bill includes an expansion of the low-income housing tax credit to help build and support more low-income housing for the working poor.

Enhancing Retirement Security: In an increasingly mobile workforce, it is critically important that we allow for shorter vesting schedules and increased portability of retirement benefits between jobs. This bill does

that. By removing artificial and administrative barriers, these provisions will make it significantly easier for working Americans to save and invest for their retirement. Other provisions in this bill will increase limits on employer-sponsored retirement plans, increase pension opportunities for women who have historically been left out of retirement savings plans, and provide new and expanded opportunities for all Americans to save and invest for their future.

This bill also reduces the estate tax. While I support providing estate tax relief to American families, small business owners, and farmers who have worked their entire lives to transfer a portion of their estates upon their death, I do not advocate a full repeal of the estate tax. I therefore object to the provision in Section 302 of the bill that expresses the sense of Congress that the estate tax should be repealed. Simply, a full repeal of the estate tax will have budget implications that this country simply cannot afford. With over $200 billion in lost revenue, this has the potential to put this country back on the wrong fiscal track of increased deficit spending and an exploding national debt.

Mr. Speaker, this year the House of Representatives has already passed a $182 billion marriage penalty relief bill. I supported that measure because that bill provided needed tax relief for married couples by reducing the marriage tax penalty while strengthening the financial resources of the American family and fostering economic prosperity into the 21st century. Today, we will likely pass a $122 billion tax relief bill. That brings the total tax relief approved by the House to date up to $304 billion or a little more than 30 percent of the projected on budget surplus of $930 billion.

I warned the House when we passed the marriage penalty tax and I will warn the House again today: This Congress has yet to act on a budget resolution and, as such, has no knowledge about how this legislation will fit into our other collective commitments to extend the solvency of Social Security and Medicare and reduce our national debt. Although the majority claims to support retiring the publicly held debt, they have begun the session by scheduling several tax bills funded by the projected budget surplus without giving any consideration to the impact that the bills will have on the ability to retire our $5.6 trillion national debt.

We can, we should, and we have cut taxes. I have supported these bills because each has had a relatively modest cost when considered in isolation; and I will support one more bill—clean legislation that will increase the deductible contribution limits to Individual Retirement Accounts. Today, the Wall Street Journal reported that the majority is contemplating bringing a bill to the floor that would increase IRA limits to $5,000. I have such a bill and I urge the leadership in both parties to consider H.R. 802 because it will help increase national savings and encourage individual private retirement accounts to supplement Social Security benefits.

I am concerned, however, that the total costs of these bills will be nearly as much as the vetoed tax bill, and could even be more expensive. These tax cuts, however, must be made in the context of a fiscally responsible budget that eliminated the publicly held debt, strengthens Social Security and Medicare, and addresses our other other priorities. While I will be supporting this legislation, I will also be redoubling my efforts to push fiscal responsibility—to call for a plan I voted for last summer that would reserve 50 percent of on-budget surpluses for debt reduction, 25 percent for securing Social Security and protecting Medicare, and 25 percent for tax cuts.

We have exceeded that threshold and I urge the leadership to recognize that enough is enough. I urge my colleagues to move forward in a bipartisan manner to address these other important issues and place all of our priorities in context of a responsible budget resolution.

Ms. JACKSON-LEE of Texas. Mr. Speaker, today I rise in strong opposition to the Small Business Tax Legislation coupled with the Minimum Wage Increase bill. This Republican Tax Bill is a poison pill designed to defeat the increase in the minimum wage—the President has indicated that he would veto the Republican tax bill even if it were included in legislation increasing minimum wage.

I have long supported estate tax relief for American families; however, this bill is not a responsible measure in providing such relief. I reject the Republican bill and its solution to estate tax relief and strongly support the Democratic alternative.

The Democratic alternative provides greater tax relief to small businesses in the following respects:

A. It liberalizes and makes permanent the Work Opportunity Tax Credit, a credit that will directly benefit many small businesses employing minimum wage workers. The Republican bill does nothing.

B. It provides far greater estate tax relief for family farms and small businesses than the Republican bill. The overwhelming percentage of estates with farms and small business interests will receive greater estate tax relief.

C. It provides small businesses a greater increase in the business meal deduction than the Republican bill.

D. It contains provisions identical to those contained in the Republican bill on priority issues such as 100% deductibility for health insurance premiums for the self employed, increase in small business expensing, and repeal of the provision enacted last year changing installment method.

E. The Democratic alternative will be signed by the President. Therefore, these priority provisions actually could become law if the Democratic alternative passes. Otherwise, they merely will be contained in yet another bill vetoed by the President.

During 1995 and 1996, the House Republicans alone defeated meaningful reforms that would have stopped a few extraordinarily wealthy individuals from gaining large tax benefits by renouncing their allegiance to this country.

The House Republicans succeeded in overcoming the opposition of the Senate Republicans and Democrats, the Administration, and the House Democrats. They insisted on tax expatriation legislation with many loopholes that enable wealthy individuals to turn their backs on this country and walk away with large accumulations of wealth.

The Democratic alternative contains provisions that effectively will eliminate the tax expatriation loophole. Voting for the Republican bill will be a vote to place the interests of wealthy expatriates ahead of minimum wage workers.

The Democratic alternative also contains provisions to close down the aggressive use of corporate tax shelters. Again, voting for the Republican bill is a vote to place the interests of large corporations using aggressive tax avoidance schemes ahead of minimum wage workers.

The Republican bill would cost approximately $122 billion over the next 10 years and is part of their strategy to enact their irresponsible $800 billion tax bill in a piecemeal fashion. The Republicans once again are asking the House to vote for tax cuts before knowing whether there is a budget framework that will protect Social Security and Medicare, provide a prescription drug benefit, and pay down the national debt. These are the priorities of our constituents. How can we support a bill that threatens fiscal discipline and the welfare of our families?

The Small Business Tax Legislation bill, is highly misleading. The overwhelming bulk of the tax relief contained in the Republican bill will go to the estates of extremely wealthy individuals and not to small businesses.

According to the Center On Budget and Policy Priorities this Republican sponsored bill contains an array of tax cuts that would mostly benefit high-income individuals, and likely lead to reductions in pension benefits for lower-income working families.

The pension provisions mentioned in this bill would be a major expansion of pension-related tax preferences for high-income persons. The proposed pension changes relax some provisions of current law that limit contributions that highly paid individuals may make to pension plans, as well as the amount of the pension payments that such high-income individuals receive when they retire.

Some of the pension provisions in this bill would reduce the pension coverage for lower- and middle-income workers. For example, increasing pension contribution limits for well compensated executives and owners, then they could maintain contributions for their own pension plans while reducing contributions for other employees.

The estate tax reductions in this legislation would go to the estates of wealthy people who are investors with extensive holdings in real estate and/or stocks or other financial instruments and who were NOT owners of small businesses. An estate tax reduction of this magnitude would not justify an offset for the effects of a higher minimum wage on small businesses.

The Minimum Wage legislation rightfully seeks to increase the minimum wage from $5.15 to $6.15 an hour for the millions of hard working people in our country. However, the coupling of this minimum wage increase with alleged small business tax measures is a poor match. According to the Center On Budget and Policy Priorities there is little evidence that modest minimum-wage increases have significant negative effects on small businesses.

Voting for this Republican bill is a vote to place the interests of large corporations using

aggressive tax avoidance schemes ahead of minimum wage workers. I will always advocate for the benefit of those hardworking Americans that so desperately need a minimum wage increase and tax cut.

Mr. BENTSEN. Mr. Speaker, I rise in opposition to H.R. 3081, the ''Wage Employment Growth Act of 1999.'' The short title of the Republican bill is highly misleading. My Republican colleagues assert that this measure is targeted to offset the financial hardship on small businesses resulting from increasing the minimum wage.

The GOP bill would cost approximately $122 billion over the next ten years and is part of Republicans' strategy to enact their failed and irresponsible $800 billion tax bill incrementally. This is the second tax bill the House has considered this year, spending the projected surplus before we have even passed a budget resolution to determine the nation's overall tax spending and debt reduction plans. The Republican leadership seems intent on scoring political points rather than governing. They determine fiscal policy by election strategy not financial prudence.

H.R. 3081 also purports to promote the establishment of pension plans by small employers. As an advocate for removing barriers to employer-sponsored pension programs, I am disappointed with what the Republicans have set out before us. Mr. BLUNT (D-Mo.) and I have sponsored H.R. 352, a measure aimed at helping small business owners set up pension plans so their employees may save for their retirement. H.R. 352 proposes to ease the regulatory and administrative burdens on small businesses and includes a five-year tax credit for employers that establishes any type of qualified retirement plan. Many of the main concepts in H.R. 352 were incorporated in H.R. 1102 which was supposedly subsumed into H.R. 3081. Unfortunately, what has emerged from the Republicans does not resemble H.R. 352 nor does it encourage small business employers to help their employees save for retirement.

Today, only 21 percent of all individuals employed by small businesses with less than 100 employees participate in an employer-sponsored plan, compared to 64 percent of those who work for businesses with more than 100 employees. The Republican bill squanders an unprecedented opportunity to address an impending crisis—the retirement of nearly 76 million Baby Boomers. Even as incomes rise, we have an abysmally low savings rate of 3.8 percent of disposable personal income. If the economy slows in the near future, that figure may rise by only one or two percentage points, which is still low by historical standards.

There are many provisions in H.R. 3081 which are meritorious and should be enacted by the House including resolving the question of installment sales, estate tax which really helps family-owned businesses and farms and expands pension opportunities. But, Congress must first adopt a budget plan which prudently allocates the projected budget surplus which does not lead us toward renewed deficit spending.

As a member of the Budget Committee, I continue to advocate that Congress preserve the budget surplus and use it to pay off the national debt while strengthening Social Security. The $3.7 trillion dollar public debt is a tremendous burden on the economy. By forcing the government to borrow money in private markets, the debt drives up interest rates and takes investment capital away from private companies, thereby reducing productivity. As interest payments on the debt grow, it saps both private investment and vital programs such as Medicare and education. Regrettably, H.R. 3081 jeopardizes our ability to protect Social Security and Medicare and pay down the national debt.

Mr. WELDON of Florida. Mr. Speaker, today I rise in support of the Small Business Tax Fairness Act and increasing the federal minimum wage one dollar over three years.

The nearly 3 million small business owners and their employees in the state of Florida deserve this tax fairness package, which will save American small business owners $45.3 billion over the next five years. Let's remember that most Americans work for small businesses and strengthening them will help us create good jobs here in America. Liberals who oppose this package use outrageous language to describe our proposal which will help not only the owners of small businesses and farms, but their employees.

The Small Business Tax Fairness Act continues the Republican commitment to rework the tax code to provide tax fairness to all hardworking Americans. Tragically, owners of mom and pop stores, restaurants, and farms have been unfairly saddled with these tax burdens for decades. They are called ''rich'' because of their holdings; but almost all of them would agree that those holdings are necessary tools and materials for the success of their businesses.

For example a tractor and a plow can easily cost upwards of $50,000. Helping farmers to purchase new farm equipment may be labeled as a tax cut for the rich by liberal opponents of this bill. But, because of their narrow vision and interest in partisan rhetoric they fail to acknowledge and see everyone who benefits. I can guarantee you that the benefits flow to American workers who manufactured the tractor, the truckers who shipped it, the miners who mined the raw materials, and those who work in the factory where the tires and other components are made, The tax relief package clearly is good for all Americans.

With regard to estate taxes, as someone who represents Florida, I know about the loss of farm land and open spaces. Estate taxes force too many families to sell the farmland to developers just to pay the taxes. I have seen it time and again in my congressional district where families have been forced to sell citrus farms in order to pay estate taxes when a parent dies. The bill provides some tax relief that will help farmers and their families keep the family farm.

The bill also encourages savings. We have the lowest savings rate in American history. Our bill helps Americans save money for the future. It helps make pension plans more portable so that American workers who have placed money in a company pension plan can move to another job more easily without losing all that they have put in a pension plan. This will help all American workers and their families.

We provide Americans with a tax deduction for the purchase of health insurance so that they are not impoverished when faced with a serious illness. I am disappointed that the liberals have labeled as a ''tax break for the rich,'' a bill that allows the uninsured to fully deduct the costs of purchasing health insurance premiums. I think we should be about helping the uninsured, not sticking it to them.

We also authorize HUD to designate 15 ''renewal communities'' in both urban and rural areas. This will help these economically depressed communities recover.

We also increase the business meal deduction to 60%. This will spur economic growth. It will help the waiter, the waitress, and the cook who will have more customers.

Not only does our package spur economic growth by providing this tax relief, but it provides a reasonable increase in the minimum wage. As in the base bill, I support raising the minimum wage by a dollar over the next three years. The phased-in wage increase will help employees and it will give those small businesses who operate at the margins an opportunity to adjust so that they can remain competitive and ensure that jobs are not lost.

I would ask my colleagues to support this bill.

Mrs. MINK of Hawaii. Mr. Speaker, I rise in opposition to the H.R. 3081.

H.R. 3081 provides irresponsible tax cuts that will do nothing to help the people that need it the most—the working families.

Instead, H.R. 3081 will spend over $100 billion of the taxpayer's money over the next ten years to provide tax relief to some of the wealthiest families.

In contrast, the Democratic tax proposal focuses on working families.

It would raise the estate tax exclusion for family farms and businesses to $4 million. Under current law, it is now $1.3 million. With this change, the Democrats would be helping families save their businesses so it can be passed on to the next generation.

This would help the neighborhood pharmacist pass his drug store on to his daughter. It would help the Mom and Pop store continue thriving with a son or daughter. It would allow the family farm to stay in the family.

The Democratic substitute will repeal a provision that currently disallows a business deduction for travel expenses incurred when your spouse or child accompanies you on a business trip. This deduction would allow the family to spend more time together. It would make it easier for a working mom to take her daughter on a business trip with her. It would make it easier for a husband and father to include his family. It would help keep the family together.

The Democrats are committed to putting families first. Our tax proposals focus on the family.

In addition, it provides an exclusion for post-secondary educational benefits provided for employee's children; it provides funding for school construction; it extends the Work Opportunity and the welfare-to-work tax credits. And it makes changes to Section 415 affecting pensions to help workers save for retirement.

And it does all of this and more at a cost of $30 billion over ten years—a fraction of the cost of the Republican bill.

Perhaps that is why the Republicans would not allow the Democrats to offer this tax proposal as a substitute to their bill. We have targeted our tax cuts to help the people that really need it and at a cost that is much more responsible.

The Republicans want their bill or no bill. We have another choice. The motion to recommit will give you the opportunity to vote for the Democratic substitute.

We are experiencing great financial times right now; some Americans are getting rich, but most poor working families are getting nowhere.

Since 1979, 98 percent of the increase in incomes in America has gone to the top 20 percent.

We must not enact irresponsible tax cuts that will benefit only the wealthiest families in this country as a trade-off for a $1 minimum wage increase spread over 3 years.

I urge a ''no'' vote on H.R. 3081 and an ''aye'' vote on the motion to recommit.

Mr. BALLENGER. Mr. Speaker, I am pleased that the House is voting on a package of tax relief designed to help America's small businessmen and women shoulder the burden of another increase in the federal minimum wage.

Congress has already voted on many of the changes contained in the Small Business Tax Fairness Act (H.R. 3081) in the context of previous Republican-authored tax relief bills which either died in the other body or were vetoed by President Clinton. In the interest of protecting the small businesses and the jobs they create in my congressional district and around the nation, I believe this bill is needed and must accompany any proposed increase in the federal minimum wage. As such, I applaud Ways and Means Committee Chairman BILL ARCHER for his persistence in fighting for tax relief in this context as well as for measures which he championed to relieve the tax burden on working families.

Although I believe the $45.8 billion price tag of H.R. 3081 is modest in comparison to earlier bills, it makes some important changes in the tax code which will help to insure the strength of the small business sector, the backbone of the American economy. First, the bill further reduces over five years a tax, created in 1916 in order to break up and redistribute a concentration of the nation's wealth, which was used to help fund World War I. This war was won in 1918, but the tax on estates remains. It is important to note that this tax penalizes not only so-called rich families, but the workers employed by these family businesses or farms if the 55% federal tax rate destroys or financially cripples these enterprises. I found this fact to be startling, only one-third of family-owned businesses survive into the next generation in many cases because of this so-called death tax.

In addition, Congress needs to correct a problem created by Public Law 106–170 and once again allow accrual basis businesses to use the installment method of accounting on the sale of assets and the business. Congressional Republicans have continued the fight to provide the self-employed with 100 percent deductibility for their health insurance costs and have included it in this bill. As a small businessman myself, I know the importance of the increase from $19,000 to $30,000 in the amount of equipment eligible for expensing which H.R. 3081 seeks. Needless to say, the comprehensive package of pension reforms in the bill have widespread support and include provisions which in the past enjoyed the support of business and labor.

I've mentioned the changes in H.R. 3081 which my constituents have consistently advocated. I hope we will see a large bipartisan majority voting for this tax relief package today. It is in everyone's interest to see to it that our nation's small businesses continue to flourish.

The SPEAKER pro tempore (Mr. PEASE). All time having expired, pursuant to House Resolution 434, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. RANGEL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. RANGEL. Yes, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. RANGEL moves to recommit the bill, H.R. 3081, to the Committee on Ways and Means with instructions to report the same forthwith back to the House with the following amendment:

Strike all after the enacting clause, and insert the following:

TITLE II—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

SEC. 200. SHORT TITLE.

(a) SHORT TITLE.—This title may be cited as the ''Small Business Tax Relief Act of 2000''.

(b) TABLE OF CONTENTS.—

TITLE II—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

Sec. 200. Table of contents.
Subtitle A—Permanent Extension of Work Opportunity Credit and Welfare-to-Work Credit
Sec. 201. Work opportunity credit and welfare-to-work credit; repeal of age limitation on eligibility of food stamp recipients.
Subtitle B—Deduction for 100 Percent of Health Insurance Costs of Self-Employed Individuals
Sec. 211. Deduction for 100 percent of health insurance costs of self-employed individuals.
Subtitle C—Pension Provisions
Sec. 221. Treatment of multiemployer plans under section 415.
Sec. 222. Early retirement limits for certain plans.
Sec. 223. Certain post-secondary educational benefits provided by an employer to children of employees excludable from gross income as a scholarship.
Subtitle D—Business Tax Relief
Sec. 231. Increase in expense treatment for small businesses.
Sec. 232. Small businesses allowed increased deduction for meal and entertainment expenses.
Sec. 233. Restoration of deduction for travel expenses of spouse, etc. accompanying taxpayer on business travel.
Sec. 234. Increased credit and amortization deduction for reforestation expenditures.
Sec. 235. Repeal of modification of installment method.
Subtitle E—Expansion of Incentives for Public Schools
Sec. 241. Expansion of incentives for public schools.
Subtitle F—Increased Estate Tax Relief for Family-Owned Business Interests
Sec. 251. Increase in estate tax benefit for family-owned business interests.
Subtitle G—Revenue Offsets
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Sec. 282. Modification of foreign tax credit carryover rules.
Sec. 283. Recognition of gain on transfers to swap funds.

(c) COORDINATION WITH BUDGET RULES.—If, without regard to this sentence, any provision of this Act would result in an increase or decrease in revenue in fisal year 2001, notwithstanding any other provision of this Act, such provision shall be first effective on October 1, 2001, except that the determination of amounts required to be paid (or refunds required to be allowed) on or after such date shall be made as if this sentence had not been enacted.

Subtitle A—Permanent Extension of Work Opportunity Credit and Welfare-to-Work Credit

SEC. 201. WORK OPPORTUNITY CREDIT AND WELFARE-TO-WORK CREDIT; REPEAL OF AGE LIMITATION ON ELIGIBILITY OF FOOD STAMP RECIPIENTS.

(a) PERMANENT EXTENSION.—

(1) IN GENERAL.—

(A) Section 51(c) of the Internal Revenue Code of 1986 is amended by striking paragraph (4).

(B) Section 51A of such Code is amended by striking subsection (f).

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to individuals who begin work for the employer after December 31, 2001.

(b) REPEAL OF AGE LIMITATION ON ELIGIBILITY OF FOOD STAMP RECIPIENTS.—

(1) IN GENERAL.—Subparagraph (A) of section 51(d)(8) of such Code is amended to read as follows:

''(A) IN GENERAL.—The term 'qualified food stamp recipient' means any individual who is certified by the designated local agency as being a member of a family—

''(i) receiving assistance under a food stamp program under the Food Stamp Act of 1977 for the 6-month period ending on the hiring date, or

''(ii) receiving such assistance for at least 3 months of the 5-month period ending on the hiring date, in the case of a member of a family who ceases to be eligible for such assistance under section 6(o) of the Food Stamp Act of 1977.''

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

Subtitle B—Deduction for 100 Percent of Health Insurance Costs of Self-Employed Individuals

SEC. 211. DEDUCTION FOR 100 PERCENT OF HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer and the taxpayer's spouse and dependents.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle C—Pension Provisions

SEC. 221. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—Paragraph (11) of section 415(b) of the Internal Revenue Code of 1986 (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(b) COMBINING AND AGGREGATION OF PLANS.—

(1) COMBINING OF PLANS.—Subsection (f) of section 415 of such Code (relating to combining of plans) is amended by adding at the end the following:

''(3) EXCEPTION FOR MULTIEMPLOYER PLANS.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section, except that such plan shall be combined or aggregated with another plan which is not such a multiemployer plan solely for purposes of determining whether such other plan meets the requirements of subsection (b)(1)(A).''.

(2) CONFORMING AMENDMENT FOR AGGREGATION OF PLANS.—Subsection (g) of section 415 of such Code (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, 1999.

SEC. 222. EARLY RETIREMENT LIMITS FOR CERTAIN PLANS.

(a) IN GENERAL.—Subparagraph (F) of section 415(b)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

''(F) MULTIEMPLOYER PLANS AND PLANS MAINTAINED BY GOVERNMENTS AND TAX EXEMPT ORGANIZATIONS.—In the case of a governmental plan (within the meaning of section 414(d)), a plan maintained by an organization (other than a governmental unit) exempt from tax under this subtitle, a multiemployer plan (as defined in section 414(f)), or a qualified merchant marine plan—

''(i) subparagraph (C) shall be applied—

''(I) by substituting 'age 62' for 'social security retirement age' each place it appears, and

''(II) as if the last sentence thereof read as follows: 'The reduction under this subparagraph shall not reduce the limitation of paragraph (1)(A) below (i) 80 percent of such limitation as in effect for the year, or (ii) if the benefit begins before age 55, the equivalent of such 80 percent amount for age 55.', and

''(ii) subparagraph (D) shall be applied by substituting 'age 65' for 'social security retirement age' each place it appears.

For purposes of this subparagraph, the term 'qualified merchant marine plan' means a plan in existence on January 1, 1986, the participants in which are merchant marine officers holding licenses issued by the Secretary of Transportation under title 46, United States Code.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 1999.

SEC. 223. CERTAIN POST-SECONDARY EDUCATIONAL BENEFITS PROVIDED BY AN EMPLOYER TO CHILDREN OF EMPLOYEES EXCLUDABLE FROM GROSS INCOME AS A SCHOLARSHIP.

(a) IN GENERAL.—Section 117 of the Internal Revenue Code of 1986 (relating to qualified scholarships) is amended by adding at the end the following:

''(e) EMPLOYER-PROVIDED POST-SECONDARY EDUCATIONAL BENEFITS PROVIDED TO CHILDREN OF EMPLOYEES.—

''(1) IN GENERAL.—In determining whether any amount is a qualified scholarship for purposes of subsection (a), the fact that such amount is provided in connection with an employment relationship shall be disregarded if—

''(A) such amount is provided by the employer to a child (as defined in section 151(c)(3)) of an employee or former employee of such employer,

''(B) such amount is provided pursuant to a plan which meets the nondiscrimination requirements of subsection (d)(3), and

''(C) amounts provided under such plan are in addition to any other compensation payable to employees and such plan does not provide employees with a choice between such amounts and any other benefit.

For purposes of subparagraph (C), the business practices of the employer (as well as such plan) shall be taken into account.

''(2) DOLLAR LIMITATIONS.—

''(A) PER CHILD.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year with respect to amounts provided to each child of such employee shall not exceed $2,000.

''(B) AGGREGATE LIMIT.—The amount excluded from the gross income of the employee by reason of paragraph (1) for a taxable year (after the application of subparagraph (A)) shall not exceed the excess of the dollar amount contained in section 127(a)(2) over the amount excluded from the employee's gross income under section 127 for such year.

''(3) PRINCIPAL SHAREHOLDERS AND OWNERS.—Paragraph (1) shall not apply to any amount provided to any child of any individual if such individual (or such individual's spouse) owns (on any day of the year) more than 5 percent of the stock or of the capital or profits interest in the employer.

''(4) SPECIAL RULES OF APPLICATION.—In the case of an amount which is treated as a qualified scholarship by reason of this subsection—

''(A) subsection (a) shall be applied without regard to the requirement that the recipient be a candidate for a degree, and

''(B) subsection (b)(2)(A) shall be applied by substituting 'section 529(e)(5)' for 'section 170(b)(1)(A)(ii)'.

''(5) CERTAIN OTHER RULES TO APPLY.—Rules similar to the rules of paragraphs (4), (5), and (7) of section 127(c) shall apply for purposes of this subsection.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

Subtitle D—Business Tax Relief

SEC. 231. INCREASE IN EXPENSE TREATMENT FOR SMALL BUSINESSES.

(a) IN GENERAL.—Paragraph (1) of section 179(b) of the Internal Revenue Code of 1986 (relating to dollar limitation) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $30,000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 232. SMALL BUSINESSES ALLOWED INCREASED DEDUCTION FOR MEAL AND ENTERTAINMENT EXPENSES.

(a) IN GENERAL.—Subsection (n) of section 274 (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR SMALL BUSINESSES.—

''(A) IN GENERAL.—In the case of any taxpayer which is a small business, paragraph (1) shall be applied by substituting for '50 percent'—

''(i) '55 percent' in the case of taxable years beginning in 2001 and 2002, and

''(ii) '60 percent' in the case of taxable years beginning in 2003, 2004, 2005 and 2006, and

''(iii) '65 percent' in the case of taxable years beginning after 2006.

''(B) SMALL BUSINESS.—For purposes of this paragraph, the term 'small business' means, with respect to expenses paid or incurred during any taxable year—

''(i) any C corporation which meets the requirements of section 55(e)(1) for such year, and

''(ii) any S corporation, partnership, or sole proprietorship which would meet such requirements if it were a C corporation.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

SEC. 233. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Subsection (m) of section 274 of the Internal Revenue Code of 1986 (relating to additional limitations on travel expenses) is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 234. INCREASED CREDIT AND AMORTIZATION DEDUCTION FOR REFORESTATION EXPENDITURES.

(a) INCREASE IN CREDIT.—Paragraph (1) of section 48(b) of the Internal Revenue Code of 1986 (relating to reforestation credit) is amended by striking ''10 percent'' and inserting ''20 percent''.

(b) REDUCTION IN AMORTIZATION PERIOD.—Subsection (a) of section 194 of such Code (relating to amortization of reforestation expenditures) is amended—

(1) by striking ''84 months'' and inserting ''36 months'', and

(2) by striking ''84-month period'' and inserting ''36-month period''.

(c) INCREASE IN MAXIMUM AMOUNT WHICH MAY BE AMORTIZED.—Paragraph (1) of section 194(b) of such Code is amended by striking ''$10,000 ($5,000'' and inserting ''$20,000 ($10,000''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 235. 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.

Subtitle E—Expansion of Incentives for Public Schools

SEC. 241. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.

(a) IN GENERAL.—Chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subchapter:

"Subchapter X—Public School Modernization Provisions

''Part I. Credit to holders of qualified public school modernization bonds.

''Part II. Qualified school construction bonds.

''Part III. Incentives for education zones.

"PART I—CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS

''Sec. 1400F. Credit to holders of qualified public school modernization bonds.

"SEC. 1400F. CREDIT TO HOLDERS OF QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified public school modernization 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 public school modernization 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 public school modernization 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 date of issuance 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 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) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND; CREDIT ALLOWANCE DATE.—For purposes of this section—

''(1) QUALIFIED PUBLIC SCHOOL MODERNIZATION BOND.—The term 'qualified public school modernization bond' means—

''(A) a qualified zone academy bond, and

''(B) a qualified school construction bond.

''(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.

''(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.

''(f) 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.

''(g) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified public school modernization 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.

''(h) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(1) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified public school modernization 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.

''(2) CERTAIN RULES TO APPLY.—In the case of a separation described in paragraph (1), the rules of section 1286 shall apply to the qualified public school modernization bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''(i) 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 public school modernization bonds on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

''(j) 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.

''(k) REPORTING.—Issuers of qualified public school modernization bonds shall submit reports similar to the reports required under section 149(e).

''(l) PENALTY ON CONTRACTORS FAILING TO PAY PREVAILING WAGE.—

''(1) IN GENERAL.—If any contractor on any project funded by any qualified public school modernization bond has failed, during any portion of such contractor's taxable year, to pay prevailing wages that would be required under section 439 of the General Education Provisions Act if such funding were an applicable program under such section, the tax imposed by chapter 1 on such contractor for such taxable year shall be increased by 200 percent of the amount involved in such failure.

''(2) AMOUNT INVOLVED.—For purposes of paragraph (1), the amount involved with respect to any failure is the excess of the amount of wages such contractor would be so required to pay under such section over the amount of wages paid.

''(3) ABATEMENT OF TAX IF FAILURE CORRECTED.—If a failure to pay prevailing wages is corrected within a reasonable period, then any tax imposed by paragraph (1) with respect to such failure (including interest, additions to the tax, and additional amounts)

shall not be assessed, and if assessed the assessment shall be abated, and if collected shall be credited or refunded as an overpayment.

''(4) NO CREDITS AGAINST TAX.—The tax imposed by paragraph (1) shall not be treated as a tax imposed by this chapter for purposes of determining—

''(A) the amount of any credit allowable under this chapter, or

''(B) the amount of the minimum tax imposed by section 55.

''(m) TERMINATION.—This section shall not apply to any bond issued after December 31, 2004.

''PART II—QUALIFIED SCHOOL CONSTRUCTION BONDS

''Sec. 1400G. Qualified school construction bonds.

''SEC. 1400G. QUALIFIED SCHOOL CONSTRUCTION BONDS.

''(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—For purposes of this subchapter, the term 'qualified school construction bond' means any bond issued as part of an issue if—

''(1) 95 percent or more of the proceeds of such issue are to be used for the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed with part of the proceeds of such issue,

''(2) the bond is issued by a State or local government within the jurisdiction of which such school is located,

''(3) the issuer designates such bond for purposes of this section, and

''(4) the term of each bond which is part of such issue does not exceed 15 years.

''(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 sum of—

''(1) the limitation amount allocated under subsection (d) for such calendar year to such issuer, and

''(2) if such issuer is a large local educational agency (as defined in subsection (e)(4)) or is issuing on behalf of such an agency, the limitation amount allocated under subsection (e) for such calendar year to such agency.

''(c) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified school construction bond limitation for each calendar year. Such limitation is—

''(1) $11,000,000,000 for 2001,

''(2) except as provided in subsection (f), zero after 2001.

''(d) HALF OF LIMITATION ALLOCATED AMONG STATES.—

''(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated among the States under paragraph (2) by the Secretary. The limitation amount allocated to a State under the preceding sentence shall be allocated by the State to issuers within such State and such allocations may be made only if there is an approved State application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among the States in proportion to the respective amounts each such State received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year. For purposes of the preceding sentence, Basic Grants attributable to large local educational agencies (as defined in subsection (e)) shall be disregarded.

''(3) MINIMUM ALLOCATIONS TO STATES.—

''(A) IN GENERAL.—The Secretary shall adjust the allocations under this subsection for any calendar year for each State to the extent necessary to ensure that the sum of—

''(i) the amount allocated to such State under this subsection for such year, and

''(ii) the aggregate amounts allocated under subsection (e) to large local educational agencies in such State for such year,

is not less than an amount equal to such State's minimum percentage of the amount to be allocated under paragraph (1) for the calendar year.

''(B) MINIMUM PERCENTAGE.—A State's minimum percentage for any calendar year is the minimum percentage described in section 1124(d) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6334(d)) for such State for the most recent fiscal year ending before such calendar year.

''(4) ALLOCATIONS TO CERTAIN POSSESSIONS.—The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

''(5) ALLOCATIONS FOR INDIAN SCHOOLS.—In addition to the amounts otherwise allocated under this subsection, $200,000,000 for calendar year 2001 shall be allocated by the Secretary of the Interior for purposes of the construction, rehabilitation, and repair of schools funded by the Bureau of Indian Affairs. In the case of amounts allocated under the preceding sentence, Indian tribal governments (as defined in section 7871) shall be treated as qualified issuers for purposes of this subchapter.

''(6) APPROVED STATE APPLICATION.—For purposes of paragraph (1), the term 'approved State application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the State with the involvement of local education officials, members of the public, and experts in school construction and management) of such State's needs for public school facilities, including descriptions of—

''(i) health and safety problems at such facilities,

''(ii) the capacity of public schools in the State to house projected enrollments, and

''(iii) the extent to which the public schools in the State offer the physical infrastructure needed to provide a high-quality education to all students, and

''(B) a description of how the State will allocate to local educational agencies, or otherwise use, its allocation under this subsection to address the needs identified under subparagraph (A), including a description of how it will—

''(i) give highest priority to localities with the greatest needs, as demonstrated by inadequate school facilities coupled with a low level of resources to meet those needs,

''(ii) use its allocation under this subsection to assist localities that lack the fiscal capacity to issue bonds on their own, and

''(iii) ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, and repair in the State that would have occurred in the absence of such allocation.

Any allocation under paragraph (1) by a State shall be binding if such State reasonably determined that the allocation was in accordance with the plan approved under this paragraph.

''(e) HALF OF LIMITATION ALLOCATED AMONG LARGEST SCHOOL DISTRICTS.—

''(1) IN GENERAL.—One-half of the limitation applicable under subsection (c) for any calendar year shall be allocated under paragraph (2) by the Secretary among local educational agencies which are large local educational agencies for such year. No qualified school construction bond may be issued by reason of an allocation to a large local educational agency under the preceding sentence unless such agency has an approved local application.

''(2) ALLOCATION FORMULA.—The amount to be allocated under paragraph (1) for any calendar year shall be allocated among large local educational agencies in proportion to the respective amounts each such agency received for Basic Grants under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6331 et seq.) for the most recent fiscal year ending before such calendar year.

''(3) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local educational agency for any calendar year may be reallocated by such agency to the State in which such agency is located for such calendar year. Any amount reallocated to a State under the preceding sentence may be allocated as provided in subsection (d)(1).

''(4) 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 if such agency is—

''(A) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

''(B) 1 of not more than 25 local educational agencies (other than those described in subparagraph (A)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

''(5) APPROVED LOCAL APPLICATION.—For purposes of paragraph (1), the term 'approved local application' means an application which is approved by the Secretary of Education and which includes—

''(A) the results of a recent publicly-available survey (undertaken by the local educational agency or the State with the involvement of school officials, members of the public, and experts in school construction and management) of such agency's needs for public school facilities, including descriptions of—

''(i) the overall condition of the local educational agency's school facilities, including health and safety problems,

''(ii) the capacity of the agency's schools to house projected enrollments, and

''(iii) the extent to which the agency's schools offer the physical infrastructure needed to provide a high-quality education to all students,

''(B) a description of how the local educational agency will use its allocation under this subsection to address the needs identified under subparagraph (A), and

''(C) a description of how the local educational agency will ensure that its allocation under this subsection is used only to supplement, and not supplant, the amount of school construction, rehabilitation, or repair in the locality that would have occurred in the absence of such allocation.

A rule similar to the rule of the last sentence of subsection (d)(6) shall apply for purposes of this paragraph.

''(f) CARRYOVER OF UNUSED LIMITATION.—If for any calendar year—

''(1) the amount allocated under subsection (d) to any State, exceeds

''(2) 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. A similar rule shall apply to the amounts allocated under subsection (d)(5) or (e).

''(g) SPECIAL RULES RELATING TO ARBITRAGE.—

''(1) IN GENERAL.—A bond shall not be treated as failing to meet the requirement of subsection (a)(1) solely by reason of the fact that the proceeds of the issue of which such bond is a part are invested for a temporary period (but not more than 36 months) until such proceeds are needed for the purpose for which such issue was issued.

''(2) BINDING COMMITMENT REQUIREMENT.—Paragraph (1) shall apply to an issue only if, as of the date of issuance, there is a reasonable expectation that—

''(A) at least 10 percent of the proceeds of the issue will be spent within the 6-month period beginning on such date for the purpose for which such issue was issued, and

''(B) the remaining proceeds of the issue will be spent with due diligence for such purpose.

''(3) EARNINGS ON PROCEEDS.—Any earnings on proceeds during the temporary period shall be treated as proceeds of the issue for purposes of applying subsection (a)(1) and paragraph (1) of this subsection.

''PART III—INCENTIVES FOR EDUCATION ZONES

''Sec. 1400H. Qualified zone academy bonds.

''SEC. 1400H. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BOND.—For purposes of this subchapter—

''(1) IN GENERAL.—The term 'qualified zone academy 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 a qualified purpose with respect to a qualified zone academy established by a local educational agency,

''(B) the bond is issued by a State or local government within the jurisdiction of which such academy is located,

''(C) the issuer—

''(i) designates such bond for purposes of this section,

''(ii) certifies that it has written assurances that the private business contribution requirement of paragraph (2) will be met with respect to such academy, and

''(iii) certifies that it has the written approval of the local educational agency for such bond issuance, and

''(D) the term of each bond which is part of such issue does not exceed 15 years.

Rules similar to the rules of section 1400G(g) shall apply for purposes of paragraph (1).

''(2) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—

''(A) IN GENERAL.—For purposes of paragraph (1), the private business contribution requirement of this paragraph is met with respect to any issue if the local educational agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(B) QUALIFIED CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'qualified contribution' means any contribution (of a type and quality acceptable to the local educational agency) of—

''(i) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(ii) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(iii) services of employees as volunteer mentors,

''(iv) internships, field trips, or other educational opportunities outside the academy for students, or

''(v) any other property or service specified by the local educational agency.

''(3) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of a local educational agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the local educational agency,

''(C) the comprehensive education plan of such public school or program is approved by the local educational agency, and

''(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

''(4) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) constructing, rehabilitating, or repairing the public school facility in which the academy is established,

''(B) acquiring the land on which such facility is to be constructed with part of the proceeds of such issue,

''(C) providing equipment for use at such academy,

''(D) developing course materials for education to be provided at such academy, and

''(E) training teachers and other school personnel in such academy.

''(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) $1,400,000,000 for 2001,

''(E) except as provided in paragraph (3), zero after 2001.

''(2) ALLOCATION OF LIMITATION.—

''(A) ALLOCATION AMONG STATES.—

''(i) 1998, 1999, and 2000 LIMITATIONS.—The national zone academy bond limitations for calendar years 1998, 1999, and 2000 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).

''(ii) LIMITATION AFTER 2000.—The national zone academy bond limitation for any calendar year after 2000 shall be allocated by the Secretary among the States in the manner prescribed by section 1400G(d); except that in making the allocation under this clause, the Secretary shall take into account—

''(I) Basic Grants attributable to large local educational agencies (as defined in section 1400G(e)).

''(II) the national zone academy bond limitation.

''(B) ALLOCATION TO LOCAL EDUCATIONAL AGENCIES.—The limitation amount allocated to a State under subparagraph (A) shall be allocated by the State education agency to qualified zone academies within such State.

''(C) 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 (B) 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.''.

(b) REPORTING.—Subsection (d) of section 6049 of such Code (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(8) REPORTING OF CREDIT ON QUALIFIED PUBLIC SCHOOL MODERNIZATION BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 1400F(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 1400F(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.''

(c) OTHER CONFORMING AMENDMENTS.—

(1) Subchapter U of chapter 1 of such Code is amended by striking part IV, by redesignating part V as part IV, and by redesignating section 1397F as section 1397E.

(2) The table of subchapters for chapter 1 of such Code is amended by adding at the end the following new item:

''Subchapter X. Public school modernization provisions.''

(3) The table of parts of subchapter U of chapter 1 of such Code is amended by striking the last 2 items and inserting the following item:

''Part IV. Regulations.''

(d) 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) REPEAL 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 eligible taxpayers (as defined in subsection (d)(6) of such section) shall not apply after the date of the enactment of this Act.

Subtitle F—Increased Estate Tax Relief for Family-Owned Business Interests

SEC. 251. INCREASE IN ESTATE TAX BENEFIT FOR FAMILY-OWNED BUSINESS INTERESTS.

(a) TRANSFER TO CREDIT PROVISIONS.—Section 2057 of the Internal Revenue Code of 1986 (relating to family-owned business interests) is hereby moved to part II of subchapter A of chapter 11 of such Code, inserted after section 2010, and redesignated as section 2010A.

(b) INCREASE IN CREDIT; SURVIVING SPOUSE ALLOWED UNUSED CREDIT OF DECEDENT.—Subsection (a) of section 2010A of such Code, as redesignated by subsection (a) of this section, is amended to read as follows:

''(a) INCREASE IN UNITED CREDIT.—For purposes of determining the unified credit under section 2010 in the case of an estate of a decedent to which this section applies—

''(1) IN GENERAL.—The applicable exclusion amount under section 2010(c) shall be increased (but not in excess of $2,000,000) by the adjusted value of the qualified family-owned business interests of the decedent which are described in subsection (b)(2) and for which no deduction is allowed under section 2056.

''(2) TREATMENT OF UNUSED LIMITATION OF PREDECEASED SPOUSE.—In the case of a decedent—

''(A) having no surviving spouse, but

''(B) who was the surviving spouse of a decedent—

''(i) who died after December 31, 2000, and

''(ii) whose estate met the requirements of subsection (b)(1) other than subparagraph (B) thereof,

there shall be substituted for '$2,000,000' in paragraph (1) an amount equal to the excess of $4,000,000 over the exclusion equivalent of the credit allowed under section 2010 (as increased by this section) to the estate of the decedent referred to in subparagraph (B). For purposes of the preceding sentence, the exclusion equivalent of the credit is the amount on which a tentative tax under section 2001(c) equal to such credit would be imposed.''

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2057.

(2) Paragraph (10) of section 2031(c) of such Code is amended by striking ''section 2057(e)(3)'' and inserting ''section 2010A(e)(3)''.

(3) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by inserting after the item relating to section 2010 the following new item:

''Sec. 2010A. Family-owned business interests.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

Subtitle G—Revenue Offsets

PART I—REVISION OF TAX RULES ON EXPATRIATION

SEC. 261. REVISION OF TAX RULES ON EXPATRIATION.

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after section 877 the following new section:

''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsection (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—The amount which would (but for this paragraph) be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2)(A) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601, the last date for the payment of tax shall be determined without regard to the election under this subsection.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—The term 'covered expatriate' means an expatriate who meets the requirements of subparagraph (A) or (B) of section 877(a)(2).

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) for not more than 8 taxable years during the 15-taxable year period ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) SECTION NOT TO APPLY TO CERTAIN PROPERTY.—This section shall not apply to the following property:

''(1) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(2) INTEREST IN CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—Any interest in a qualified retirement plan (as defined in section 4974(c)), other than any interest attributable to contributions which are in excess of any limitation or which violate any condition for tax-favored treatment.

''(B) FOREIGN PENSION PLANS.—

''(i) IN GENERAL.—Under regulations prescribed by the Secretary, interests in foreign pension plans or similar retirement arrangements or programs.

''(ii) LIMITATION.—The value of property which is treated as not sold by reason of this subparagraph shall not exceed $500,000.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes his citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing his United States citizenship on the earliest of—

''(A) the date the individual renounces his United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii).

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULE.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust—

''(I) which is organized under, and governed by, the laws of the United States or a State, and

''(II) with respect to which the trust instrument requires that at least 1 trustee of the trust be an individual citizen of the United States or a domestic corporation.

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''

(b) TAX ON GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—

(1) IN GENERAL.—Subtitle B of the Internal Revenue Code of 1986 (relating to estate and gift taxes) is amended by inserting after chapter 13 the following new chapter:

''CHAPTER 13A—GIFTS AND BEQUESTS FROM EXPATRIATES

''Sec. 2681. Imposition of tax.

''SEC. 2681. IMPOSITION OF TAX.

''(a) IN GENERAL.—If, during any calendar year, any United States citizen or resident receives any covered gift or bequest, there is hereby imposed a tax equal to the product of—

''(1) the highest rate of tax specified in the table contained in section 2001(c) as in effect on the date of such receipt, and

''(2) the value of such covered gift or bequest.

''(b) TAX TO BE PAID BY RECIPIENT.—The tax imposed by subsection (a) on any covered gift or bequest shall be paid by the person receiving such gift or bequest.

''(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection (a) shall apply only to the extent that the covered gifts and bequests received during the calendar year exceed $10,000.

''(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE TAX.—The tax imposed by subsection (a) on any covered gift or bequest shall be reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

''(e) COVERED GIFT OR BEQUEST.—

''(1) IN GENERAL.—For purposes of this chapter, the term 'covered gift or bequest' means—

''(A) any property acquired by gift directly or indirectly from an individual who, at the time of such acquisition, was an expatriate, and

''(B) any property acquired by bequest, devise, or inheritance directly or indirectly from an individual who, at the time of death, was an expatriate.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Such term shall not include—

''(A) any property shown on a timely filed return of tax imposed by chapter 12 which is a taxable gift by the expatriate, and

''(B) any property shown on a timely filed return of tax imposed by chapter 11 of the estate of the expatriate.

''(3) TRANSFERS IN TRUST.—Any covered gift or bequest which is made in trust shall be treated as made to the beneficiaries of such trust in proportion to their respective interests in such trust (as determined under section 877A(f)(3)).

''(f) EXPATRIATE.—For purposes of this section, the term 'expatriate' has the meaning given to such term by section 877A(e)(1).''.

(2) CLERICAL AMENDMENT.—The table of chapters for subtitle B of such Code is amended by inserting after the item relating to chapter 13 the following new item:

''Chapter 13A. Gifts and bequests from expatriates.''

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) of such Code is amended by adding at the end the following new paragraph:

''(47) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''

(d) CONFORMING AMENDMENT.—Paragraph (1) of section 6039G(d) of such Code is amended by inserting ''or 877A'' after ''section 877''.

(e) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 of such Code is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after March 9, 2000.

(2) GIFTS AND BEQUESTS.—Chapter 13A of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to covered gifts and bequests (as defined in section 2681 of such Code, as so added) received on or after March 9, 2000.

PART II—DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES

Subpart A—Disallowance of Noneconomic Tax Attributes; Increase in Penalty With Respect to Disallowed Noneconomic Tax Attributes

SEC. 266. DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES.

Section 7701 of the Internal Revenue Code of 1986 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DISALLOWANCE OF NONECONOMIC TAX ATTRIBUTES.—

''(1) IN GENERAL.—In determining liability for any tax under subtitle A, noneconomic tax attributes shall not be allowed.

''(2) NONECONOMIC TAX ATTRIBUTE.—For purposes of this subsection, a noneconomic tax attribute is any deduction, loss, or credit claimed to result from any transaction unless—

''(A) the transaction changes in a meaningful way (apart from Federal income tax consequences) the taxpayer's economic position, and

''(B)(i) the present value of the reasonably expected potential income from the transaction (and the taxpayer's risk of loss from the transaction) are substantial in relationship to the present value of the tax benefits claimed, or

''(ii) in the case of a transaction which is in substance the borrowing of money or the acquisition of financial capital, the deductions claimed with respect to the transaction for any period are not significantly in excess of the economic return for such period realized by the person lending the money or providing the financial capital.

''(3) PRESUMPTION OF NONECONOMIC TAX ATTRIBUTES.—For purposes of paragraph (2), the following factors shall give rise to a presumption that a transaction fails to meet the requirements of paragraph (2):

''(A) The fact that the payments, liabilities, or assets that purport to create a loss (or other benefit) for tax purposes are not reflected to any meaningful extent on the taxpayer's books and records for financial reporting purposes.

''(B) The fact that the transaction results in an allocation of income or gain to a tax-indifferent party which is substantially in excess of such party's economic income or gain from the transaction.

''(4) TREATMENT OF BUILT-IN LOSS.—The determination of whether a transaction results in the realization of a built-in loss shall be made under subtitle A as if this subsection had not been enacted. For purposes of the preceding sentence, the term 'built-in loss' means any loss or deduction to the extent that such loss or deduction had economically been incurred before such transaction is entered into and to the extent that the loss or deduction was economically borne by the taxpayer.

''(5) DEFINITION AND SPECIAL RULES.—For purposes of this subsection—

''(A) TAX-INDIFFERENT PARTY.—The term 'tax-indifferent party' means any person or entity exempt from tax under subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if, by reason of such person's method of accounting, the items taken into account with respect to the transaction have no substantial impact on such person's liability under subtitle A.

''(B) SERIES OF RELATED TRANSACTION.—A transaction which is part of a series of related transactions shall be treated as meeting the requirements of paragraph (2) only if—

''(i) such transaction meets such requirements without regard to the other transactions, and

''(ii) such transactions, if treated as 1 transaction, would meet such requirements.

A similar rule shall apply to a multiple step transaction with each step being treated as a separate related transaction.

''(C) NORMAL BUSINESS TRANSACTIONS.—In the case of a transaction which is an integral part of a taxpayer's trade or business and which is entered into in the normal course of such trade or business, the determination of the potential income from such transaction shall be made by taking into account its relationship to the overall trade or business of the taxpayer.

''(D) TREATMENT OF FEES.—In determining whether there is risk of loss from a transaction (and the amount thereof), potential loss of fees and other transaction expenses shall be disregarded.

''(E) TREATMENT OF ECONOMIC RETURN ENHANCEMENTS.—The following shall be treated as economic returns and not tax benefits:

''(i) The credit under section 29 (relating to credit for producing fuel from a nonconventional source).

''(ii) The credit under section 42 (relating to low-income housing credit).

''(iii) The credit under section 45 (relating to electricity produced from certain renewable resources).

''(iv) The credit under section 1397E (relating to credit to holders of qualified zone academy bonds) or any similar program hereafter enacted.

''(v) Any other tax benefit specified in regulations.

''(F) EXCEPTIONS FOR NONBUSINESS TRANSACTIONS.—

''(i) INDIVIDUALS.—In the case of an individual, this subsection shall only apply to transactions entered into in connection with a trade or business or activity engaged in for profit.

''(ii) CHARITABLE TRANSFERS.—This subsection shall not apply in determining the amount allowable as a deduction under section 170, 545(b)(2), 556(b)(2), or 642(c).

''(6) ECONOMIC SUBSTANCE DOCTRINE, ETC., NOT AFFECTED.—The provisions of this subsection shall not be construed as altering or supplanting any rule of law referred to in section 6662(i)(2)(B) and the requirements of this subsection shall be construed as being in addition to any such rule of law.''

SEC. 267. INCREASE IN SUBSTANTIAL UNDERPAYMENT PENALTY WITH RESPECT TO DISALLOWED NONECONOMIC TAX ATTRIBUTES.

(a) IN GENERAL.—Section 6662 of the Internal Revenue Code of 1986 (relating to imposition of accuracy-related penalty) is amended by adding at the end the following new subsection:

''(i) INCREASE IN PENALTY IN CASE OF DISALLOWED NONECONOMIC TAX ATTRIBUTES.—

''(1) IN GENERAL.—In the case of the portion of the underpayment to which this subsection applies—

''(A) subsection (a) shall be applied with respect to such portion by substituting '40 percent' for '20 percent', and

''(B) subsection (d)(2)(B) and section 6664(c) shall not apply.

''(2) UNDERPAYMENTS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to an underpayment to which this section applies by reason of paragraph (1) or (2) of subsection (b) but—

''(A) only to the extent that such underpayment is attributable to—

''(i) the disallowance of any noneconomic tax attribute (determined under section 7701(m)), or

''(ii) the disallowance of any other benefit—

''(I) because of a lack of economic substance or business purpose for the transaction giving rise to the claimed benefit,

''(II) because the form of the transaction did not reflect its substance, or

''(III) because of any other similar rule of law, and

''(B) only if the underpayment so attributable exceeds $1,000,000.

''(3) INCREASE IN PENALTY NOT TO APPLY IF COMPLIANCE WITH DISCLOSURE REQUIREMENTS.—Paragraph (1)(A) shall not apply if the taxpayer—

''(A) discloses to the Secretary within 30 days after the closing of the transaction appropriate documents describing the transaction, and

''(B) files with the taxpayer's return of tax imposed by subtitle A—

''(i) a statement verifying that such disclosure has been made,

''(ii) a detailed description of the facts, assumptions of facts, and factual conclusions with respect to the business or economic purposes or objectives of the transaction that are relied upon to support the manner in which it is reported on the return,

''(iii) a description of the due diligence performed to ascertain the accuracy of such facts, assumptions, and factual conclusions,

''(iv)(I) a statement (signed by the senior financial officer of the corporation under penalty of perjury) that the facts, assumptions, or factual conclusions relied upon in reporting the transaction are true and correct as of the date the return is filed, to the best of such officer's knowledge and belief, and

''(II) if the actual facts varied materially from the facts, assumptions, or factual conclusions relied upon, a statement describing such variances,

''(v) copies of any written material provided in connection with the offer of the transaction to the taxpayer by a third party,

''(vi) a full description of any express or implied agreement or arrangement with any advisor, or with any offeror, that the fee payable to such person would be contingent or subject to possible reimbursement, and

''(vii) a full description of any express or implied warranty from any person with respect to the anticipated tax results from the transaction.''

(b) MODIFICATIONS TO PENALTY ON SUBSTANTIAL UNDERSTATEMENT OF INCOME TAX.—

(1) MODIFICATION OF THRESHOLD.—Subparagraph (A) of section 6662(d)(2) of such Code is amended to read as follows:

''(A) IN GENERAL.—For purposes of this section, there is a substantial understatement of income tax for any taxable year if the amount of the understatement for the taxable year exceeds the lesser of—

''(i) $1,000,000, or

''(ii) the greater of 10 percent of the tax required to be shown on the return for the taxable year or $5,000.''

(2) REDUCTION OF PENALTY ON ACCOUNT OF DISCLOSURE NOT TO APPLY TO TAX SHELTERS.—Subparagraph (C) of section 6662(d)(2) of such Code is amended by striking clause (ii), by redesignating clause (iii) as clause (ii), and by striking clause (i) and inserting the following new clause:

''(i) IN GENERAL.—Subparagraph (B) shall not apply to any item attributable to a tax shelter.''

(c) TREATMENT OF AMENDED RETURNS.—Subsection (a) of section 6664 of such Code is amended by adding at the end the following new sentence: ''For purposes of this subsection, an amended return shall be disregarded if such return is filed on or after the date the taxpayer is first contacted by the Secretary regarding the examination of the return.''

SEC. 268. PENALTY ON MARKETED TAX AVOIDANCE STRATEGIES WHICH HAVE NO ECONOMIC SUBSTANCE, ETC.

(a) PENALTY.—

(1) IN GENERAL.—Section 6700 of the Internal Revenue Code of 1986 (relating to promoting abusive tax shelters, etc.) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

''(c) PENALTY ON SUBSTANTIAL PROMOTERS FOR PROMOTING TAX AVOIDANCE STRATEGIES WHICH HAVE NO ECONOMIC SUBSTANCE, ETC.—

''(1) IMPOSITION OF PENALTY.—Any substantial promoter of a tax avoidance strategy shall pay a penalty in the amount determined under paragraph (2) with respect to such strategy if any tax benefit attributable to such strategy (or any similar strategy promoted by such promoter) is not allowable by reason of any rule of law referred to in section 6662(i)(2)(A).

''(2) AMOUNT OF PENALTY.—The penalty under paragraph (1) with respect to a promoter of a tax avoidance strategy is an amount equal to 100 percent of the gross income derived (or to be derived) by such promoter from such strategy.

''(3) TAX AVOIDANCE STRATEGY.—For purposes of this subsection, the term 'tax avoidance strategy' means any entity, plan, arrangement, or transaction a significant purpose of the structure of which is the avoidance or evasion of Federal income tax.

''(4) SUBSTANTIAL PROMOTER.—For purposes of this subsection —

''(A) IN GENERAL.—The term 'substantial promoter' means, with respect to any tax avoidance strategy, any promoter if—

''(i) such promoter offers such strategy to more than 1 potential participant, and

''(ii) such promoter may receive fees in excess of $1,000,000 in the aggregate with respect to such strategy.

''(B) AGGREGATION RULES.—For purposes of this paragraph—

''(i) RELATED PERSONS.—A promoter and all persons related to such promoter shall be treated as 1 person.

''(ii) SIMILAR STRATEGIES.—All similar tax avoidance strategies of a promoter shall be treated as 1 tax avoidance strategy.

''(C) PROMOTER.—The term 'promoter' means any person who participates in the promotion, offering, or sale of the tax avoidance strategy.

''(D) RELATED PERSON.—Persons are related if they bear a relationship to each other which is described in section 267(b) or 707(b).

''(4) COORDINATION WITH SUBSECTION (a).—No penalty shall be imposed by this subsection on any promoter with respect to a tax avoidance strategy if a penalty is imposed under subsection (a) on such promoter with respect to such strategy.''

(2) CONFORMING AMENDMENT.—Subsection (d) of section 6700 of such Code is amended—

(A) by striking ''PENALTY'' and inserting ''PENALTIES'', and

(B) by striking ''penalty'' the first place it appears in the text and inserting ''penalties''.

(b) INCREASE IN PENALTY ON PROMOTING ABUSIVE TAX SHELTERS.—The first sentence of section 6700(a) of such Code is amended by striking ''a penalty equal to'' and all that follows and inserting ''a penalty equal to the greater of $1,000 or 100 percent of the gross income derived (or to be derived) by such person from such activity.''

SEC. 269. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsections (b) and (c), the amendments made by this subpart shall apply to transactions after the date of the enactment of this Act.

(b) SECTION 267.—The amendments made by subsections (b) and (c) of section 267 shall apply to taxable years ending after the date of the enactment of this Act.

(c) SECTION 268.—The amendments made by subsection (a) of section 268 shall apply to any tax avoidance strategy (as defined in section 6700(c) of the Internal Revenue Code of 1986, as amended by this title) interests in which are offered to potential participants after the date of the enactment of this Act.

Subpart B—Limitations on Importation or Transfer of Built-in Losses

SEC. 271. LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.

(a) IN GENERAL.—Section 362 of the Internal Revenue Code of 1986 (relating to basis to corporations) is amended by adding at the end the following new subsection:

''(e) LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.—

''(1) IN GENERAL.—If in any transaction described in subsection (a) or (b) there would (but for this subsection) be an importation of a net built-in loss, the basis of each property described in paragraph (2) which is acquired in such transaction shall (notwithstanding subsections (a) and (b)) be its fair market value immediately after such transaction.

''(2) PROPERTY DESCRIBED.—For purposes of paragraph (1), property is described in this paragraph if—

''(A) gain or loss with respect to such property is not subject to tax under this subtitle in the hands of the transferor immediately before the transfer, and

''(B) gain or loss with respect to such property is subject to such tax in the hands of the transferee immediately after such transfer.

In any case in which the transferor is a partnership, the preceding sentence shall be applied by treating each partner in such partnership as holding such partner's proportionate share of the property of such partnership.

''(3) IMPORTATION OF NET BUILT-IN LOSS.—For purposes of paragraph (1), there is an importation of a net built-in loss in a transaction if the transferee's aggregate adjusted bases of property described in paragraph (2) which is transferred in such transaction would (but for this subsection) exceed the fair market value of such property immediately after such transaction.''

(b) COMPARABLE TREATMENT WHERE LIQUIDATION.—Paragraph (1) of section 334(b) of such Code (relating to liquidation of subsidiary) is amended to read as follows:

''(1) IN GENERAL.—If property is received by a corporate distributee in a distribution in a complete liquidation to which section 332 applies (or in a transfer described in section 337(b)(1)), the basis of such property in the hands of such distributee shall be the same as it would be in the hands of the transferor; except that the basis of such property in the hands of such distributee shall be the fair market value of the property at the time of the distribution—

''(A) in any case in which gain or loss is recognized by the liquidating corporation with respect to such property, or

''(B) in any case in which the liquidating corporation is a foreign corporation, the corporate distributee is a domestic corporation, and the corporate distributee's aggregate adjusted bases of property described in section 362(e)(2) which is distributed in such liquidation would (but for this subparagraph) exceed the fair market value of such property immediately after such liquidation.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act.

SEC. 272. DISALLOWANCE OF PARTNERSHIP LOSS TRANSFERS.

(a) TREATMENT OF CONTRIBUTED PROPERTY WITH BUILT-IN LOSS.—Paragraph (1) of section 704(c) of the Internal Revenue Code of 1986 is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following:

''(C) if any property so contributed has a built-in loss—

''(i) such built-in loss shall be taken into account only in determining the amount of items allocated to the contributing partner, and

''(ii) except as provided in regulations, in determining the amount of items allocated to other partners, the basis of the contributed property in the hands of the partnership shall be treated as being equal to its fair market value immediately after the contribution.

For purposes of subparagraph (C), the term 'built-in loss' means the excess of the adjusted basis of the property over its fair market value immediately after the contribution.''

(b) ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY ON TRANSFER OF PARTNERSHIP INTEREST IF THERE IS SUBSTANTIAL BUILT-IN LOSS.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 743 of such Code (relating to optional adjustment to basis of partnership property) is amended by inserting before the period ''or unless the partnership has a substantial built-in loss immediately after such transfer''.

(2) ADJUSTMENT.—Subsection (b) of section 743 of such Code is amended by inserting ''or with respect to which there is a substantial built-in loss immediately after such transfer'' after ''section 754 is in effect''.

(3) SUBSTANTIAL BUILT-IN LOSS.—Section 743 of such Code is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL BUILT-IN LOSS.—For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in a partnership if the transferee partner's proportionate share of the adjusted basis of the partnership property exceeds 110 percent of the basis of such partner's interest in the partnership.''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 743 of such Code is amended to read as follows:

''SEC. 743. ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BUILT-IN LOSS.''

(B) The table of sections for subpart C of part II of subchapter K of chapter 1 of such Code is amended by striking the item relating to section 743 and inserting the following new item:

''Sec. 743. Adjustment to basis of partnership property where section 754 election or substantial built-in loss.''

(c) ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY IF THERE IS SUBSTANTIAL BASIS REDUCTION.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 734 of such Code (relating to optional adjustment to basis of undistributed partnership property) is amended by inserting before the period ''or unless there is a substantial downward adjustment''.

(2) ADJUSTMENT.—Subsection (b) of section 734 of such Code is amended by inserting ''or unless there is a substantial downward adjustment'' after ''section 754 is in effect''.

(3) SUBSTANTIAL DOWNWARD ADJUSTMENT.—Section 734 of such Code is amended by adding at the end the following new subsection:

''(d) SUBSTANTIAL DOWNWARD ADJUSTMENT.—For purposes of this section, there is a substantial downward adjustment with respect to a distribution if the sum of the amounts described in subparagraphs (A) and (B) of subsection (b)(2) exceeds 10 percent of the aggregate adjusted basis of partnership property immediately after the distribution.''

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 734 of such Code is amended to read as follows:

''SEC. 734. ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BASIS REDUCTION.''

(B) The table of sections for subpart B of part II of subchapter K of chapter 1 of such Code is amended by striking the item relating to section 734 and inserting the following new item:

''Sec. 734. Adjustment to basis of undistributed partnership property where section 754 election or substantial basis reduction.''

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to contributions made after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (a) shall apply to transfers after the date of the enactment of this Act.

(3) SUBSECTION (c).—The amendments made by subsection (a) shall apply to distributions after the date of the enactment of this Act.

PART III—ESTATE AND GIFT TAX OFFSETS

SEC. 276. VALUATION RULES FOR TRANSFERS INVOLVING NONBUSINESS ASSETS.

(a) IN GENERAL.—Section 2031 of the Internal Revenue Code of 1986 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this chapter and chapter 12—

''(1) IN GENERAL.—In the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092), the value of such interest shall be determined by taking into account—

''(A) the value of such interest's proportionate share of the nonbusiness assets of such entity (and no valuation discount shall be allowed with respect to such nonbusiness assets), plus

''(B) the value of such entity determined without regard to the value taken into account under subparagraph (A).

''(2) NONBUSINESS ASSETS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'nonbusiness asset' means any asset which is not used in the active conduct of 1 or more trades or businesses.

''(B) EXCEPTION FOR CERTAIN PASSIVE ASSETS.—Except as provided in subparagraph (C), a passive asset shall not be treated for purposes of subparagraph (A) as used in the active conduct of a trade or business unless—

''(i) the asset is property described in paragraph (1) or (4) of section 1221(a) or is a hedge with respect to such property, or

''(ii) the asset is real property used in the active conduct of 1 or more real property trades or businesses (within the meaning of section 469(c)(7)(C)) in which the transferor materially participates and with respect to which the transferor meets the requirements of section 469(c)(7)(B)(ii).

For purposes of clause (ii), material participation shall be determined under the rules of section 469(h), except that section 469(h)(3) shall be applied without regard to the limitation to farming activity.

''(C) EXCEPTION FOR WORKING CAPITAL.—Any asset (including a passive asset) which is held as a part of the reasonably required working capital needs of a trade or business shall be treated as used in the active conduct of a trade or business.

''(3) PASSIVE ASSET.—For purposes of this subsection, the term 'passive asset' means any—

''(A) cash or cash equivalents,

''(B) except to the extent provided by the Secretary, stock in a corporation or any other equity, profits, or capital interest in any entity,

''(C) evidence of indebtedness, option, forward or futures contract, notional principal contract, or derivative,

''(D) asset described in clause (iii), (iv), or (v) of section 351(e)(1)(B),

''(E) annuity,

''(F) real property used in 1 or more real property trades or businesses (as defined in section 469(c)(7)(C)),

''(G) asset (other than a patent, trademark, or copyright) which produces royalty income,

''(H) commodity,

''(I) collectible (within the meaning of section 401(m)), or

''(J) any other asset specified in regulations prescribed by the Secretary.

''(4) LOOK-THRU RULES.—

''(A) IN GENERAL.—If a nonbusiness asset of an entity consists of a 10-percent interest in any other entity, this subsection shall be applied by disregarding the 10-percent interest and by treating the entity as holding directly its ratable share of the assets of the other entity. This subparagraph shall be applied successively to any 10-percent interest of such other entity in any other entity.

''(B) 10-PERCENT INTEREST.—The term '10-percent interest' means—

''(i) in the case of an interest in a corporation, ownership of at least 10 percent (by vote or value) of the stock in such corporation,

''(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

''(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

''(5) COORDINATION WITH SUBSECTION (b).—Subsection (b) shall apply after the application of this subsection.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

SEC. 277. CORRECTION OF TECHNICAL ERROR AFFECTING LARGEST ESTATES.

(a) IN GENERAL.—Paragraph (2) of section 2001(c) of the Internal Revenue Code of 1986 is amended by striking ''$10,000,000'' and all that follows and inserting ''$10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of the applicable credit amount under section 2010(c) (as increased by section 2010A) and $359,200.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

PART IV—OTHER OFFSETS

SEC. 281. CONSISTENT AMORTIZATION PERIODS FOR INTANGIBLES.

(a) START-UP EXPENDITURES.—

(1) ALLOWANCE OF DEDUCTION.—Paragraph (1) of section 195(b) of the Internal Revenue Code of 1986 (relating to start-up expenditures) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—If a taxpayer elects the application of this subsection with respect to any start-up expenditures—

''(A) the taxpayer shall be allowed a deduction for the taxable year in which the active trade or business begins in an amount equal to the lesser of—

''(i) the amount of start-up expenditures with respect to the active trade or business, or

''(ii) $5,000, reduced (but not below zero) by the amount by which such start-up expenditures exceed $50,000, and

''(B) the remainder of such start-up expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the active trade or business begins.''

(2) CONFORMING AMENDMENT.—Subsection (b) of section 195 is amended by striking ''AMORTIZE'' and inserting ''DEDUCT'' in the heading.

(b) ORGANIZATIONAL EXPENDITURES.—Subsection (a) of section 248 of such Code (relating to organizational expenditures) is amended to read as follows:

''(a) ELECTION TO DEDUCT.—If a corporation elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenditures—

''(1) the corporation shall be allowed a deduction for the taxable year in which the corporation begins business in an amount equal to the lesser of—

''(A) the amount of organizational expenditures with respect to the taxpayer, or

''(B) $5,000, reduced (but not below zero) by the amount by which such organizational expenditures exceed $50,000, and

''(2) the remainder of such organizational expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the corporation begins business.''

(c) TREATMENT OF ORGANIZATIONAL AND SYNDICATION FEES OR PARTNERSHIPS.—Section 709(b) of such Code (relating to amortization of organization fees) is amended by redesignating paragraph (2) as paragraph (4) and by amending paragraph (1) to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—If a taxpayer elects the application of this subsection (in accordance with regulations prescribed by the Secretary) with respect to any organizational expenses—

''(A) the taxpayer shall be allowed a deduction for the taxable year in which the partnership begins business in an amount equal to the lesser of—

''(i) the amount of organizational expenses with respect to the partnership, or

''(ii) $5,000, reduced (but not below zero) by the amount by which such organizational expenses exceed $50,000, and

''(B) the remainder of such organizational expenses shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the partnership begins business.

''(2) DISPOSITIONS BEFORE CLOSE OF AMORTIZATION PERIOD.—In any case in which a partnership is liquidated before the end of the period to which paragraph (1)(B) applies, any deferred expenses attributable to the partnership which were not allowed as a deduction by reason of this section may be deducted to the extent allowable under section 165.''

(d) CONFORMING AMENDMENT.—Subsection (b) of section 709 of such Code is amended by striking ''AMORTIZATION'' and inserting ''DEDUCTION'' in the heading.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 282. MODIFICATION OF FOREIGN TAX CREDIT CARRYOVER RULES.

(a) IN GENERAL.—Section 904(c) of the Internal Revenue Code of 1986 (relating to limitation on credit) is amended—

(1) by striking ''in the second preceding taxable year,'', and

(2) by striking ''or fifth'' and inserting ''fifth, sixth, or seventh''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to credits arising in taxable years beginning after December 31, 2000.

SEC. 283. RECOGNITION OF GAIN ON TRANSFERS TO SWAP FUNDS.

(a) INTERESTS SIMILAR TO PREFERRED STOCK TREATED AS STOCK.—Clause (vi) of section 351(e)(1)(B) of the Internal Revenue Code of 1986 (relating to transfer of property to an investment company) is amended to read as follows:

''(vi) except as otherwise provided in regulations prescribed by the Secretary—

''(I) any interest in an entity if the return on such interest is limited and preferred, and

''(II) interests (not described in subclause (I)) in any entity if substantially all of the assets of such entity consist (directly or indirectly) of any assets described in subclause (I), any preceding clause, or clause (viii).''

(b) CERTAIN TRANSFERS DEEMED TO BE TO INVESTMENT COMPANIES.—Subsection (e) of section 351 of such Code is amended by adding at the end the following new paragraph:

''(3) TRANSFERS OF MARKETABLE SECURITIES TO CERTAIN CORPORATIONS.—A transfer of property to a corporation if—

''(A) such property is marketable securities (as defined in section 731(c)(2)), other than a diversified portfolio of securities,

''(B) such corporation—

''(i) is registered under the Investment Company Act of 1940 as an investment company, or is exempt from registration as a investment company under section 3(c)(7) of such Act because interests in such corporation are offered to qualified purchasers within the meaning of section 2(a)(51) of such Act, or

''(ii) is formed or availed of for purposes of allowing persons who have significant blocks of marketable securities with unrealized appreciation to diversify those holdings without recognition of gain, and

''(C) the transfer results, directly or indirectly, in diversification of the transferor's interest.''

(c) TRANSFERS TO PARTNERSHIPS.—Subsection (b) of section 721 of such Code is amended to read as follows:

''(b) SPECIAL RULE.—Subsection (a) shall not apply to gain realized on a transfer of property to a partnership if, were the partnership incorporated—

''(1) such partnership would be treated as an investment company (within the meaning of section 351), or

''(2) section 351 would not apply to such transfer by reason of section 351(e)(3).''

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to transfers after March 8, 2000.

(2) BINDING CONTRACTS.—The amendments made by this section shall not apply to any transfer pursuant to a written binding contract in effect on August 4, 1999, and at all times thereafter before such transfer if such contract provides for the transfer of a fixed amount of property.

Mr. RANGEL (during the reading). Mr. Speaker, I ask unanimous consent that the motion to instruct be considered as read and printed in the RECORD.

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

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York (Mr. RANGEL) is recognized for 5 minutes in support of his motion to recommit.

Mr. RANGEL. Mr. Speaker, if the Republicans want to have reform with results, if the Republicans really want to give some aid and assistance and comfort to the working poor, if the Republicans want to give a $1 increase in the minimum wage and at the same time

give substantial relief to the employers that will be required to do this, they would support the motion to recommit.

Why? Because they would know that this motion to recommit would send to the President a bill that would do these things, and it would be a bill that would be signed by the President of the United States.

I know that many on the other side do not like the President. The question is, do they care for the American people and the working poor? He is still the President, and we have to work with him until the end of the year. If we want any bills at all to pass, we should be cooperating with Democrats and the President in order to get it done.

They just cannot pile $122 billion on a tax bill and forget the $5 trillion debt that we have and just move on, thinking that ultimately, before the year's end, they would have accomplished in piecemeal what they could not do last year with the $800 billion tax cut.

Mr. Speaker, I am suggesting that we do have an opportunity to vote on the motion to recommit. It incorporates most of the things that the Republicans would want done, some of the provisions we have worked with in a bipartisan way, and just rejects out of hand the irresponsible tax cuts, most of which go to the richest Americans that we have.

We still have an opportunity to deal with some of the serious questions of Medicare, social security, giving assistance in prescription drugs to our elderly, protecting a Patients' Bill of Rights. Democrats cannot do this alone, and we know in their hearts these are the issues they would want to address, but they just cannot do it by going into the Republican cloakroom and coming out with these imaginary, creative ideas without consulting with the minority and the President of the United States.

Is it not time we stop playing these political games? There is enough politics to go around between now and the election. Let us not play with the poorest of the poor, who are working every day to maintain their self-esteem, to provide food and clothing, pay their rent, get shelter for their kids. Let us not play around with social security and Medicare.

Let us do the right thing by the American people and support the motion to recommit. This could truly be a beginning, a beginning in saying that now that we have the presidential primaries behind us, that the candidates can stop going after each other on a personal basis and decide how they are going to address these issues to the American people on the question of issues and not personalities.

We in the House, where truly the people should govern, should set the examples for our presidential candidates by dealing with the issues, and not personality and not politics. We do not get this opportunity often, but this is the beginning of a new era, we would believe. The Members of the Committee on Ways and Means would like to be working together in dealing with tax policy.

We resent the idea that tax bills are coming out from the Committee on Rules and other standing committees without hearings, without debate, to just bring things to the floor because it passed the majority in the last year. What we should do is separate the question of taxes and deal with the question of minimum wage.

That is why we are here in this body encouraging people not to go on welfare but to work, work for their families, work for their communities, work for their country, and we will give them a decent wage with which to do it so they would not think about going on welfare.

But we cannot have it both ways. We are talking about $6.15. Is there anyone here that would like to send anybody in their family out to the work market to earn $6.15? Give America a break, vote for the motion to recommit.

The SPEAKER pro tempore. Is the gentleman from Arizona (Mr. HAYWORTH) opposed to the motion to recommit?

Mr. HAYWORTH. I most certainly am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Arizona (Mr. HAYWORTH) is recognized for 5 minutes on the motion to recommit.

Mr. HAYWORTH. Mr. Speaker, I always listen with great interest to my colleague, the gentleman from New York (Mr. RANGEL), my close personal friend.

He said just a few minutes ago, we cannot have it both ways. Indeed, that is true. Sadly, this motion to recommit says to the American people, Mr. Speaker, ''Wait, wait for tax relief. We believe it is important, perhaps not as important as a bipartisan majority of this House. We believe it is important, but you need to wait a while longer.''

This legislation also, or this motion to recommit, offers tax relief with one hand and takes it away with the other.

Mr. Speaker, the American people have spoken loudly and clearly about the unfairness of the death tax. A recent issue of USA Today describes it thusly, quoting now:

''Taxes aren't popular to begin with. But of all the ways Uncle Sam takes a cut, none may be detested more than the tax levied on an estate after someone dies.

''The idea of the government reaching into the grave and grabbing 37 to 60 percent of the wealth accumulated during a lifetime is, well, ghoulish to many. It's the depressing confluence of the only two things in this world that Benjamin Franklin noted were 'certain.' ''

Mr. Speaker, we remember the statement of Dr. Franklin. He said, ''In this life, two things are inevitable, death and taxes.'' But Mr. Speaker, I think even Dr. Franklin, if he had the powers of prescience, could not begin to fathom that the constitutional Republic he helped to found would one day tax its citizens upon their death.

Mr. Speaker, a bipartisan majority of this House believes quite clearly there should be no taxation without respiration. Yet, with the motion to recommit, the minority in this House asks us to wait a bit longer.

I said earlier, in somewhat hyperbolic fashion, that, quoting the old movie line, sadly, our friends on the left say ''No tax relief, not for nobody, nohow.'' That is the essence of their motion to recommit, because it once again delays, delays tax relief for the American people.

The record speaks quite clearly that this commonsense majority in Congress has delivered tax relief in the past, even as we have paid down the debt hanging over the heads of our children, even as we have walled off 100 percent of the social security surplus for social security.

Today we said to those businesses that are going to be affected, you deserve tax relief; to the self-employed, you deserve 100 percent deductibility of insurance; and no, you need not wait until there is beachfront property in Yuma, Arizona. You need not wait for the physically improbable to finally get tax relief, because, Mr. Speaker, we understand what the American people are saying loudly and clearly: Yes, save Medicare and social security; yes, improve education by empowering parents and teachers and getting funds into the classroom; yes, let us make sure we provide for our national security, so grossly neglected by the current administration.

But Mr. Speaker, the American people also say to us, let us provide financial security. Let us build on this prosperity by recognizing this simple truth: that the money earned by Americans belongs not to the Treasury of the United States and Washington bureaucrats, but to the people who earn it.

The legislation supported by the majority will enact that tax relief now. The alternative offered by the minority in this motion to recommit says yet again, let us delay and delay and delay some more. Sadly, Mr. Speaker, actions speak louder than words. The verbiage and the numbers, when we strip them all away, show an antipathy toward the simple notion that Americans should keep more of their hard-earned money.

Mr. Speaker, in conclusion, I would call on my colleagues to reject this motion to recommit. Vote for real tax relief and real prosperity for all Americans.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—yeas 207, nays 218, not voting 9, as follows:

[Roll No. 40]

YEAS—207

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
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
Stupak
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
Wise
Woolsey
Wu
Wynn

NAYS—218

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Greenwood
Gutknecht
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
Martinez
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
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
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stump
Sununu
Sweeney
Talent
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)

NOT VOTING—9

Cooksey
Ganske
Granger
Johnson, E. B.
McCollum
Scarborough
Schaffer
Spence
Vento

□ 1820

Messrs. THOMAS, LAZIO, QUINN, BARTLETT of Maryland, FRANKS of New Jersey, and YOUNG of Alaska changed their vote from ''yea'' to ''nay.''

Mr. DIXON and Mr. HALL of Texas changed their vote from ''nay'' to ''yea.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. PEASE). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ARCHER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 257, noes 169, not voting 9, as follows:

[Roll No. 41]

AYES—257

Aderholt
Archer
Armey
Bachus
Baird
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berkley
Biggert
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Boucher
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Condit
Cook
Cox
Cramer
Crane
Cubin
Cunningham
Danner
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Dooley
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Etheridge
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Green (WI)
Greenwood
Hall (OH)
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Holt
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Istook
Jefferson
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
Martinez
McCarthy (NY)
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moore
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman

Price (NC)
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rivers
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sandlin
Sanford
Saxton
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Souder
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Wu
Young (AK)
Young (FL)

NOES—169

Abercrombie
Ackerman
Allen
Andrews
Baca
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Blagojevich
Blumenauer
Bonior
Borski
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Doyle
Edwards
Engel
Eshoo
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Green (TX)
Gutierrez
Gutknecht
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Luther
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McDermott
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Pomeroy
Rahall
Rangel
Reyes
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Schakowsky
Scott
Serrano
Sherman
Skelton
Slaughter
Snyder
Spratt
Stabenow
Stark
Stenholm
Stupak
Tanner
Taylor (MS)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velázquez
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wynn

NOT VOTING—9

Cooksey
Granger
Johnson, E. B.
McCollum
Scarborough
Schaffer
Spence
Strickland
Vento

□ 1832

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE JOINT RESOLUTION 89 and HOUSE JOINT RESOLUTION 90

Mr. PAUL. Mr. Speaker, I ask unanimous consent that the name of the gentleman from California (Mr. ROHRABACHER) be removed as a cosponsor of H.J. Res. 89 and H.J. Res. 90.

The SPEAKER pro tempore (Mr. PEASE). Is there objection to the request of the gentleman from Texas?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3575

Mr. FRANK of Massachusetts. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 3575.

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

There was no objection.

MESSAGE FROM THE PRESIDENT

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate has passed a concurrent resolution of the following title in which concurrence of the House is requested:

S. Con. Res. 94. Concurrent Resolution providing for a conditional adjournment or recess of the Senate.

MINIMUM WAGE INCREASE ACT

Mr. GOODLING. Mr. Speaker, pursuant to House Resolution 434, I call up the bill (H.R. 3846) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

UNFUNDED MANDATE POINT OF ORDER

Mr. LARGENT. Mr. Speaker, pursuant to section 425(a) of the Congressional Budget Act of 1974, I make a point of order against consideration of H.R. 3846.

Section 425(a) states that a point of order lies against consideration of a bill that would impose an intra-governmental unfunded mandate in excess of $50 million.

The Congressional Budget Office has scored the language in H.R. 3846 as an $880 million unfunded mandate on America's State and local governments over 5 years. Section 1 of H.R. 3846 increases the Federal minimum wage from $5.15 to $6.15 an hour over 3 years. Therefore, I make a point of order against consideration of this bill.

The SPEAKER pro tempore. The gentleman from Oklahoma (Mr. LARGENT) makes a point of order that the bill violates section 425(a) of the Congressional Budget Act of 1974.

In accordance with section 426(b)(2) of the Act, the gentleman has met his threshold burden to identify the specific language in the bill (section 1) on which he predicates the point of order.

Under section 426(b)(4) of the Act, the gentleman from Oklahoma (Mr. LARGENT) and a Member opposed will each control 10 minutes of debate on the question of consideration.

Pursuant to section 426(b)(3) of the Act, after that debate the Chair will put the question of consideration, to wit: ''Will the House now consider the bill?''

The gentleman from Oklahoma (Mr. LARGENT) will be recognized for 10 minutes, and the gentleman from Missouri (Mr. CLAY) will be recognized for 10 minutes.

The Chair recognizes the gentleman from Oklahoma (Mr. LARGENT).

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

Mr. Speaker, one of the real problems that I see we face in this body is that we are consumed with so much business from day-to-day that the institutional memory of the House of Representatives tends to be very short. And so, I hope to enter into a discourse here of a little history from 5 years ago about a bill that we passed overwhelmingly called the Unfunded Mandate Reform Act.

In 1995, the House decided to change the way Washington works with America's State houses and city halls. The Unfunded Mandate Reform Act was passed to protect hard-working State and local officials from the bullies in Washington, D.C.

Its sponsors stood on this floor and said, ''For too long, Congress has imposed its own agenda on State and local governments without taking responsibility for the costs.''

The Unfunded Mandate Reform Act passed this House by a vote of 394–28.

Several Members who have introduced the bill that is currently before us were, in fact, cosponsors of the Unfunded Mandate Reform Act. Today we are scheduled to trample this law by passing a Federal minimum wage increase.

Mr. Speaker, we need to keep our promise to America's State and local officials. By voting against their own State and local officials, the Members are telling them, ''I know more than you do.''

I want to be able to look my State and local officials square in the eye and tell them that I trust them.

Many of our colleagues worked at the local level as mayors or city councilmen. Others were State legislators. These Members know the frustration of having Washington tell them how to spend their limited resources.

One Member who used to work in a New York county government and who has been instrumental in shaping this bill on the floor today and the bill on the floor in 1995 said, ''Many Federal mandates involve important programs that many of us might support in concept. But, if we are going to ask others to pay for them, we should give them more of a say in developing them, we should level with them about who is going to pay for them, and we should be ready to defend the costs.''

Where was this principle when the minimum wage bill was drafted?

Unfunded mandates force State and local governments to reduce vital services and/or increase taxes, revamp their budgets and order their priorities. This is not the kind of Federal, State, and local government partnership the Founders envisioned.

The vote on this point of order should not be confused with support for or opposition to a minimum wage. That issue is irrelevant. Rather, it is a vote for or against local control and limited government.

Who knows best, Washington or City Hall?

Many States, including the State of Oklahoma, have raised the minimum wage above the Federal level. They did not need Washington to tell them to do this. Because, believe it or not, they did it all by themselves.

The Unfunded Mandate point of order can be raised against any bill that will cost State and local governments more than $50 million. CBO estimates that this increase will cost America's State and local governments $880 million. It costs the private sector $13.1 billion, $4.1 billion in one year alone.

The Unfunded Mandate will affect 750,000 State and local government employees. Twenty percent of these employees work for State colleges. Twenty-seven percent work for State and local schools. And we all know how much trouble school districts are having with the money as it is. Why make it harder?

Two-thirds of these employees work for local governments, one-third for State governments. Over 40 percent of the Mandate falls on States in the Southeast. Twenty-eight percent falls on States in the Midwest. Seventy-two percent of the burden falls on people in small towns and rural areas.

The States that will be hardest hit by this Unfunded Mandate are California, Texas, Louisiana, Florida, and Arizona.

Mr. Speaker, in conclusion, this Unfunded Mandate hurts State and local governments; it hurts schools and hospitals; it hurts nursing homes; it hurts workers who lose their jobs; and it hurts the businesses who have to lay them off. Perhaps the only people it does not hurt are us here in Congress.

But, most importantly, it hurts the trust we have developed with State houses and city halls. It is a reversion to an old way of doing business.

In a moment, I will request a recorded vote on this issue. Those wishing to steam roll the Unfunded Mandate law that we just voted on and passed overwhelmingly on 5 years ago will vote ''aye.'' Those wishing to defend States and local governments against Washington's bullying ways will vote ''nay.'' A ''nay'' vote will force Congress to be responsible for paying for its own laws.

This vote draws a line in the sand. Either Members are for local control or they are against it. Either they believe city halls and State houses know best or they believe Washington knows best. It is just that simple.

Vote ''no'' to show support for local control.

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

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

Mr. Speaker, the gentleman from Oklahoma (Mr. LARGENT) is suggesting that we deny over 10 million American workers a modest increase in the minimum wage based on a technical point of order.

The gentleman would deny 40 percent of minimum-wage workers who are the sole bread earner in their families a wage increase based on a technical point of order.

The gentleman would prevent an increase in the minimum wage that is supported by 81 percent of Americans on a technical point of order.

Mr. Speaker, the gentleman would condemn minimum-wage workers to an annual income of only $10,700, which is $3,000 less than the poverty level, on a technical point of order.

Mr. Speaker, the real Unfunded Mandate today is the majority's unpaid for and reckless $120 billion tax cut for the wealthy. This point of order is just another effort by the majority to deny a fair and just increase in the minimum wage.

So I urge Members who support increasing the minimum wage to vote ''yes'' on continuing consideration of this bill.

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

Mr. LARGENT. Mr. Speaker, may I inquire how much time is remaining on each side?

The SPEAKER pro tempore. The gentleman from Oklahoma (Mr. LARGENT) has 5 minutes remaining, and the gentleman from Missouri (Mr. CLAY) has 8½ minutes remaining.

Mr. LARGENT. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Speaker, I thank the gentleman for yielding to me, and I thank him for bringing up this valid Unfunded Mandate point of order.

Earlier today, we voted on a rule that waived the 1974 budget rule saying that we should have a budget before we pass a tax cut. I voted against that rule because I believe that we ought to live by the very rules that we pass in this House.

The gentleman from Oklahoma (Mr. LARGENT) has correctly pointed out what happened 5 years ago. It is important that we consider the costs when we are imposing on local governments, as well as small business men and women, it is important that we recognize that cost and that it is an unfunded mandate when we vote a cost without providing the money to pay for it.

I remember so well the speeches that were made on this legislation 5 years ago.

□ 1845

This problem could have been addressed earlier today by the DeMint-Stenholm State flexibility proposal. The approach in the DeMint-Stenholm amendment would have given States flexibility to debate the minimum wage as part of an overall policy to deal with poverty, low-income families, and welfare reform. I would much rather do it that way than the way in which we are proposing to do it today.

Some States may choose to have a lower minimum wage but offset this with State assistance to low-income families for health care, child care, job training, education or other programs. States may decide that it may be better to target assistance to low-income families in need through State programs instead of a minimum-wage increase. Some States may decide that the lower cost of living in their State make a lower minimum wage reasonable. Other States may decide that a higher cost of living justifies a higher minimum wage.

States are in the best position to make these judgments. These decisions should be made in a public debate in the State legislatures where these trade-offs can be debated, not on the floor of the House tonight.

I encourage all of my colleagues to vote to sustain this point of order and let us live by those bills that we pass.

Mr. LARGENT. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Speaker, I rise to support the gentleman from Oklahoma's point of order. I rise as a former Pennsylvania State legislator who knows a little bit about unfunded Federal mandates, as we had some experience with balancing our budget. I was appropriations chairman for 8 years in the State house. Every year as

we went to work on our State budget, by the way, which was always balanced, we could not print money, we realized that the Federal Government had stuck us with some unfunded Federal mandates.

I think the largest one we had to grapple with every year was special ed. The law which Congress passed says that the Federal Government will provide 40 percent of the special ed funds. I think when I came to Congress 3 years ago, we were about 6 or 7 percent. I think today we are up around 14, 15 percent of those funds. But we are nowhere near the mandate in the law that Congress passed.

When this body tells States that they have to spend hundreds of millions of dollars here and millions of dollars there, it creates a hardship. Fiscal responsibility may be something that we have discovered here in Washington in the last 5 years, but to States that have been balancing their budgets all along, these mandates do cause some complications. Most States have to cut back other programs in order to meet these Federal demands. Mr. Speaker, I think when we approach unfunded Federal mandates, we should approach them with our eyes open. We should realize that the minimum wage, the Federal minimum wage, is just another unfunded Federal mandate that we are placing on local governments, on businesses, and it is sort of insulting to some of these local governments and State legislatures that have a better track record than Congress in keeping their fiscal houses in order when we pass these.

I urge my colleagues to vote ''no'' and sustain this point of order.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. NADLER).

Mr. NADLER. Mr. Speaker, I rise in opposition to this point of order, and I want to oppose a few cliches. Number one, the State capital does not always know best. Sometimes the Federal Government knows best. That is why we have a Federal Government and a Federal structure of government. If you leave it up to the States what the minimum wage will be, you cannot enforce the minimum wage, because businesses will tend to go to those States with a lower minimum wage and with less environmental protection. That is why we have Federal minimum wage laws and Federal environmental protection laws, so you do not have a race to the bottom because of the business climate in each State, so you can have a civilized minimum wage and environmental protection laws and occupational safety and health laws to protect workers.

Number two, it is not an unfunded mandate. Nobody is telling the States what they have to do, what programs they have to do. All we are saying is if you hire workers to do whatever you want to do, you have got to pay them a decent wage, not even a living wage, merely the minimum wage. That is not an unfunded mandate.

Number three, if it is construed to be an unfunded mandate, it shows one of the reasons that the unfunded mandate law was a foolish thing to pass because if it deprives us of the power of insisting on a basic minimum wage for people in States whether they work for State government or for private enterprise, it is foolish if we are deprived of that power because we are the tribunes of the people who must insist on minimum standards so that people are protected.

Mr. LARGENT. Mr. Speaker, I yield the balance of my time to the gentleman from Ohio (Mr. PORTMAN).

Mr. PORTMAN. Mr. Speaker, I thank the gentleman from Oklahoma for yielding me this time, and more importantly for raising the unfunded mandate point of order. I would just say to my friend from New York that it is not a foolish piece of legislation and yes, indeed there is an unfunded mandate here. This is precisely what this legislation was intended to do when we passed it 5 years ago.

One, to provide for information. We now have a Congressional Budget Office impact statement which shows there is going to be an $880 million impact on State and local government because of the minimum wage bill we are about to vote on. Second, it provides for accountability.

The gentleman from Oklahoma says he is going to ask for a vote. I think that is great. We are having a debate on this issue, we are having the information provided to us which we would not have had 5 years ago, and now we are going to have a vote on whether we as a Congress are going to impose an additional almost $1 billion unfunded mandate on State and local government.

If we really believe that in Congress we ought not to be imposing these costs on State and local government that have to take it out of things like fire and police services or raise taxes on our citizens back home, then we ought to take a very careful look at the unfunded mandate impact. And in my case, I am going to vote no, because a ''no'' vote means you are upholding the point of order, a ''no'' vote means you recognize that there will be an impact on State and local government that is inappropriate. I encourage my colleagues to vote no.

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

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The question is, Will the House now consider the bill?

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. CLAY. 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 274, nays 141, not voting 19, as follows:

[Roll No. 42]

YEAS—274

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Baca
Baird
Baker
Baldacci
Baldwin
Barcia
Barrett (NE)
Barrett (WI)
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Boehlert
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Buyer
Callahan
Canady
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Doyle
Duncan
Edwards
Engel
English
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gilchrest
Gilman
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hunter
Hutchinson
Hyde
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Kucinich
Kuykendall
LaFalce
LaHood
Lampson
Lantos
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHugh
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Ney
Northup
Oberstar
Obey
Olver
Ortiz
Ose
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Porter
Price (NC)
Quinn
Rahall
Rangel
Regula
Reyes
Rivers
Rodriguez
Roemer
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Sisisky
Skelton
Slaughter

Smith (NJ)	Thune	Weiner
Snyder	Tierney	Weldon (PA)
Spratt	Towns	Weller
Stabenow	Traficant	Wexler
Stark	Turner	Weygand
Strickland	Udall (CO)	Whitfield
Stupak	Udall (NM)	Wilson
Sweeney	Upton	Wise
Tanner	Velázquez	Wolf
Tauzin	Visclosky	Woolsey
Taylor (MS)	Walsh	Wu
Thomas	Waters	Wynn
Thompson (CA)	Watt (NC)	Young (AK)
Thompson (MS)	Waxman	Young (FL)

NAYS—141

Archer	Gekas	Packard
Armey	Gibbons	Paul
Bachus	Gillmor	Pease
Ballenger	Goode	Peterson (PA)
Barr	Goodlatte	Petri
Bartlett	Goodling	Pickering
Barton	Goss	Pitts
Bass	Graham	Pombo
Bateman	Green (WI)	Portman
Biggert	Gutknecht	Pryce (OH)
Blunt	Hall (TX)	Radanovich
Boehner	Hansen	Ramstad
Bonilla	Hastings (WA)	Reynolds
Brady (TX)	Hayes	Riley
Bryant	Hayworth	Rogan
Burr	Hefley	Rohrabacher
Burton	Herger	Royce
Calvert	Hill (MT)	Ryan (WI)
Camp	Hilleary	Ryun (KS)
Campbell	Hoekstra	Salmon
Cannon	Hostettler	Sanford
Chabot	Hulshof	Sensenbrenner
Chambliss	Isakson	Sessions
Chenoweth-Hage	Jenkins	Shadegg
Clement	Johnson, Sam	Simpson
Coble	Jones (NC)	Skeen
Coburn	Kasich	Smith (MI)
Collins	Kingston	Smith (TX)
Combest	Knollenberg	Souder
Cook	Kolbe	Stearns
Cox	Largent	Stenholm
Crane	Latham	Stump
Cubin	Lewis (KY)	Sununu
Cunningham	Lucas (OK)	Talent
Deal	Manzullo	Tancredo
DeLay	McCrery	Taylor (NC)
DeMint	McInnis	Terry
Dickey	McIntosh	Thornberry
Doolittle	McKeon	Tiahrt
Dreier	Mica	Toomey
Dunn	Miller (FL)	Vitter
Ehlers	Miller, Gary	Walden
Ehrlich	Moran (KS)	Wamp
Emerson	Myrick	Watkins
Everett	Nethercutt	Watts (OK)
Ewing	Norwood	Weldon (FL)
Fowler	Nussle	Wicker

NOT VOTING—19

Cooksey	Linder	Smith (WA)
Davis (VA)	McCollum	Spence
Dooley	Metcalf	Tauscher
Gephardt	Oxley	Thurman
Granger	Scarborough	Vento
Istook	Schaffer	
Johnson, E.B.	Shuster	

□ 1918

Messrs. SMITH of Texas, TERRY, EVERETT, and KINGSTON changed their vote from ''yea'' to ''nay.''

Messrs. HUNTER, CROWLEY, MALONEY of Connecticut, and FOSSELLA changed their vote from ''nay'' to ''yea.''

So the question of consideration was decided in the affirmative.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Pursuant to House Resolution 434, the bill is considered read for amendment.

The text of H.R. 3846 is as follows:

H.R. 3846

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

SECTION 1. MINIMUM WAGE.

Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.15 an hour beginning September 1, 1997,

''(B) $5.48 an hour during the year beginning April 1, 2000,

''(C) $5.81 an hour during the year beginning April 1, 2001, and

''(D) $6.15 an hour beginning April 1, 2002;''.

SEC. 2. EXEMPTION FOR COMPUTER PROFESSIONALS.

Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)) is amended by amending paragraph (17) to read as follows:

''(17) any employee who is a computer systems, network, or database analyst, designer, developer, programmer, software engineer, or other similarly skilled worker—

''(A) whose primary duty is—

''(i) the application of systems or network or database analysis techniques and procedures, including consulting with users, to determine hardware, software, systems, network, or database specifications (including functional specifications);

''(ii) the design, configuration, development, integration, documentation, analysis, creation, testing, securing, or modification of, or problem resolution for, computer systems, networks, databases, or programs, including prototypes, based on and related to user, system, network, or database specifications, including design specifications and machine operating systems;

''(iii) the management or training of employees performing duties described in clause (i) or (ii); or

''(iv) a combination of duties described in clauses (i), (ii), or (iii) the performance of which requires the same level of skills; and

''(B) who, in the case of an employee who is compensated on an hourly basis, is compensated at a rate of not less than $27.63 an hour.

For purposes of paragraph (17), the term 'network' includes the Internet and intranet networks and the world wide web. An employee who meets the exemption provided by paragraph (17) shall be considered an employee in a professional capacity pursuant to paragraph (1);''.

SEC. 3. EXEMPTION FOR CERTAIN SALES EMPLOYEES.

(a) AMENDMENT.—Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)), as amended by section 2, is amended by adding at the end the following:

''(18) any employee employed in a sales position if—

''(A) the employee has specialized or technical knowledge related to products or services being sold;

''(B) the employee's—

''(i) sales are predominantly to persons or entities to whom the employee's position has made previous sales; or

''(ii) position does not involve initiating sales contacts;

''(C) the employee has a detailed understanding of the needs of those to whom the employee is selling;

''(D) the employee exercises discretion in offering a variety of products and services;

''(E) the employee receives—

''(i) base compensation, determined without regard to the number of hours worked by the employee, of not less than an amount equal to one and one-half times the minimum wage in effect under section 6(a)(1) multiplied by 2,080; and

''(ii) in addition to the employee's base compensation, compensation based upon each sale attributable to the employee;

''(F) the employee's aggregate compensation based upon sales attributable to the employee is not less than 40 percent of one and one-half times the minimum wage multiplied by 2,080;

''(G) the employee receives a rate of compensation based upon each sale attributable to the employee which is beyond sales required to reach the compensation required by subparagraph (F) which rate is not less than the rate on which the compensation required by subparagraph (F) is determined; and

''(H) the rate of annual compensation or base compensation for any employee who did not work for an employer for an entire calendar year is prorated to reflect annual compensation which would have been earned if the employee had been compensated at the same rate for the entire calendar year;''.

(b) CONSTRUCTION.—The amendment made by subsection (a) may not be construed to apply to individuals who are employed as route sales drivers.

SEC. 4. EXEMPTION FOR FUNERAL DIRECTORS.

Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)), as amended by section 3, is amended by adding after paragraph (18) the following:

''(19) any employee employed as a licensed funeral director or a licensed embalmer.''.

SEC. 5. STATE MINIMUM WAGE.

Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) is amended by adding at the end the following:

''(h)(1) An employer in a State that adopts minimum wage legislation that conforms to the requirement of paragraph (2) shall not be required to pay its employees at the minimum wage prescribed by subsection (a)(1).

''(2) Paragraph (1) shall apply in a State that adopts minimum wage legislation that—

''(A) sets a rate that is not less than $5.15 an hour; and

''(B) applies that rate to not fewer than the employees performing work within the State that would otherwise be covered by the minimum wage rate prescribed by subsection (a)(1).''.

The SPEAKER pro tempore. An amendment striking section 5 is adopted.

The text of H.R. 3846, as amended, is as follows:

H.R. 3846

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

SECTION 1. MINIMUM WAGE.

Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.15 an hour beginning September 1, 1997,

''(B) $5.48 an hour during the year beginning April 1, 2000,

''(C) $5.81 an hour during the year beginning April 1, 2001, and

''(D) $6.15 an hour beginning April 1, 2002;''.

SEC. 2. EXEMPTION FOR COMPUTER PROFESSIONALS.

Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)) is amended by amending paragraph (17) to read as follows:

''(17) any employee who is a computer systems, network, or database analyst, designer, developer, programmer, software engineer, or other similarly skilled worker—

''(A) whose primary duty is—

''(i) the application of systems or network or database analysis techniques and procedures, including consulting with users, to determine hardware, software, systems, network, or database specifications (including functional specifications);

''(ii) the design, configuration, development, integration, documentation, analysis, creation, testing, securing, or modification of, or problem resolution for, computer systems, networks, databases, or programs, including prototypes, based on and related to user, system, network, or database specifications, including design specifications and machine operating systems;

''(iii) the management or training of employees performing duties described in clause (i) or (ii); or

''(iv) a combination of duties described in clauses (i), (ii), or (iii) the performance of which requires the same level of skills; and

''(B) who, in the case of an employee who is compensated on an hourly basis, is compensated at a rate of not less than $27.63 an hour.

For purposes of paragraph (17), the term 'network' includes the Internet and intranet networks and the world wide web. An employee who meets the exemption provided by paragraph (17) shall be considered an employee in a professional capacity pursuant to paragraph (1);''.

SEC. 3. EXEMPTION FOR CERTAIN SALES EMPLOYEES.

(a) AMENDMENT.—Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)), as amended by section 2, is amended by adding at the end the following:

''(18) any employee employed in a sales position if—

''(A) the employee has specialized or technical knowledge related to products or services being sold;

''(B) the employee's—

''(i) sales are predominantly to persons or entities to whom the employee's position has made previous sales; or

''(ii) position does not involve initiating sales contacts;

''(C) the employee has a detailed understanding of the needs of those to whom the employee is selling;

''(D) the employee exercises discretion in offering a variety of products and services;

''(E) the employee receives—

''(i) base compensation, determined without regard to the number of hours worked by the employee, of not less than an amount equal to one and one-half times the minimum wage in effect under section 6(a)(1) multiplied by 2,080; and

''(ii) in addition to the employee's base compensation, compensation based upon each sale attributable to the employee;

''(F) the employee's aggregate compensation based upon sales attributable to the employee is not less than 40 percent of one and one-half times the minimum wage multiplied by 2,080;

''(G) the employee receives a rate of compensation based upon each sale attributable to the employee which is beyond sales required to reach the compensation required by subparagraph (F) which rate is not less than the rate on which the compensation required by subparagraph (F) is determined; and

''(H) the rate of annual compensation or base compensation for any employee who did not work for an employer for an entire calendar year is prorated to reflect annual compensation which would have been earned if the employee had been compensated at the same rate for the entire calendar year;''.

(b) CONSTRUCTION.—The amendment made by subsection (a) may not be construed to apply to individuals who are employed as route sales drivers.

SEC. 4. EXEMPTION FOR FUNERAL DIRECTORS.

Section 13(a) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(a)), as amended by section 3, is amended by adding after paragraph (18) the following:

''(19) any employee employed as a licensed funeral director or a licensed embalmer.''.

The SPEAKER pro tempore. After 1 hour of debate on the bill, it shall be in order to consider Amendment No. 2 printed in House report 106–516, which may be offered only by the Member designated in the report, shall be considered read, and shall be debatable for the time specified, equally divided and controlled by the proponent and an opponent.

The gentleman from Pennsylvania (Mr. GOODLING) and the gentleman from Missouri (Mr. CLAY) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING).

Mr. GOODLING. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina (Mr. BALLENGER), our esteemed subcommittee chairman.

Mr. BALLENGER. Mr. Speaker, I would like to express my support for many of the provisions of H.R. 3846. The bill makes several changes in the Fair Labor Standards Act, which is the primary Federal statute that governs the hours of wages and work.

As a general rule, the law requires employers to pay employees time and a half for overtime hours. However, there are a number of exemptions from the minimum wage and overtime for specific groups of employees.

For example, there is a provision that has been part of the law since 1938 which provides an exemption from the minimum wage and overtime for an ''outside sales employee.'' The general requirement for meeting the exemption is that the individual must regularly work outside the employer's business establishment selling products or services. There is no minimum salary requirement.

The bill would provide that a new exemption under the Fair Labor Standards Act for the so-called ''inside sales'' employee, who works primarily at the employer's facility using the computer and the fax and the phone to communicate with customers. The bill has a three-part test for an overtime exemption for inside sales personnel: a detailed ''jobs duties'' test, a ''commission on sales'' test and a ''minimum compensation'' test. This would remove some of the constraints within the current law which frequently work against many highly trained, highly skilled sales employees by restricting their ability to achieve great earnings.

The bill would further clarify the current exemption for computer professionals. In 1990, a bipartisan amendment to the act created an exemption for the minimum wage and overtime for certain high-skilled, well-compensated computer professionals. The exemption detailed a ''jobs duties'' test which clarified the treatment of these employees under the Act. However, there are now many new types of positions in the information technology industry that are not addressed by the current exemption, so the bill would update the law to reflect the recent changes in the technology industry.

I would also note that the language in H.R. 3846 is identical to a bipartisan bill, H.R. 3038, introduced by the gentleman from New Jersey (Mr. ANDREWS) and the gentleman from South Carolina (Mr. GRAHAM).

The bill would provide a new exemption under the Fair Labor Standards Act for licensed funeral directors and licensed embalmers from minimum wage and overtime. Licensed funeral directors and embalmers must typically undergo mandatory education and training to acquire the necessary skills to obtain their licenses and maintain their jobs. These types of employees are not specifically referenced in the current law, and this provision would provide some clarity as to their classification for the purposes of overtime.

Finally, Mr. Speaker, while I support the three straightforward reforms of the Fair Labor Standards Act, I am unable to support the underlying purpose of this bill, which is to increase the minimum wage. We have heard so much today from proponents of the increase about how raising the minimum wage is an effective antipoverty program. We have also heard that increasing the minimum wage imposes little social cost. Unfortunately, the facts do not support either of these beliefs.

First, most low-wage workers are not in poor families. Therefore, an increased earnings associated with a higher minimum wage would not significantly impact low-income families. According to recent studies, only one in four low-wage workers resides in the families in the bottom 20 percent of income distribution. Less than 1 dollar in 5 of the additional earnings going to families who rely on low-wage compensation as their primary source of compensation. When the additional earnings reach low-income families, most of the increase is taxed away by the Social Security contributions or the State and Federal income taxes.

Second, it is illogical to think that wages will rise without any adverse result. Businesses may decide to increase their prices, reduce their workforce, or to meet their operations, or cut back on customer services. In other situations where the employer cannot reduce costs or raise prices, they must

absorb the new labor costs. The money comes out of the expansion or investment. Either way, there are clearly costs, and I would urge my colleagues to carefully consider these issues.

Mr. CLAY. Mr. Speaker, I yield myself such time as I may consume, and I rise in opposition to H.R. 3846.

Mr. Speaker, minimum wage workers deserve a raise. In this time of unprecedented prosperity, fairness dictates that we act now. Since 1980, the average income of most workers has increased by 68 percent, while the real value of the minimum wage has declined by 16 percent. Unfortunately, this bill offers only 33 cents an hour next year to minimum-wage workers. Why do we, Mr. Speaker, nickel and dime those workers who need an increase the most?

Stretching the minimum wage increase over 3 years instead of 2, while at the same time authorizing tax cuts for the most wealthy, is a miscarriage of justice. This bill denies almost $1,000 in pay to minimum-wage workers, and it would permit other workers to work in excess of 40 hours a week for no additional pay.

Mr. Speaker, raising the minimum wage will not make workers rich; it will simply enable them to have a chance at supporting themselves and their families. A decent minimum wage encourages work and discourages reliance on welfare. A decent minimum wage allows workers to meet their own needs without dependence on others or welfare. A decent minimum wage will allow workers an amount of dignity through the elevation of their standard of living, and a strong minimum wage will allow workers to share in our prosperity.

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

Mr. GOODLING. Mr. Speaker, I yield 7 minutes to the distinguished gentleman from Illinois (Mr. SHIMKUS), the author of the legislation.

Mr. SHIMKUS. Mr. Speaker, I rise to introduce H.R. 3846, a bill to raise the minimum wage $1 over 3 years, which is a complementary bill to the small business tax relief in H.R. 3832.

In 1996, I ran for this seat in Congress as an opponent of the minimum wage. My Democratic opponent and I debated this issue 13 times throughout the 20th district. In the last debate in Centralia, Illinois, a portion of the debate was for questions from the audience. A man raised his hand and went to the microphone wanting to address the issue of the minimum wage. What he said there in that question solidified my position on this issue. He said, because of the increase in the last minimum wage, I lost my second job.

This story reflects the reality that our decisions here have a direct impact, sometimes a negative impact, on the very people we are trying to help.

Mr. Speaker, I join the gentleman from New York (Mr. LAZIO), the gentleman from California (Mr. CONDIT), and the gentleman from Alabama (Mr. CRAMER) in crafting this bill, H.R. 3842, for two reasons. One, it is a political reality that the minimum wage is going to be increased during this Congress. While some may not like to hear it, it is true. However, if we are going to raise the minimum wage, I want to take an active role to ensure that no one loses their job as a result. These bills merged together will do just that.

My second reason for joining in this effort was to show my colleagues, my constituents, and even myself that we can work in a bipartisan fashion to address the issues that face our Nation. I am pleased that H.R. 3846 is truly a bipartisan product which encompasses all interested parties in the debate over raising the minimum wage.

The bill includes an increase of $1 over 3 years which is a compromise between the small business community who settled for $1 over 4 years and the labor community who fought for $1 over 2 years. H.R. 3846 also amends the Fair Labor Standards Act to clarify and update minimum wage and overtime exemptions for computer professionals, inside sales and funeral directors. The bill originally drafted included the State flex option, which I oppose, but allowed to be placed in to move the process to the floor; and I want to thank the gentleman from South Carolina (Mr. DEMINT) for pulling that with a unanimous consent earlier today.

We have heard and will continue to hear about how today's economy is running at such a break-neck speed that a minimum wage can be easily increased. Yet, the facts are that increasing the minimum wage has a significant impact on the ability of our Nation to create and sustain entry-level and second jobs. Multinational corporations and all of those listed with the stock exchanges appear to be doing extraordinarily well in terms of their profits. However, most minimum-wage jobs and most new jobs in general are created by small business owners. In fact, small businesses not only account for nearly 60 percent of the jobs in our Nation's workforce, small businesses created two-thirds of all new jobs since the early 1970s.

□ 1930

So let us keep in mind, it is not Bill Gates who is paying the minimum wage and creating new jobs, it is our neighborhood pharmacist creating new jobs. It is our local grocer. It is our favorite restaurant.

These small business owners are struggling every day to exist and expand in a market over which they have little control. Through their own blood, sweat, tears, and self-determination, these men and women are working to survive, expand, and provide jobs and a sense of community for our neighbors and our families.

H.R. 3846 is a bipartisan solution which provides a $1 increase in the minimum wage over the next 3 years. If we look back to the last increase in 1996, this $1 increase that we are proposing actually gives a greater increase to the recipients than if we tied their wage to the CPI, the consumer price index.

The CPI estimates that if the wage were to increase from 1996 to 2005 using the CPI, minimum wage workers would actually receive less than what our proposal provides.

This increase is a fair, phased-in proposal that allows us to protect the jobs of those who earn a minimum wage while gradually increasing it at the same time.

A key factor in helping to protect minimum wage jobs is that H.R. 3846 and H.R. 3832 do not gouge small businesses. In the Herald and Review of Decatur, Illinois, the editorial headline on October 26, 1999, read ''Minimum Wage, Tax Break Link Sensible.''

The paper stated that, when the minimum wage increases, someone has to pay for it, because business owners have to maintain a profit level. ''The result could be higher prices or fewer jobs at minimum wage. Just as a worker will offer his work at an acceptable wage level, an employer will pay workers a wage that permits his company to earn a profit. That is why a minimum wage increase alone won't work and why a bill to raise the rate linked to some tax breaks for small businesses makes sense.''

Mr. Speaker, I learned a lesson in 1996 when that constituent told us how he lost his job due to the increase in the minimum wage. I also learned many lessons working with my colleagues from both sides of the aisle in fashioning this bill: Our actions have consequences, some intended, some unintentional; some thought out, some never considered.

We have worked for the last year to put together a package that has arrows coming from all sides, but workers get a raise, small businesses get much-needed tax relief, and this Congress will have shown that we have addressed our Nation's issues in a bipartisan manner with a sense of purpose and civility.

Mr. Speaker, I am just sorry that we cannot address an issue of another group that is going to be severely impacted by increasing the minimum wage. That is our nonprofit organizations, those who go and ask for money to run the blood banks, to run the food pantries, to run the clothing stores. They will also be mandated to pass an increase in the minimum wage, and no real benefits to recover that, other than asking donors for additional support.

I congratulate the gentleman from New York (Mr. LAZIO) and my colleagues on the Democratic side, particularly the gentleman from California (Mr. CONDIT) and the gentleman from Alabama (Mr. CRAMER), all of whom are owed a debate of graduate for putting aside partisan and ideological differences for the purpose of doing the Nation's business. They certainly have my deepest gratitude.

Once again, I strongly urge my colleagues in Congress to support this sensible increase in the minimum wage.

Mr. CLAY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. BONIOR), the distinguished minority whip.

Mr. BONIOR. Mr. Speaker, the other day I read that the co-founder of a high-tech company was spending $25 million to build himself a castle to live in. This castle had a moat around it. It had all the improvements that we could imagine. In this economy it is not unusual to hear stories like that, but there are other stories that are much more common, Mr. Speaker.

This is the story of a woman named Cheryl Costas from Pennsylvania, a 37-year-old mother of four whose husband is disabled with a back injury. That means her family depends on the check she brings home from her job at the grocery store. What does she earn? She earns $5.50. Cheryl and her husband are not thinking about building any castles. They are lucky just to keep a roof over their heads.

She is not alone. Today more than 10 million hourly workers earn less than $6.15 an hour. Almost 70 percent of them are adults. Three out of every five are women. A lot of them are single moms who have to work two, sometimes three jobs to make ends meet, and are never home to be with their kids. They are seldom home. They are struggling to give their kids, though, a better life.

Today we say that it is high time we do our part to help them. That is why we Democrats propose raising the minimum wage $1 over 2 years. That is $1,000 more than the Republicans have called for. That is enough money to buy nearly 3½ months' worth of groceries, enough money to buy their kids a new pair of jeans, and, God forbid, enough money maybe to take them out for an ice cream cone once in a while, or take them to a movie; enough money to help people live with a little bit more hope and dignity than they are able to do right now on $5.15 an hour.

That is why, Mr. Speaker, our plan has gained the support of religious leaders all across America. They understand that in this economy, there is no excuse for minimum wage workers earning $3,200 less than it takes a family of three to stay out of poverty in this country. They understand that when CEO salaries climb by 480 percent over the last 10 years, there is no excuse that the minimum wage purchases less than it did back in 1979.

Mr. Speaker, in short, they understand that while America is a prosperous Nation, we will never truly be successful until poverty wages become part of America's past and not our future. We can pass a wage increase that can make a difference in the lives of the working poor, $1 an hour over 2 years, or we can squander this opportunity and instead pass a wage increase that is inadequate; and coupled with this tax break, $122 billion over 10 years that we just passed, this tax break for the rich; and then, in addition, an assault on working rights that the gentleman from Missouri (Mr. CLAY) addressed.

Mr. Speaker, the fact is that buried in this Republican plan are provisions that would trash overtime protection for nearly 1 million workers on the job today.

Just the other day I read where the Republican leader, the gentleman from Texas (Mr. ARMEY), said he believes raising the minimum wage is wrong. He topped what he said just a few years ago, that he would fight with every fiber in his body to defeat it.

I would say to the gentleman from Texas that he should take a moment and listen to the real America out there, not just those enjoying the best of times, but the working families fighting to keep these from becoming the worst of times.

Those Americans not only need a raise, they have earned a raise. They have earned it by cleaning our offices, they have it by bagging our groceries, they have earned it by cooking our meals, by helping care for our children. They have earned it by taking care of our ailing parents and grandparents. They have earned it by tending to the sick in our hospitals.

Mr. Speaker, we owe it to people like Cheryl and all these others out there, these 10 million, to listen to their voices. We owe it to them to act. I urge Members to vote for the amendment that will be raised on the floor of the House in about an hour to move the minimum wage up $1 over 2 years. I thank my colleague, the gentleman from Missouri (Mr. CLAY) for his leadership on this.

Mr. Speaker, I include for the RECORD correspondence from religious organizations which support increasing the minimum wage by $1 over 2 years.

The material referred to is as follows:

RELIGIOUS LEADERS ASK $1/HOUR INCREASE IN MINIMUM WAGE IN 2000–2001

March 7, 2000, Washington, DC.—Eighteen Jewish, Orthodox, Roman Catholic and Protestant leaders of denominations and national religious organizations today released a letter to President Clinton and Members of Congress which calls for two 50-cent increases in the minimum wage beginning this year.

The letter witnesses to their common conviction that poverty in the midst of abundance is unacceptable and that the standard of equality of opportunity rings hollow when minimum wage employees cannot provide an adequate economic base for their families.

The full text of their letter follows.

MARCH 7, 2000.

DEAR PRESIDENT CLINTON AND MEMBERS OF CONGRESS, We religious leaders urge you, during this session of Congress, to pass legislation that will increase the minimum wage by $1.00 over the next two years. So many of the working poor are in deep pain because of lack of sufficient income to provide for themselves and their families. We believe, as does a high percentage of the American public, that increasing the minimum wage by $1.00 over two years would be one of the most compassionate and effective ways of responding to that pain. We believe that justice and compassion for ''the least of these'' demands that we act now.

This $1.00 increase would mean an additional $2,000 per year for those working people and their families who are most in need of additional income; full-time workers who are paid the minimum wage. This $1.00 increase would lift a family of two out of poverty. The extra $2,000 per year would buy approximately six months of groceries, or four months of rent; or seventeen months of tuition and fees at a two-year college. Surely in a time of enormous prosperity for so many, in a time when some among us have so much and some so little, we can do no less.

An estimated 18,500,000 workers would benefit from a $1.00 increase in the minimum wage. 10,100,000, about 7½ percent of the workforce, would benefit directly from a $1.00 increase. Of this group 69 percent are adults (age twenty and older) and 60 percent are women. Spillover effects of the increase would likely raise the wages of an additional 8,400,000 workers who currently earn up to $7.15 an hour.

We are aware that there are some who believe that increasing the minimum wage will increase unemployment. However, a number of recent studies, including one by the Bureau of Labor Statistics, do not support this belief. Bureau of Labor Statistics data show that employment increased and unemployment decreased, since the last increases in the minimum wage took effect in 1996 and 1997. Further, economists at the Economic Policy Institute studies the 1996–1997 minimum wage increases and found overall there was no statistically significant effect on job opportunities. Other studies could be cited.

Please support an increase in the minimum wage by $1.00 over the next two years so that justice may be done and compassion received.

Signatories

The Rev. Dr. Robert W. Edgar, General Secretary, National Council of the Churches of Christ in the U.S.A.; The Rt. Rev. McKinley Young, Ecumenical Officer, African Methodist Episcopal Church; The Rev. Dr. Daniel E. Weiss, General Secretary, American Baptist Churches; The Rev. David Beckmann, President, Bread for the World; Rabbi Paul Menitoff, Executive Vice President, Central Conference of American Rabbis; The Rev. Dr. Richard L. Hamm, General Minister and President, Christian Church (Disciples of Christ); Bishop Nathaniel Linsey, Ecumenical Officer, Christian Methodist Episcopal Church; Dr. Kathleen S. Hurty, Executive Director, Church Women United; The Most Rev. Frank T. Griswold, Presiding Bishop and Primate, The Episcopal Church; The Rev. H. George Anderson, Presiding Bishop, Evangelical

Lutheran Church in America; His Grace Bishop Dimitiros of Xanthos, Ecumenical Officer, Greek Orthodox Archdiocese of America; The Rev. Dr. Clifton Kirkpatrick, Stated Clerk, Presbyterian Church (U.S.A.); Bishop Thomas Gumbleton, Auxiliary Bishop, Roman Catholic Archdiocese of Detroit; Rabbi David Saperstein, Director, Union of American Hebrew Congregations, Center of Reformed Judaism; The Rev. John H. Thomas, President, United Church of Christ; The Rev. William Boyd Grove, Ecumenical Officer, Council of Bishops, United Methodist Church; The Rev. John Buehrens, President, Unitarian Universalist Association of Congregations; and Dr. Valora Washington, Executive Director, Unitarian Universalist Service Committee.

NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE USA

STATEMENT ON MINIMUM WAGE

By Robert W. Edgar, General Secretary, National Council of the Churches of Christ in the U.S.A.

''Speak out for those who cannot speak, for the rights of all the destitute. Speak out, judge righteously, defend the rights of the poor and needy.'' Proverbs 31:8–9 (NRSV)

Even as our nation continues to enjoy unprecedented prosperity and record low unemployment, the religious community is deeply dismayed by the increasing evidence that many people are not participating in this widespread affluence. As providers of a broad variety of services to people in need, we know that hunger is increasing among low-income working families, and that the lack of health care coverage and soaring prices for housing are undermining their well-being. The people who operate feeding programs in our congregations tell us that more and more children are being brought by their parents to church meal programs and food distribution centers. We are greatly troubled by the depth and extent of poverty among these vulnerable little ones.

Consequently we call on Congress to raise the minimum wage by 50¢ now and 50¢ in one year. Even this small increase would make a tremendous difference in the ability of low-wage workers to support themselves and their families. For a household with a full-time, full year worker, an additional $1 an hour would provide $2,000 more each year to meet the needs of the family, a significant improvement for those affected.

With an additional $2,000 of income, many families who now utilize soup kitchens and mass feeding programs would be able to eat most of their meals at home, providing nourishing food for their children in a familiar setting. Others would be able to move away from inadequate or dangerous housing, thus providing their children with safer places to live, study, and play.

We know that the great majority of minimum wage workers are adults and that close to half of them are the sole supporters of their families. In a nation that honors as a core value the right and responsibility of parents to attend to the welfare of their children, how can we tolerate the conditions that allow heads of households to work full time and still be forced to try to support their families on incomes that are substantially below the poverty level? How can we bear to have the children of working parents be dependent on charity for their clothes and food?

Our concept of justice holds that no person who works should be impoverished, and that no family which seeks to meet its own needs, however modestly it is able to do so, should live in want. Thus, we call on Congress to give prompt approval to the legislation now before it which would increase the minimum wage by $1 over two years.

FRIENDS COMMITTEE ON NATIONAL LEGISLATION,
Washington, DC, March 1, 2000.

DEAR REPRESENTATIVE: I am writing on behalf of the Friends Committee on National Legislation (FCNL) regarding minimum wage legislation.

Perhaps as early as next week, you will be called to vote on alternative proposals to increase the minimum wage. H.R. 3081 has been introduced by Reps. Lazio and Skimkus; an alternative bill has been introduced by Reps. Bonior, Rangel, Phelps, and Sandlin. Although these two proposals appear similar in their minimum wage provisions (they each propose to increase the minimum wage by $1, spread over either three or two years, respectively) we believe that only one of these proposals (the Bonior-Rangel bill) will help to reduce the growing economic disparity between the poorest and the weathiest in the U.S.

Many economic indicators give evidence of the growing disparity. For example, a report issued last fall by the Center for Budget and Policy Priorities indicates that, since 1977, the after-tax income of the wealthiest 1% in the U.S. has grown by 115%, the income of the wealthiest 20% has grown by 43%, the income of the middle three-fifths has grown by 8%, while the income of the poorest 20% has actually dropped by 9%. Current Census Bureau figures reveal that, for 1997, the household income of the top 20% of all households by income was 49.4%, nearly as much as the bottom 80% of all households. FCNL believes that Congress should act to reduce this enormous and growing economic gap.

H.R. 3081 includes a tax-cut package which, it is estimated, will cost the U.S. about $120 billion over ten years. Moreover, since these cuts would have a major effect on estate taxes, they would primarily benefit those at higher income levels. Under the guise of helping minimum wage workers, H.R. 3081 would likely increase the economic disparity in the U.S. and thus rachet up the distress experienced by poor individuals and families as they try to subsist on minimum wage jobs. We oppose this charade.

The Bonior-Rangel alternative minimum wage bill also includes a tax-cut package, however it is substantially more modest ($30 billion over 10 years) and is directed primarily at small businesses, many of whom will bear the brunt of any minimum wage increase. The tax-cut package in the Bonior-Rangel alternative minimum wage bill is thus designed to provide a more equitable response to the effects of the minimum wage increase. This package would include, among other elements, incentives to help employers hire disadvantaged workers and 100% tax-deductibility of health insurance for the self-employed in 2000, both measures that would aid many low-income workers.

We recognize that in this period of unprecedented economic growth and budget surpluses, tax cuts are very attractive. However, FCNL holds that this is not the time to markedly reduce government revenues (through tax breaks) but rather the time to invest in programs that benefit society, such as those that reduce the economic gap between the wealthiest and poorest in the U.S. We believe that the Bonior-Rangel-Phelps-Sandlin alternative minimum wage bill, with its combination of a minimum wage increase spread over only two years and a tax-cut package that includes elements designed to assist lower-income workers, is an appropriate bill.

We urge you to support the Bonior-Rangel-Phelps-Sandlin alternative minimum wage bill. We urge you to oppose H.R. 3081 and any substantially similar substitute bill.

Sincerely,

FLORENCE C. KIMBALL,
Legislative Education Secretary.

HELP FAMILIES SUSTAIN THEMSELVES: RAISE THE MINIMUM WAGE $1 OVER TWO YEARS

This week, Congress has an opportunity to take a powerful step forward for the future of America's children and families. Both parties in both houses agree that it is time to raise the minimum wage. They should do it on the shortest possible timetable.

The crafters of welfare reform legislation asserted that their new policies would free people from dependency and enable them to support their families in dignity through work. Thus far, we have seen that this will not happen unless the earnings from work are adequate to support a family. Millions of women are struggling to support their families through work outside the home. Yet even a full-time job at minimum wage is insufficient to bring a family of two out of poverty.

To raise the minimum wage by $1 an hour is a small but vital step toward the goal of seeing that every family has a livable income. In the long run, the minimum wage should be indexed to inflation (as Rep. Bernie Sanders has proposed), but not until its purchasing power is adequate to sustain a family. To do it in two years is a reasonable and cautious proposal; spreading the increase over three years would cost each full-time minimum wage earner hundreds of dollars that can never be made up.

To fulfill the great national purpose expressed in our welfare reform laws, we need to see that everyone does their part, including employers. As long as the minimum wage fails to pay enough to sustain even a family of two, low-income families will continue to subsidize employers who are not ready or able to pay the full cost of doing business. The sooner we can end corporate dependency on the poor, the better.

DR. VALORA WASHINGTON,
Executive Director Unitarian Universalist Service Committee.

MARCH 8, 2000.

DEAR PRESIDENT CLINTON AND MEMBERS OF CONGRESS: We at NETWORK, A National Catholic Social Justice Lobby, urge you to support passage of legislation designed to raise the minimum wage by $1.00 over a two-year period and to reject efforts to link this raise to tax cuts that primarily benefit people who are wealthy.

NETWORK's more than 10,000 members include individuals and organizations working directly with people who live in poverty, including the more than 10 million workers who must currently support themselves and their families in minimum wage jobs. In an era of unparalleled economic prosperity, it is unconscionable that millions of hard-working people are forced to choose among feeding their children, finding adequate housing, and buying health insurance for their families. They simply cannot afford to do it all on the poverty-level income from minimum wage jobs. Clearly, justice demands that we do better. An immediate increase in the minimum wage is a small but important step in the movement toward a livable wage for all.

Even as we support this legislation, we understand that a person working full time and supporting two children would still be living below the poverty line after the $1.00 increase goes into effect. We are confident that your leadership in this area will continue beyond the passage of this bill toward securing a living wage for all workers.

NETWORK believes that a living wage is a fundamental right. The U.S. Catholic Bishops explain:

The way power is distributed in a free-market economy frequently gives employers greater bargaining power than employees in the negotiation of labor contracts. Such unequal power may press workers into a choice between an inadequate wage and no wage at all. But justice, not charity, demands certain minimum guarantees. The provision of wages and other benefits sufficient to support a family in dignity is a basic necessity to prevent this exploitation of workers. (Economic Justice for All, 1986)

Thank you for understanding that anyone who works full-time should not live in poverty. We look forward to your continued support on this very important issue.

Sincerely,

KATHY THORNTON,
RSM NETWORK National Coordinator.

Mr. GOODLING. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. TANCREDO), a member of the committee.

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

Mr. Speaker, we hear the plaintive cries about our need to help the poor; our need, our desire to increase the minimum wage. The term ''our'' is used over and over again, ''us'', as if in fact we in this body are actually the people that will be giving the money to the most needy, the people who are going to be benefiting from the increase in the minimum wage.

But, of course, it is none of us here who actually are providing this money that we are so freely giving away. We are giving away other people's money as we do so often here, we do so well and so often. To pretend as though it is coming out of our hide, out of our wallets, no, it is not. We are going to pass a law here to force somebody else to pay somebody else the money.

Of course, who will actually benefit? Will the ''poor'' actually benefit from an increase in the minimum wage? Economic analysis consistently shows that most of the benefits of mandated higher entry-level wages go to families who are already above the poverty level.

In 1997, nearly 60 percent of poor Americans over the age of 15 did not work and would not be helped by such an increase. Fewer than 10 percent of poor Americans over the age of 15 who could benefit from increasing the minimum wage worked an average of 16 hours a week.

The neediest families would receive a relatively small portion of the increase wage bill. Most of the benefits would go to families who earn more than twice the poverty threshold.

The idea that we are doing all of this for this category of worker, that we will raise them up out of poverty as a result of forcing people to pay an increase in the minimum wage, is absolutely false. The economists that came in and talked to us in our committee could never make that kind of allegation.

They tried to. They even tried to explain where they came up with an idea of $1 over a 2-year or 3-year period of time. There is absolutely no economic benefit or no economic model they could point to saying this was the correct amount. Mr. Speaker, there was absolutely not one shred of evidence to show any of us on the committee that $1 was right, and even the economists said, no, we do not know that $1 is right. It has no significance. It is what you will get away with politically. It sounds good. It is a nice, round number, $1, but it has absolutely no relevance to any economic theory. Nobody could ever show us that it was important or that it mattered in the total scheme of things. It was just a nice round number.

Do Members know what, that is what this whole idea of increasing the minimum wage is, is just a nice-sounding thing that we can go home with and explain that we have done something so good for the poor. In fact, we have done absolutely nothing.

The idea that the government knows best how much money anybody should make for any particular job is idiotic. I will fully admit that I do not know what anyone should make in this economy. I do not know what the smallest minimum wage should be, or the highest. I admit that, because there is something that is in fact important and that does make that decision. It is called the marketplace. I will trust the marketplace.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. FROST).

Mr. FROST. Mr. Speaker, I rise today to offer my strong support for raising the minimum wage by $1 over a sensible 2-year period. For too long now we have pleaded with the majority to simply allow us to vote on a 2-year minimum wage increase. Apparently many Republican Members still do not understand the importance of the minimum wage to millions of America's working families.

Let us be clear about what we are talking about this evening: 11 million working Americans, 10 percent of our work force, toil for the minimum wage. To these working families, a minimum wage increase means a raise of $2,000 a year; that is, if we raise it $1 an hour.

Today a single mother with two children who works full-time for the minimum wage does not earn enough to make ends meet. She makes just $10,700 annually. That is $3,000 below the poverty line. Mr. Speaker, this is inexcusable. We are in the midst of the longest economic expansion in American history. Surely we can afford a modest increase in salaries for working Americans at the bottom of the economic ladder.

I support the Democratic alternative because working families need a raise over 2 years, not 3. Opponents of this real wage increase have again trotted out their usual arguments: ''We cannot afford a minimum wage increase. A minimum wage increase will result in massive job losses for low-income workers.''

Economic evidence has again debunked these well-circulated myths. The last minimum wage increase did not result in job loss. In reality, overall employment grew among low-income workers after the minimum wage increase, 9.9 million working Americans saw a direct increase in their salaries, and nearly 20 million workers, 18 percent of the work force, also got a boost in pay.

The time has come for those who pay lip service to the value of work to put their money where their mouth is. It is time to make work pay for working families.

Mr. GOODLING. Mr. Speaker, I yield 1 minute to the gentleman from Alabama (Mr. ADERHOLT).

Mr. ADERHOLT. Mr. Speaker, I rise today in support of increasing the minimum wage and in support of H.R. 3846. This legislation is the result of hard work by both Democrats and Republicans. I commend my colleagues on both sides of the aisle for working together to bring forth this compromise.

Despite the harsh words about this issue from some in both parties, this legislation is a good example of Congress at its best, Democrats and Republicans working together and working to do what is best for America's working families. This is what the American people expect, and quite frankly, it is what they deserve.

This legislation will go a long way toward helping many working families make ends meet. Far too many families in this Nation depend on one or more family members making minimum wage in order to pay their bills and all of their expenses.

□ 1945

This legislation will give these hard-working Americans a leg up, and I urge its adoption.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. OWENS).

Mr. OWENS. Mr. Speaker, common sense and logic dictate that we should build into our economic policy a simple way to share in the great prosperity that this Nation is presently experiencing. A minimum wage increase is the way to share our great wealth with the people on the bottom.

At this time of great prosperity, the gap is growing ever wider between rich

and poor. In New York where the rich are richest, the gap between rich and poor is greatest.

The infant mortality rate in New York is greater than anywhere else in the country. The Democratic substitute proposes a simple $1 increase over a 2-year period, a simple $2,000 increase in the annual pay. The best way to share the wealth and help the poor is to increase the amount of money in their paychecks.

If my colleagues care about family values, common sense dictates that they support this small increase in income. If the new compassionate conservativism is not just phony public relations, then grant this measly $1 increase over a 2-year period.

We need improvements in all of the social safety net programs: child care, health care, more public housing, decent schools, and educational opportunity. I support more funds and more programs to deal with these very serious problems. But the best way, the most efficient way, and the most effective way to help the poor is to put more money in their paychecks.

Conservatives, step forward and show your compassion at a time when millionaires and billionaires are having their income doubled in a year, surely you can afford to give a $1 increase over a 2-year period to the poorest people in the country.

Working families should not have to live in poverty. They go to work every day, and still they are in poverty. Even with this increase to $6.15 an hour over a 2-year period, we will not reach the $8 that is necessary to get out of poverty. Working families need higher paychecks. Compassionate conservatives, step forward and show your compassion.

Mr. GOODLING. Mr. Speaker, I yield 5 minutes to the gentleman from Maryland (Mr. BARTLETT), my neighbor across the border.

Mr. BARTLETT of Maryland. Mr. Speaker, I would like us for a few moments to think about what raising the minimum wage means. What we are doing is telling a business that certainly they are prosperous enough to pay a dollar more an hour to their employees.

This is clearly, then, an attempt on our part to mandate something, which clearly we cannot mandate; and that is prosperity. If we can mandate prosperity, then there are some other things that I would like us to mandate. How about happiness? It is just as reasonable that we can mandate happiness as we can mandate prosperity. If we can mandate prosperity and happiness, then I am particularly interested in mandating longevity.

If we really can mandate prosperity, then why should we stop at a small dollar an hour increase? Why do we not make the minimum wage $10 an hour or $20 an hour. See, if we really do have the power to mandate prosperity, why should we be so miserly in the delegation of this power. Let us make it $10 an hour or $20 an hour.

The minimum wage is not an issue in the district that I have the honor of representing. I see signs out at sheet stores $7.25 an hour. But I will tell my colleagues where it is important. It is important in those areas where we are cutting off the bottom rung of the economic ladder for those who need it most.

Who works for minimum wage? Young people living with their parents count for 37.6 percent of those on minimum wage. 85.1 percent of all those on minimum wage either live with their parents, are single and live alone, have a working spouse, or extended family members and nonrelatives living in the home. Only 5, let me repeat this, only 5.5 percent of minimum wage earners are single parents, and only 7.8 percent are in married single-earner families where the household may or may not include children.

What I want to do is to give all the payroll taxes back to head of family that is working on minimum wage. I want to give more than that. I have no problem helping the working poor. But what we cannot do is pretend that we can do something we cannot do, and that is to mandate prosperity.

The marketplace determines, we cannot possibly determine the value of a job. The marketplace determines the value of a job. But I will tell my colleagues what we can do is come in after the marketplace has determined the value of a job, and then we can help, we can help so that person, that family can live a reasonable life.

I need also to say that this bill is clearly unconstitutional. I carry a Constitution, and I will tell my colleagues, they can search this from front to back, article 1 section 8 has in it all of the powers of the Congress. There is not even a hint in the Constitution that this is something that we can do. Doing this makes a mockery of the 10th Amendment, which says that if one cannot find it in article 1, section 8 the Congress cannot do it.

Minimum wage eliminates jobs. That is why my colleagues have not made it $10 an hour or $20 an hour because they know that eliminates jobs. This small increase will also eliminate jobs. If one makes eating in McDonald's too expensive, those jobs simply disappear. If one makes the product that is produced by a manufacturer too expensive, those jobs go to the Pacific Rim.

We do not need to hurt those that we are pretending to help by trying to do something that we clearly cannot do. Let us let the marketplace determine the value of the jobs and let us help in a lot of ways after the marketplace determines the value of the job.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PAYNE).

Mr. PAYNE. Mr. Speaker, the reason the minimum wage must be increased over 2 years instead of 3 years is simple, because the increase is long overdue. The tiptoe approach that many Members of the other side of the aisle advocate is not fair for hard working men and women that find themselves at the lower spectrum of the income wage.

Just a little while ago, I received a letter from a constituent of mine that worked full time all year-round and was still significantly below the poverty line for his family of three. If my colleagues are wondering how a full-time worker in this day and age could still be below the poverty line, the answer lies in the inadequate minimum wage of $5.15 an hour. Even a modest $1 increase that we are debating today is not enough to lift him and his family above the poverty line. Why then should he, and the other 11.8 million minimum wage workers, have to wait 3 years for a dollar increase to take place?

The opponents of raising the minimum wage over 2 years claim that it will have a negative impact on jobs. Since the last increase in the minimum wage in 1996, 1997, the unemployment rate has dropped to its lowest level in 30 years, and an estimated 8.7 million new jobs are being created. These are not Internet jobs. By contrast, 1.2 million new retail jobs have been added, 415,000 new restaurant jobs have been added and over 4.4 million service jobs have sprung up.

How does that have a negative impact on employment? Let me leave my colleagues with this thought: Between 1980 and 1998, the average worker increased their pay by 68 percent, while at the same time, the pay for the average CEO has increased by 757 percent. If the minimum wage had been indexed to CEO pay, it would be worth $23 an hour. We need to cut this disparity.

We need to have a minimum wage, we should have a livable wage which is even $8.30 an hour if we are going to take people out of poverty. We cannot continually tell people to work 40 hours a week, 52 weeks a year, a family of three, and still be in poverty. It is hypocrisy.

We have grown to the lowest unemployment rate in the history, and we had an increase in the minimum wage. Please reject the 3-year, add the 2-year, which should be a 1-year.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK of Hawaii. Mr. Speaker, I strongly support raising the minimum wage. This is long overdue. The last increase took effect in 1996, 1997.

A family of three, a mother and two children, making the minimum wage, earns only slightly over $10,000 a year, $3,000 below the poverty level. A dollar increase of the minimum wage still keeps this family in poverty.

The majority of minimum-wage earners today are women. Almost a million women earn the minimum wage, and an additional 5.8 million are paid wages between $5.15 and $6.15.

Currently, nine States, including Hawaii, boast a higher minimum wage than mandated by the Federal law. America must follow the call of the States and update our wage standards. Eleven million people today work for the minimum wage.

Arguments that a minimum wage increase would contribute to a loss of jobs are spurious at best, considering that the U.S. jobs grew by another 8.7 million at the pace of 240,000 jobs a month since the last increase.

Economic reports have shown that there has been no negative impact to business because of the 1996 minimum wage increase. The Economic Policy Institute documents several clear facts about the last increase. It raised the wages for 4 million workers. Seventy percent of these were adults, and 59 percent were women. Forty percent of the increase went to families at the bottom 20 percent of the income scale.

The Republican bill raises the minimum wage by spanning the dollar increase over a period of 3 years, sacrificing $1,200 to a family desperately in need of this money. Around here, it does not sound like much, but to a family trying to scrape by on a minimum wage, this is $400 less for the family per year than the Democratic substitute.

I urge this House to adopt the amendment that will put this wage increase effective in 2 years.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I thank the gentleman from Missouri (Mr. CLAY) for yielding me this time.

Mr. Speaker, among the people who work the hardest in our country are those who make the least. Tonight we are about to vote for a long overdue increase in the minimum wage.

I appreciate the cooperation of the majority in including in this underlying legislation, legislation that I have co-authored involving the treatment of inside and outside sales employees on parity, involving the clarification of the computer professionals exemption, and involving the definition of funeral professionals.

I will vote with my Democratic colleagues who would wish to reconsider those matters in committee so that they may have a fair look at them, but I support them because I think they are the right thing to do.

I am going to strongly support the Democratic amendment to make the minimum wage increase 2 years. The people who will be most affected by that, Mr. Speaker, are not watching us tonight. They are cleaning offices. They are taking care of the elderly and the sick in nursing homes. They are involved in stores and retail. They are doing very difficult jobs for very long hours, or they are home resting after a long and weary day.

At a time of booming prosperity, lowered unemployment, and greater opportunity, it is unconscionable that we have waited this long to raise the minimum wage for our lowest paid people. To make them wait for 3 years would be even more unconscionable.

It is imperative that we pass the Democratic amendment to make the minimum wage 2 years instead of 3 and pass the underlying bill as well. It is a long overdue and a deserved raise for the hard-working people of America.

Mr. GOODLING. Mr. Speaker, I yield myself 30 seconds. I certainly was shocked and surprised to hear that the last speaker would support something in order to get rid of three things that he is either the lead sponsor or the cosponsor. He is a cosponsor of inside sales, the lead sponsor of computer professionals, and a cosponsor of funeral directors. So that was kind of a shock.

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

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Mr. CLAY. Mr. Speaker, I yield 30 seconds to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I appreciate the endorsement of my efforts by the gentleman from Pennsylvania (Mr. GOODLING).

I would simply say that my colleagues, who wished that there had been regular order to consider these in committee, I believe, should have been given that opportunity, where I know the gentleman would have given them a fair and complete hearing.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. CROWLEY).

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

The House is considering a minimum-wage bill that is contingent on tax breaks. Under the guise of tax breaks for small businesses to offset the minimum wage increase, Republicans give $122 billion in tax breaks to the wealthiest taxpayers, increasing the Federal minimum over an extended period of 3 years. Mr. Speaker, this debate should be about minimum wage. Tax relief is a separate issue.

My colleague from New York has crafted a small business tax relief bill that actually provides tax breaks to small businesses and is fully offset. However, I truly believe that today this debate should be first and foremost about giving a raise to America's lowest paid workers with tax relief for the small businesses that would be most affected.

Believe me when I say that no one can support a family, especially in my district in New York City, on $5.15 an hour. A full-time, year-round minimum-wage worker earns only $10.72. That is almost $3,000 less than the $13,290 needed to raise a family of three out of poverty, and much less than what it takes to provide any sort of comfortable existence for a working family.

Every year we do not increase the minimum wage, its current value decreases. In fact, if we do not increase the minimum wage today, its value will fall to $4.67 by the year 2003 in inflation-adjusted dollars; $4.67 an hour for a week's work that will only bring in $186.80, and that is before taxes. We should think about budgeting for our own families and ask the question, could I support them on less than $187 per week?

Furthermore, I do not believe the arguments on the other side of the aisle that any minimum-wage increase will adversely impact low-wage earners. A study by the Economic Policy Institute showed that minimum-wage increases in 1996 and 1997 did not result in job loss. Our hard-working Americans deserve better. They do not deserve to work two and three jobs to pay rent. Our economy is booming and salaries of business workers have increased tremendously.

Let us help those who are at the lowest end of the salary spectrum, those who work just as hard, if not harder than us, to support their families and make ends meet.

Mr. CLAY. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, as I have listened to this debate, it reminds me of Victor Hugo, who once said that there is always more misery among the lower classes than there is humanity in the higher. It seems to me that the Republican approach to this issue further promotes the misery and suffering of the lower class and illuminates the inhumanity of the higher: huge tax breaks for the wealthy, while stringing along and stringing out those at the bottom.

Today, a working mother, full time, under the current minimum-wage law, earns a meager $10,000 a year. Combined with recent cuts in welfare, food stamps and affordable housing, it is impossible to live on that kind of salary.

Now, I know it is difficult to understand the significance of a dollar raise when one has never had to function at that level. It is hard to know what it is like to be broke when one has always had more than what one needed. But I know full well how important a dollar raise is. In my district there are 54,000 households with incomes below $10,000 a year and 165,000 people living at or below the poverty level. These are solid Americans, struggling to live a good and decent life.

It is time for us to listen to those who have the need. It is time to give

help to the young, to the poor, to those who are disinherited, to those that life has been less than the American Dream.

I urge that we vote ''yes'' in support of the Traficant amendment and that we move towards a livable wage so that every person in this country can live with dignity, with pride, and the ability to pay their bills.

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

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

Mr. Speaker, in a free society one is generally paid according to their qualifications to do the job, the demand for their skills, and their dedication to doing a good job. However, H.R. 3846 has some much-needed reforms to the Fair Labor Standards Act of 1938. Let me repeat, 1938. This is the 21st century, and we are still dealing with rules and regulations and laws of 1938. These three reforms are important regulatory relief for small businesses.

Section 2 amends the Fair Labor Standards Act and updates the current computer professionals exemption from the overtime provisions of the act. The gentleman from New Jersey (Mr. ANDREWS), the gentleman from South Carolina (Mr. GRAHAM), and the gentleman from New York (Mr. OWENS) supported this legislation.

With the explosion of new jobs in the Internet industry, many positions that did not exist a decade ago are causing confusion as to the appropriate classification of these workers. This provision clarifies the existing exemption in the law. There was a lot of discussion in committee on this. The bill would specify additional duties performed by workers who have similar skills to those already exempted.

This bipartisan reform is identical to H.R. 3038, introduced by the gentleman from New Jersey (Mr. ANDREWS), the gentleman from South Carolina (Mr. GRAHAM), and the gentleman from New York (Mr. OWENS) from the other side of the aisle.

Section 3 amends the Fair Labor Standards Act to provide increased opportunity and flexibility for sales professionals. The House passed an identical bipartisan bill in 1998 with considerable Democrat support. Sales employees who work outside of the office, traveling from customer to customer, have always been exempt from overtime requirements, but technology has left the Fair Labor Standards Act behind. Today, sales professionals can better serve their customers and be more productive using modern communications and computers to keep in touch with their customers.

There is no reason to penalize these innovative workers because they do not get in their cars to visit their customers. With the ever-increasing use of technology, the law must be updated to accommodate the changes that have occurred in the job duties and functions of an inside sales force. This exemption would only be extended to sales employees who meet strict criteria regarding job duties, compensation, structure, and minimum salary.

This section is identical to H.R. 1302, introduced by the gentleman from Ohio (Mr. BOEHNER) and the gentleman from New Jersey (Mr. ANDREWS). It is amazing. Every one of these pieces of legislation has the gentleman from New Jersey (Mr. ANDREWS) right in the forefront. All three are bipartisan pieces of legislation. This provision is also identical to H.R. 2888, which passed the House by a vote of 261 to 165 last Congress with bipartisan support.

Section 4 exempts licensed funeral directors and licensed embalmers from minimum wage and overtime requirements. The act does not specifically address the treatment of these employees. This provision will offer some clarity in this area of the law.

H.R. 793 was introduced by the gentleman from South Carolina (Mr. GRAHAM) and the gentleman from New Jersey (Mr. ANDREWS). It is identical to section 4 of this bill. What they offered is identical to section 4 of this bill.

I support these reforms that provide needed regulatory relief for employees and small businesses.

Ms. JACKSON-LEE of Texas. Mr. Speaker, today I rise in support of the Traficant/Martinez Amendment to increase the minimum wage over a two-year period, rather than the three-year period currently in this bill. I am in strong favor of increasing the minimum wage for all hardworking Americans; however, I cannot support the Republican sponsored bill—Minimum Wage Increase (HR 3846). This bill seeks to give large tax breaks to the wealthy, on the backs of working families and this I will not accept.

HR 3846 will provide a $1 an hour increase in the federal minimum wage over three years, reaching $6.15 by the year 2002. However, this bill will not keep pace with the inflation rate, presently 21% below the 1979 level. This is because this measure delays and stretches out the much-needed minimum wage increase over the next three years.

Economists at the Economic Policy Institute analyzed the effects of the real value of minimum wage inequality in the overall wage structure. They concluded that for workers with less than a college education (representing approximately 75% of the total labor force) maintaining the minimum wage at its 1979 purchasing power results in a significant decline in the real hourly wage rate of those earning above the minimum.

As a consequence, women with just high school diplomas have experienced a decline in their average real hourly rate. This is just an example of the widening equality in our nation's wage structure. We must support sensible minimum wage increases.

This bill also seeks to eliminate the overtime protections that benefit many of hard working families throughout the nation. For example, this bill will exclude hi-technology employees, salespersons, and funeral directors from inclusion in the overtime calculation. Terminating overtime will encourage workers to work longer hours for less money with less time for quality family time.

In addition, the bill also permits states to ''opt out'' of any increase in the minimum wage above the current level of $5.15. Thus, states could freeze the minimum wage at its current level, or provide a smaller increase than set by the bill. This measure is unacceptable, and the President rightfully will veto this bill.

Minimum wage increases are not just about dollars and cents. It is about the majority of those who live either in poor families or families in which the primary earner has low wages. We must give those who have not prospered in this age of economic prosperity a chance to provide for their families. An honest wage, for an honest day's work.

Higher wages will increase greater employee loyalty and effort at the workplace. Though an employer's payroll cost may go up, employers will gain productivity and reduced turnover, training, and recruitment costs.

The last time we increased the minimum wage was back in 1996. How can we not come together and resolve our difference? With 72% of minimum wage workers making $15,000 a year in annual income, we must seek responsible legislation to increase the minimum wage.

I cannot support a bill that couples an inadequate minimum wage increase with large tax cuts for those who have benefited most in this economic boom. Let us not forget those who need assistance. American workers need wage increases now, and we cannot stand idly by while our citizens fall deeper into economic despair. However, I will not support irresponsible tax cuts at the expense of those who truly need a wage increase.

Mr. COX. Mr. Speaker, the New York Times has editoralized against any minimum wage at all. Their editorial was headlined: The Right Minimum Wage: $0.00

Let me quote from that editorial:

Raise the legal minimum price of labor above the productivity of the least skilled workers and fewer will be hired.

If a higher minimum means fewer jobs, why does it remain on the agenda of some liberals? A higher minimum would undoubtedly raise the living standard of the majority of low-wage workers who could keep their jobs. That gain, it is argued, would justify the sacrifice of the minority who became unemployable. The argument isn't convincing. Those at greatest risk from a higher minimum would be young, poor workers, who already face formidable barriers to getting and keeping jobs.

Perhaps the mistake here is to accept the limited terms of the debate. The working poor obviously deserve a better shake. But it should not surpass our ingenuity or generosity to help some of them without hurting others.

* * * The idea of using a minimum wage to overcome poverty is old, honorable—and fundamentally flawed. It's time to put this hoary debate behind us, and find a better way to improve the lives of people who work very hard for very little.

Tonight's debate is just as hoary as when that editorial was written—in 1987.

Indeed, this debate is so hoary that I need only to reproduce here the remarks I made in

1996 and 1989 when Congress debated this same subject.

Washington, May 23, 1996

THE MINIMUM WAGE

Mr. COX of California. Mr. Speaker, I would like to share with my colleagues some words that come from a 67-year-old woman who works at the minimum wage in Santa Ana, CA: Dear Congressman—she wrote me recently—I strongly advise you not to raise the minimum wage. In my working career, I have had a lot of under, slightly over and straight minimum wage jobs. As a single parent, I managed to raise my son without any handout from the government. Although raising the minimum wage may sound like a great humanitarian idea, it really isn't.

In the past every time minimum wages were raised, the entire national work force, plus welfare recipients, also demanded and received raises. The cost of goods and services rose to meet the higher cost of labor, and you forced me to work a lot of overtime to maintain the same buying power I had before my 'generous' raise.

I am now 67 years old and consider myself extremely lucky to have an employer willing to hire elderly people like myself. My employer is a small businessman. Recently because of the economy he was forced to raise his prices and cut his overhead just to stay in business. I took a Small Business Administration class in college, and I know that he has to match my Social Security payments, pay higher State disability and workers compensation. He and others like him will have no alternative but to close their doors and I will be unemployed.

When I lose my job, because my employer can no longer afford to stay in business, what is the government going to do about me, someone who is willing to work? How is the government going to help support me? Who is going to pay for this?

Very truly yours, Joanna B. Menser, Santa Ana, CA.

That is a personal story, but how about the big picture? How about macroeconomics, and how about the views of such institutional stalwarts of the liberal point of view as the New York Times? Some time ago the New York Times ran an editorial on the minimum wage. The headline was, the right minimum wage, zero. By that the New York Times did not mean that people should actually work for nothing. Rather, what they meant is that wages, the cost and the price of labor should be determined in a free market and in fact no one should be held to a so-called minimum wage but, rather, everyone should have the opportunity to make an increasing wage in return for higher skills and higher productivity.

Let me read from that editorial in the New York Times which was titled, 'The Right Minimum Wage: $0.00.' 'Anyone working in America,' the New York Times says, 'surely deserves a better standard than can be managed on the minimum wage.'

I think we can all agree with that.

But there is a virtual consensus among economists that the minimum wage is an idea whose time has passed. Raising the minimum wage by a substantial amount would price poor working people out of the job market, people like Joanna Menser, whose remarks we just heard.

'An increase in the minimum wage,' the New York Times wrote in their editorial, 'would increase unemployment.' Let me repeat this line from the New York Times editorial: 'An increase in the minimum wage would increase unemployment. Raise the legal minimum price of labor above the productivity of the least skilled worker, and fewer will be hired.'

If a higher minimum wage means fewer jobs, why does it remain on the agenda of some liberals,' the New York Times asked.

'Those at greatest risk from a higher minimum wage would be young poor workers who already face formidable barriers to getting and keeping jobs.'

They conclude their editorial in the New York Times as follows: 'The idea of using a minimum wage to overcome poverty is old, honorable, and fundamentally flawed.' This is the New York Times now. This is not Congressman Chris Cox from California.

'The idea of using a minimum wage to overcome poverty is old, honorable, and fundamentally flawed. It's time to put this hoary debate behind us and find a better way to improve the lives of people who work very hard for very little.'

Finally, the New York Times of Friday, April 19, just last Friday, is worth noticing here on the floor in this debate among our colleagues. Three factoids from the New York Times, Friday April 19, 1996, I commend to all of my colleagues:

Number of times in 1993 and 1994, when Democrats controlled Congress, that President Clinton mentioned in public his advocacy of a minimum wage increase: zero. Number of times he has done so in 1995 and 1996, when Republicans have controlled Congress, 47. Number of congressional hearings Democrats held on the minimum wage in 1993 and 1994: zero.

WASHINGTON, MARCH 22, 1989

DEBATING GOVERNMENT-MANDATED WAGE CONTROLS

Mr. COX. Mr. Chairman, I rise in opposition to H.R. 2 and in support of the Goodling-Penny-Stenholm bipartisan substitute which is endorsed by President Bush.

No less a liberal bastion than the New York Times has supported President Bush's arguments that the substantial increase in the minimum wage being urged here today is a bad idea. In an editorial today, the New York Times said, ''An increased minimum wage is no answer to poverty.''

On January 14, 1987, the New York Times—in an editorial titled, ''The Right Minimum Wage: Zero,'' set out in great detail the arguments in favor of expanded opportunity for the working poor—and against the minimum wage. I'd like to share a portion of the Times editorial with you now, because it is right on target in this current debate.

The Federal minimum wage has been frozen at $3.35 an hour for . . . years. . . . It's no wonder, then, that Edward Kennedy, the . . . chairman of the Senate Labor Committee, is being pressed by organized labor to battle for an increase. No wonder, but still a mistake. . . . [T]here's a virtual consensus among economists that the minimum wage is an idea whose time has passed.

Raising the minimum [wage] by a substantial amount would price working poor people out of the job market. . . . It would increase employers' incentives to evade the law, expanding the underground economy. More important, it would increase unemployment. . . . If a higher minimum [wage] means fewer jobs, why does it remain on the agenda of some liberals? . . . Perhaps the mistake here is to accept the limited terms of the debate. The working poor obviously deserve a better shake. But it should not surpass our ingenuity or generosity to help some of them without hurting others. . . . The idea of using a minimum wage to overcome poverty is old, honorable—and fundamentally flawed. It's time to put this hoary debate behind us, and find a better way to improve the lives of people who work very hard for very little.

That is what the New York Times has said. Frankly, Mr. Chairman, I could not have put it better myself.

Finally, Mr. Speaker, I direct the attention of our colleagues to this policy statement on wage and price controls issued by the House Policy Committee on May 21, 1996.

House Republicans are committed to higher take-home pay and better job opportunities for low-income Americans. We strongly support policies to give low-income Americans increased wages and improved chances to find work. But we are against government-mandated wage and price controls that destroy jobs and hurt the economy.

President Nixon concluded, after leaving the Presidency, that the wage and price controls initiated during his Administration were a serious mistake. During much of the 1970s, the President and Congress imposed harsh wage and price controls on most sectors of the economy. These policies were disastrous for the long-term economy and failed to meet even short-term goals, instead contributing to the ''stagflation''—economic stagnation coupled with runaway inflation—for which the Carter era is known. By destroying economic opportunity, these policies dimmed the American Dream for millions.

All this changed in 1981, when, as one of his first actions as President, Ronald Reagan ended the remaining Carter price controls. His action became the first element of a coordinated economic program of deregulation, the end of price and wage controls, elimination of trade barriers, an inflation-fighting monetary policy, and tax cuts to encourage economic growth and increase the take-home pay of all Americans. Ronald Reagan's economic policy ushered in the longest peacetime economic expansion in American history.

Echoing Ronald Reagan, Candidate Bill Clinton promised in 1992 to balance the budget, cut taxes for the middle class, and ''grow'' the economy. But once in office, he signed into law the largest tax increase in American history, stifling economic growth. In 1995, the economy grew at a sickly 1.5%. Clinton's vetoes of spending cuts insure continued deficits well into the 21st century. Then, having succeeded in implementing this tax-and-spend agenda—without a single Republican vote in the House or Senate—he sought to nationalize our health care system by placing a bureaucrat in nearly every health care decision, levying taxes on ''excessive'' health care benefits, and imposing price controls to ration health care for every American.

Republicans strongly opposed to Clinton's effort to impose price controls on one-seventh of our national economy. That principled opposition to government controls on the health care system contributed measurably to the 1994 election of the first Republican Congress in 40 years.

Government should not—indeed, cannot—rationally determine the prices of labor, goods, or services for health care, energy, or any other industry in a free market economy. In the 1970s, when the federal government imposed price controls on gasoline, the result was shortages and long lines. By attempting artificially to fix the price of gasoline, government ensured we got less of it. Wage controls have precisely the same effect. ''Raise the legal minimum price of

labor above the productivity of the least skilled workers,'' the New York Times editorialized when the Democrats controlled Congress, ''and fewer will be hired.'' Their editorial was headlined, ''The Right Minimum wage: $0.00.'' The politically liberal editorial policy of the New York Times caused them to ask: ''If a higher minimum means fewer jobs, why does it remain on the agenda of some liberals?'' Their answer: the liberal arguments aren't convincing—particularly since ''those at greatest risk from a higher minimum would be young, poor workers, who already face formidable barriers to getting and keeping jobs.''

Because in so many cases the minimum wage jobs that will be lost are the all-important first jobs—the jobs that give young Americans the experience, the discipline, and the references they need to move to better, higher-paying jobs in the future—an imprudent increase in the minimum wage would contribute to cycles of poverty and dependence.

Such government focus on starting wages is especially misguided since low paying, entry-level jobs usually yield rapid pay increases. According to data compiled by the Labor Department, 40% of those who start work at the minimum wage will receive a raise within only four months. Almost two-thirds will receive a raise within a year. After 12 months' work at the minimum wage, the average pay these workers earn jumps to more than $5.50 an hour—a 31 percent increase.

In a very real sense, the minimum wage is really a starting wage—the pay an unskilled, inexperienced worker can expect on first entering the work force. Once these workers have a foot on the employment ladder, their hard work and abilities are quickly rewarded. But these rewards can only be earned if workers can find that all-important first job. Consider who earns the minimum wage. According to the Labor Department, half are under 25 years of age, often high school or college students. Sixty-three percent work part time. Sixty-two percent are second income earners. And fully 80 percent live in households with incomes above the poverty level. Even Labor Secretary Robert Reich, in a 1993 memorandum to now-Treasury Secretary Robert Rubin, admitted that ''most minimum wage earners are not poor.'' But while undue increases in the minimum wage do little to help the poor, curtailing unskilled employment opportunities will exacerbate poverty.

Bill Clinton himself has argued against raising the minimum wage. In 1993, he called it ''the wrong way to raise the incomes of low-income workers.'' He was right: according to Labor Department statistics, half a million jobs were lost in the two years following the last increase in the minimum wage. In the year after the minimum wage was increased, 15.6 percent fewer young men (aged 15–19), and 13 percent fewer women, had jobs. Over three-fourths of the 22,000 members of the American Economics Association believe a minimum wage increase would lead to a loss in jobs. Many estimates of the cost of raising the minimum wage exceed one half of a million jobs lost. One such study, by Michigan State University Professor David Neumark and Federal Reserve Economist William Wascher, estimates a loss between 500,000 and 680,000 jobs.

''The primary consequence of the minimum wage law is not an increase in the incomes of the least skilled workers,'' liberal economists William Bumble and Clinton Federal Reserve appointee Alan Blinder recently wrote, ''but a restriction of their employment opportunities.'' An increase would also be an unfunded mandate on every State locality in America. According to the Congressional Budget office, the minimum wage increase will cost state and local governments (that is taxpayers) $1.4 billion over five years.

President Clinton did not raise the issue of minimum wage publicly during 1993 or 1994, when the Democrats controlled the Congress. Congressional Democrats, likewise, failed to hold even a single hearing on the minimum wage during that same period. The Democrat devotion to this issue in 1996 is entirely political—and, as the New York Times editorialized, inexplicable for liberals who care about the working poor.

The snare and delusion of wage and price controls must not distract us from the fundamental economic and fiscal policy reforms necessary to expand our economy and create good job opportunities for all Americans. A balanced budget, tax relief for workers and small business, and regulatory relief from unnecessary government red tape offer the surest means of steering our economy toward lasting growth. Comprehensive welfare reform that promotes work and breaks the cycle of dependency can go far toward restoring the natural incentives for individual responsibility and personal growth. And redoubled efforts to focus our educational resources in the classroom—where educators, parents, and students exercise control over learning rather than taking dictation from federal and state governments—can pave the way for a better trained and more employable workforce for the future.

These solid Republican policies will lead us to a better, stronger America. Wage and price controls, in contrast, are premised on the notion that government fiat can raise wages without cost—a notion that fails both in theory and in fact. It is individual initiative rather than government beneficiaries that creates wealth, jobs, and a higher standard of living for all Americans.

Mr. PAUL. Mr. Speaker, I appreciate the opportunity to explain why I oppose the H.R. 3846, a bill to raise the federally-mandated minimum wage. Raising living standards for all Americans is an admirable goal, however, to believe that Congress can raise the standard of living for working Americans by simply forcing employers to pay their employees a higher wage is equivalent to claiming that Congress can repeal gravity by passing a law saying humans shall have the ability to fly.

Economic principles dictate that when government imposes a minimum wage rate above the market wage rate, it creates a surplus ''wedge'' between the supply of labor and the demand for labor, leading to an increase in unemployment. Employers cannot simply begin paying more to workers whose marginal productivity does not meet or exceed the law-imposed wage. The only course of action available to the employer is to mechanize operations or employ a higher-skilled worker whose output meets or exceeds the ''minimum wage.'' This, of course, has the advantage of giving the skilled worker an additional (and government-enforced) advantage over the unskilled worker. For example, where formerly an employer had the option of hiring three unskilled workers at $5 per hour or one skilled worker at $16 per hour, a minimum wage of $6 suddenly leaves the employer only the choice of the skilled worker at an additional cost of $1 per hour. I would ask my colleagues, if the minimum wage is the means to prosperity, why stop at $6.65—why not $50, $75, or $100 per hour?

Those who are denied employment opportunities as a result of the minimum wage are often young people at the lower end of the income scale who are seeking entry-level employment. Their inability to find an entry-level job will limit their employment prospects for years to come. Thus, raising the minimum wage actually lowers the employment and standard of living of the very people proponents of the minimum wage claim will benefit from government intervention in the economy!

Furthermore, interfering in the voluntary transactions of employers and employees in the name of making things better for low wage earners violates citizens' rights of association and freedom of contract as if to say to citizens ''you are incapable of making employment decisions for yourself in the marketplace.''

Mr. Speaker, I do not wish my opposition to this bill to be misconstrued as counseling inaction. Quite the contrary, Congress must enact ambitious program of tax cuts and regulatory reform to remove government-created obstacles to job growth. For example, I would have supported the reforms of the Fair Labor Standards Act contained in this bill had those provisions been brought before the House as separate pieces of legislation. Congress should also move to stop the Occupational Safety and Health Administration (OSHA) from implementing its misguided and unscientific ''ergonomics'' regulation. Congress should also pass my H.J. Res. 55, the Mailbox Privacy Protection Act, which repeals Post Office regulations on the uses of Commercial Mail Receiving Agencies (CMRAs). Many entrepreneurs have found CMRAs a useful tool to help them grow their businesses. Unless Congress repeals the Post Office's CMRA regulations, these businesses will be forced to divert millions of dollars away from creating new jobs into complying with postal regulations!

Because one of the most important factors in getting a good job is a good education, Congress should also strengthen the education system by returning control over the education dollar to the American people. A good place to start is with the Family Education Freedom Act (H.R. 935), which provides parents with a $3,000 per child tax credit for K–12 education expenses. I have also introduced the Education Improvement Tax Cut (H.R. 936), which provides a tax credit of up to $3,000 for donations to private school scholarships or for cash or in-kind contributions to public schools.

I am also cosponsoring the Make College Affordable Act (H.R. 2750), which makes college tuition tax deductible for middle-and-working class Americans, as well as several pieces of legislation to provide increased tax deductions and credits for education savings accounts for both higher education and K–12. In addition, I am cosponsoring several pieces of legislation, such as H.R. 1824 and H.R. 838, to provide tax credits for employers who provide training for their employees.

My education agenda will once again make America's education system the envy of the world by putting the American people back in

control of education and letting them use more of their own resources for education at all levels. Combining education tax cuts, for K–12, higher education and job training, with regulatory reform and small business tax cuts such as those Congress passed earlier today is the best way to help all Americans, including those currently on the lowest rung of the economic ladder, prosper.

However, Mr. Speaker, Congress should not fool itself into believing that the package of small business tax cuts will totally compensate for the damage inflicted on small businesses and their employees by the minimum wage increase. This assumes that Congress is omnipotent and thus can strike a perfect balance between tax cuts and regulations so that no firm, or worker, in the country is adversely effected by federal policies. If the 20th Century taught us anything it was that any and all attempts to centrally plan an economy, especially one as large and diverse as America's, are doomed to fail.

In conclusion, I would remind my colleagues that while it may make them feel good to raise the federal minimum wage, the real life consequences of this bill will be vested upon those who can least afford to be deprived of work opportunities. Therefore, rather than pretend that Congress can repeal the economic principles, I urge my colleagues to reject this legislation and instead embrace a program of tax cuts and regulatory reform to strengthen the greatest producer of jobs and prosperity in human history: the free market.

Mr. WATTS of Oklahoma. Mr. Speaker, I would like take the time to express to you my significant concern over the current debate which is occurring in Washington regarding increasing the minimum wage. The impact of a $1.00 per hour increase in the minimum wage on rural hospitals would be devastating. The impact on direct payroll alone could amount to hundreds of thousands of dollars. What is impossible to estimate is the impact that it will have on other hospital costs, for example, food costs, medical supplies, pharmaceuticals, and utilities. Where is it anticipated these funds will come from?

At many rural hospitals, over 80% of the patients they treat are beneficiaries of either the Medicare or Medicaid program. Certainly, unless reimbursement levels are increased under these programs, there is no source for providing the funds that a minimum wage increase would require. The remaining 20% of patients that rural hospitals serve are largely charity patients, for whom there is no reimbursement, or private sector patients whose reimbursement is fixed under managed care agreements.

The minimum wage issue is a glaring example of the concerns which are frequently expressed about unfunded mandates—Congress cannot continue to impose higher levels of cost on rural hospitals without increasing reimbursements under the Medicare and Medicaid programs by a like amount. Continuing to proceed with unfunded mandates will simply bring about the demise of rural health care, unless some method of relief is instituted.

Our rural hospitals have suffered enough. Before casting your vote on the minimum wage bill, I urge my colleagues to contact your rural hospitals to hear first hand the devastating impact an increase in the minimum wage would have upon them.

Mr. SMITH of Texas. Mr. Speaker, raising the minimum wage is touted as a way to help many blue-collar workers. And there are millions of others who earn more than the proposed minimum wage increase but who still struggle to make ends meet.

Reform of our immigration policies would help all these workers.

Each year, almost a million legal immigrants enter the United States. Of these, about 300,000 lack a high school education. This policy destroys the opportunities of American workers with a similar education level.

Our immigration policy should create opportunities for those in the workforce. But it does the opposite.

The National Academy of Sciences concluded in a study that competition from immigration was responsible for "about 44 percent of the total decline in relative wage[s] of high school drop outs."

The Center for Immigration Studies calculated that "immigration may reduce the wages of the average native in a low-skilled occupation by . . . $1,915 a year." It concluded that: "Reducing the flow of less-skilled immigrants who enter each year would . . . have the desirable effect of reducing job competition between more established immigrants and new arrivals for low-wage jobs."

The RAND Corporation reported that in California, "the widening gap between the number of jobs available for non-college-educated workers and the increasing number of new non-college-educated immigrants signals growing competition for jobs and, hence, a further decline in relative earnings at the low end of the labor market."

The U.S. Commission on Immigration Reform, chaired by former Congresswoman Barbara Jordan, found that "immigration of unskilled immigrants comes at a cost to unskilled U.S. workers . . ."

The Brookings Institution published a paper concluding that "immigration has had a marked adverse impact on the economic status of the least skilled U.S. workers . . ."

Think of a single mother barely surviving in a minimum wage job who sees her annual wages depressed by $,2000 because she must compete with more and more unskilled immigrants. She might even be a recent immigrant seeking a better life for herself and her children. Or think of the recent welfare recipient struggling to keep his first job.

Think what they could do for themselves and their children with that lost money—buy a used car, put a down payment on a modest home, fix the furnace before winter comes. Or think what will happen if they actually lose their jobs because of the never-ending competition from new arrivals.

The $1,915 reduction in wages that competition with immigrants costs low-skilled workers equals a $1 increase in the minimum wage.

To be certain, it is not the immigrants themselves who are to blame and who understandably want to come to America. But who knows how many people have been hurt by the unintended consequences of our outdated immigration policy?

No one should complain about the plight of the working poor or the persistence of minority unemployment or the levels of income inequality without acknowledging the unintended consequences of our present immigration policy and the need to reform it.

Mr. VENTO. Mr. Speaker, I support a raise in the minimum wage. The fact of the matter is that this is an issue on which we can no longer drag our feet. Each month that passes without a minimum wage increase means another paycheck that falls short of keeping hard working people out of poverty.

However, there are some provisions in the Republican bill which concern me greatly. Therefore, I support both of the Democratic amendments being offered to this legislation which would rectify language I find troublesome. The first amendment would strike the provision of the bill that permits states to opt-out of any increase in the federal minimum wage above the current level of $5.15 per hour. The opt-out language included in the bill is simply an underhanded method of undermining an increase in the minimum wage. Hard working people can't "opt-out" of living in poverty; states should not be able to effectively ignore this initiative by opting out of paying a decent wage.

The second amendment would mandate that the $1 increase would take effect over two years rather than three. Let's be frank, raising the minimum wage by $1 is helpful, but still only restores the purchasing power of this wage to what it was in 1982. Making workers wait for three years rather than two to actually reap the benefits of this raise is almost adding insult to injury, working people need—and deserve—to see a prompt implementation of this legislation.

Unlike many other legislative initiatives, raising the platform for workers' wages would actually benefit those who need it most. Fifty-seven percent of the gains from the last minimum wage increase assisted families at the bottom 40 percent of the income scale.

Many of the arguments that we have heard repeatedly from those who are against raising the minimum wage simply do not hold water. Opponents of this legislation maintain that teenage workers are the only people to benefit from a raise in the minimum wage. However, 70 percent of minimum wage workers are over the age of 20, and 40 percent are the sole breadwinners in their families. Therefore, this myth should be put to rest so that we can finally focus on helping working families.

Beyond the purely financial hardships faced by minimum wage earners, we can not forget the cultural and family ramifications as well. The work schedules maintained by parents in many households erode time and attention they could be spending on their children. Despite working longer hours and sending more family members into the workforce, minimum wage workers are increasingly less able to hold onto what were once considered the essential elements of a middle class life. I'm not talking about extravagant living, but rather comfortable economic survival—a roof over your head, some food on the table, and the ability to spend quality time with family.

Simply stated, the disturbing trend of the wealthiest Americans grabbing the lion's share of income gains must be put to an end. Raising minimum wage is a much needed, positive step toward closing the income gap. It is time

that the workers who are largely responsible for the day to day operations to finally get fair compensation for their hard work.

Mr. STARK. Mr. Speaker, I rise today in opposition of H.R. 3846, the GOP's feeble attempt to raise the minimum wage and H.R. 3081, the Wage and Employment Growth Act. I cannot support this half-hearted gesture that gives our lowest-paid workers a mere $1 per hour increase over three years when the Democratic alternative would have offered these workers $1 per hour increase over a two-year period and would have eliminated the top-heavy Republican tax cuts. Unfortunately, the leadership did not allow for debate and a vote on the Democratic alternative. The Wage Growth and Opportunity Act is a misleading title. This bill actually gives tax breaks to the wealthiest Americans but is disguised as offsetting the effects of a minimum wage increase on small businesses. I will not support this misleading and reckless bill.

Studies have shown that increasing the minimum wage does not have a discernable impact on small businesses as some would have you believe. But given that the sponsors of the tax proposal want the American taxpayers to believe that a minimum wage increase can hurt small businesses, then we must scrutinize the bill on the floor of the House today.

H.R. 3081 does little for small businesses but does much for the wealthiest one percent of Americans. While the GOP intends to prolong a minimum wage increase, and thus lower the benefit from an increase, it also wants to provide $123 billion in tax breaks to the wealthy. It does this through estate tax relief for the wealthy and pension changes that benefit those who contribute $10,000 per year to their 401(k) plans.

Nearly 65 percent of H.R. 3081 is dedicated to reducing the estate tax for all estates. Only a small fraction of estate taxes are paid on small businesses included in estates. This bill has little bearing on small businesses and has nothing to do with the minimum wage. The estate tax provisions in this bill are targeted to wealthy individuals who don't even own small family businesses. I'd hardly consider Microsoft a small business, yet Bill Gates will reap a $6 billion tax break from H.R. 3081.

We still don't have a Medicare prescription drug benefit for seniors, yet our legislative leadership is asking Congress to squander billions of dollars on those who don't need it. We also don't have a plan in place to shore-up Social Security for future retirees. I suggest to my colleagues that we take a close look at our legislative priorities prior to enacting such irresponsible tax cuts.

The tax cuts proposed today grow over time and are permanent. The minimum wage bill is not permanent and does not grow with the rate of inflation. The Republican tax bill over ten years is nearly eleven times greater than their proposed minimum wage increase. Clearly, the tax bill before us today is a gift to the wealthy at the expense of our minimum wage workers and seniors.

I urge my colleagues to defeat the GOP minimum wage and tax bill and give minimum wage workers $1 per hour increase over two year, not three.

Mr. EVANS. Mr. Speaker, I rise today to urge my colleagues to stand up for America's working families.

Today we will vote on a measure that will affect millions of people across America. Unfortunately, the Republicans want to use this opportunity to instantly give another tax break to the wealthy and make working families wait three years for a complete increase in the minimum wage.

The Republicans will do anything they can to avoid raising the minimum wage. Last year, even while they raised their own pay, they refused to allow a vote on a measure to raise it. This year, the Republicans say they will raise the minimum wage one dollar over three years, but only if they can hand out $122 billion in tax breaks skewed to the most affluent in our society.

Instead of letting Democrats introduce a tax substitute which provides more relief to family farms and small businesses, the Republicans are standing behind a bill which would give the top one percent of all taxpayers almost three-quarters of the tax reduction. As a cosponsor of the Small Business Tax Relief Act, I am proud to say that, under our bill, family farms and small businesses worth up to $4 million would pay no estate tax at all.

I urge my colleagues to support the Democratic Small Business Tax Relief Act and to enact a minimum wage increase over two years. It is time to take care of America's working men and women.

Mr. SANDLIN. Mr. Speaker, I rise today in strong support of increasing the minimum wage. A real increase in the minimum wage is long-overdue. In a period of unprecedented economic expansion, every worker should reap the benefits of the booming economy. The real issue here is a much-deserved minimum wage hike, and Congress must ensure that every minimum wage worker receives the increase our economy can surely afford.

The Fair Labor Standards Act (FLSA) sets the current minimum wage at $5.15 per hour. This is unacceptably low. At $5.15 per hour, a minimum wage worker who is employed 40 hours per week for 52 weeks will earn a mere $10,712 a year. This is approximately $1,000 below the poverty level for a family of two. We cannot continue to sit idly by while working families struggle in a growing economy. Increasing the minimum wage to $6.15 per hour will help fulfill our moral obligation to working people—the obligation to pay a living wage.

Mr. Speaker, the global strength of the United States and the strength of our economy is due to the strength of our labor force. Full-time, working families should not be allowed to fall below the poverty level. It is time that we give the workers who help run this nation and fuel our economy just compensation for their work.

Beyond this, the need to pay a fair minimum wage to the average American worker is crucial to the overall success of our country's economy. Since the last minimum wage increase in 1996, the economy has created new jobs at a pace of over 250,000 per month; the inflation rate has been cut nearly in half; and the unemployment rate has fallen to 4.4 percent. By raising the minimum wage, we will give monetary merit to the workers who are responsible for this unprecedented growth and increase their purchasing power.

The impact from the last minimum wage increase is clear: 10 million workers got a raise, and there is no evidence that jobs were lost. Furthermore, economic studies find no negative effect of the minimum wage on employment. In fact, recent research has even suggested that higher wages can increase employment because they improve employers' ability to attract, retain, and motivate workers. Finally, recent increases in the minimum wage have helped reduce the welfare caseload by increasing the incentive to work.

While I do not believe that an increase in the minimum wage should have to be tied to a tax cut, I do support the provisions of this particular small business tax package. Specifically, this bill contains important estate tax relief for small business and family farms. I have fought for repeal of this egregious tax since I came to Congress, and I am happy today to finally see some meaningful relief.

In addition to estate tax relief, this bill would increase contribution and benefit limits for retirement plans, enabling more Americans to save for their future. It also increases business meal deductions to 60% and accelerates the 100% deduction for health insurance for the self-employed and increases the deduction for the purchase of business equipment. Perhaps one of the most important provisions of the tax portion with regard to small businesses is the repeal of a current law prohibiting businesses that use accrual accounting methods from selling assets in installments and spreading out their tax liability. Unfortunately, this provision was part of a larger tax relief bill passed last year and has proven to be detrimental to small businesses. As a cosponsor of H.R. 3594, the Installment Tax Correction Act, legislation which would repeal this penalty, I am happy to lend my support to this important provision. Finally, the tax portion of today's bill would also authorize the creation of fifteen new ''renewal communities'' that would be eligible for various tax breaks and would increase the low-income housing tax credit.

Mr. Speaker, the critical issue at stake today is a much-needed increase in the minimum wage. The minimum wage plays an important role in ensuring that all workers share in the growing economy, and there are numerous reasons for an increase. I call on my colleagues today to support this much-needed legislation and help ensure that no working American will have to live in poverty.

Mr. COYNE. Mr. Speaker, I rise today in support of a minimum wage increase over two years and in opposition to an unjustifiable tax break.

Mr. Speaker, the minimum wage has significantly improved the quality of life for American Working families. And yet, the majority of Republicans in Congress have consistently opposed or worked to eviscerate the minimum wage.

Today we see Congressional Republicans bowing to significant pressure to raise the minimum wage—but offering a minimum wage bill that as their leadership recently acknowledged, raises the minimum wage as little as possible over the longest possible period of time. It would also provide numerous exemptions for certain categories of workers and allow states to opt out of the minimum wage increase. I find such an attack on America's working families to be indefensible.

That is bad enough, but the Republican House Leadership will also attempt to either

kill or take advantage of a minimum wage bill by linking it to a tax package, provides that $122 billion in tax breaks to some of the wealthiest families in the country. Three quarters of the tax breaks in this bill would go to the one percent of the American people with incomes of more than $300,000. If that is not class warfare, I don't know what is.

The bill's supporters argue that the tax breaks are necessary to offset the cost to small businesses of increasing the minimum wage. Since the Republican proposal provides eleven dollars in tax cuts for every one dollar in increased wages, that argument rings false.

Moreover, the Republican tax package is back-loaded, which means that the bill's impact on the federal budget will not be fully felt for many years to come. It puts another massive dent in the projected budget surplus before Congress has adopted a plan to save Social Security, a plan to preserve Medicare, a play to provide a Medicare prescription drug benefit, a plan for paying down the national debt, or even a budget plan for the coming fiscal year. While the substance of the tax bill is unacceptable, the timing of this tax cut is inexplicable.

I urge my colleague to reject this unwise approach. Let's pass a clean minimum wage increase—or barring that, let's pass a tax break package that helps the struggling "Mom and Pop" businesses on Main Street, not the folks already living on Easy Street. I urge my colleagues to vote against the bill and in favor of a motion to recommit with instructions.

Mr. DINGELL. Mr. Speaker, I rise today to express my strong support for giving the American people a raise. I share the belief of millions of Americans who strongly believe anyone who works hard should be rewarded by receiving wages that not only allow them to subsist and survive, but to feed, clothe, house and support their families. Working Americans should not have to live in poverty or turn to federal assistance to subsist. The simple idea that hard work should be rewarded is a fundamental American value. I would note a recent ABC news poll shows 83 percent of Americans support a higher minimum wage.

Mr. Speaker, the minimum wage must keep pace with the changing value of the dollar. The value of today's minimum wage is 21 percent less than it was in 1979. At a minimum, it is time to raise the minimum wage by $1.00 over two years. In my opinion, it should be raised higher still. Raising the minimum wage to $6.15 over two years simply restores the value of the minimum wage to 1982's level.

Currently, a full-time minimum wage worker earns $10,700 per year $3,200 below the poverty level. Forty percent of minimum wage workers are sole breadwinners for their families. The Traficant-Martinez amendment would directly benefit nearly 10 million workers nationwide, 400,000 in Michigan alone.

The Republican leadership has worked hard to prevent a real minimum wage increase, tying the minimum wage to a fiscally irresponsible tax cut the President has promised to veto. In place of a helpful wage package, they also have offered a watered down minimum wage increase that provides little immediate assistance to workers and, for some ludicrous reason, allows states to opt out. These deceptive attempts to dupe the American public only shortchange those Americans at the bottom of the pay scale and help corporate businesses and special interest groups. Mr. Speaker, let's not play politics with hard working Americans' salaries. Let's give workers a real raise.

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

The SPEAKER pro tempore (Mr. HASTINGS of Washington). All time for general debate has expired.

It is now in order to consider amendment No. 2 printed in House Report 106–516.

AMENDMENT NO. 2 OFFERED BY MR. TRAFICANT

Mr. TRAFICANT. Mr. Speaker, I offer an amendment.

The SPEAKER pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 2 offered by Mr. TRAFICANT:

Amend section 1 to read as follows:

SECTION 1. MINIMUM WAGE.

Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

"(1) except as otherwise provided in this section, not less than—

"(A) $5.15 an hour beginning September 1, 1997,

"(B) $5.65 an hour during the year beginning April 1, 2000, and

"(C) $6.15 an hour beginning April 1, 2001;".

The SPEAKER pro tempore. Pursuant to House Resolution 434, the gentleman from Ohio (Mr. TRAFICANT) and a Member opposed each will control 15 minutes.

Does the gentleman from North Carolina (Mr. BALLENGER) seek time in opposition?

Mr. BALLENGER. Yes, Mr. Speaker, I am opposed to the amendment.

The SPEAKER pro tempore. The gentleman will have the time in opposition.

The Chair recognizes the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. MARTINEZ), the coauthor of this amendment, and as he walks down the aisle, I want to thank him for coming to my district some 15 years ago and helping to save many family homes in my valley. I consider the gentleman to be one of the great Democrats in the House, and I am proud to have him as a coauthor.

Mr. MARTINEZ. Mr. Speaker, I thank the gentleman from Ohio (Mr. TRAFICANT) for his kind remarks.

Mr. Speaker, I rise today to join my colleague in Ohio in offering an amendment that will raise the minimum wage by $1 over 2 years.

The last time Congress raised the minimum wage was back in 1996. This amendment raises the minimum wage in two steps, the first is to $5.65 an hour beginning April 1, 2000 and the second is to $6.15 an hour beginning April 1, 2001.

Let me put it in simple terms, Mr. Speaker. A $1 increase in the minimum wage is enough for a family of four to buy groceries for 7 months or pay rent for 5 months. Now, one of my colleagues said we are trying to promote prosperity and happiness. I can tell my colleagues that we are not trying to promote prosperity; but for sure, coming from a poor family, I can say that when there is a little more on the table, or the landlord is not knocking at the door for the rent, yes, it brings a lot of happiness.

Now, I would have preferred that we were debating a clean minimum-wage bill, one free of special-interest exemptions, but reality dictates otherwise. American men and women cannot and should not have to wait any longer for Congress to provide them with a living wage. This increase is long overdue. It is unacceptable to delay the American worker this pay raise even one additional year. A 3-year increase, as proposed by the bill, would cost a full-time, year-round worker more than $900 over 2 years. Now, $900 may not sound like a lot of money to Members of Congress, but to millions of Americans who make a minimum wage, it can sometimes make the difference in raising them above the poverty level.

America has achieved the longest period of economic growth in our entire history, Mr. Speaker. It is time, with the lowest unemployment rates in 30 years, with the lowest poverty rates in 20 years, that we provide a decent wage to working men and women, the very people who made this economic growth possible. Why must these people, these men and women, wait for even 1 more year?

There are nearly 12 million American workers who depend on us today to do the right thing. Will we do the right thing and provide them with a step up to a better future for their families and their children? Will we provide these families a chance to pursue the American Dream? Mr. Speaker, it is embarrassing for the richest Nation in the world, the most powerful Nation in the world, the most advanced Nation in the world to have a minimum wage that falls below the level needed to keep a family out of poverty.

I urge every Member, and I especially urge Members on the other side of the aisle, to show that compassion that I know they can show and take a stand for working families in this country.

Mr. BALLENGER. Mr. Speaker, I yield myself such time as I may consume, and I rise in opposition to the amendment of my good friends, and I would like to apologize to them ahead of time.

We have heard so much discussion today from the proponents of the increase about a higher minimum wage lifting the working poor out of poverty. But the proposed increase will have little impact on low-income families because few workers actually support families under the minimum wage. The

minimum wage is typically paid to individuals who are just entering the workforce, the overwhelming majority of whom are young, single, and childless.

According to the statistics, or the data that we get from the U.S. Census Bureau, 37 percent of those who benefited from the last-minimum wage increase were young people living with their parents.

□ 2015

Some 85 percent either live with their parents, or are single and childless, or living alone, or have a working spouse. Only one in ten minimum wage earners is trying to support a family. In reality, the minimum wage is a poorly targeted issue for anti-poverty as a tool.

The proponents of a higher minimum wage increase seem to suggest that entry-level employees work for years without a wage increase. But according to recent research, the vast majority of those who start at the minimum wage do not remain there long. Nearly two-thirds of minimum wage workers move above the minimum wage within one year of working. The majority of minimum wage workers use entry level positions to gain experience and acquire the skills necessary to move ahead in better paying jobs.

Those employees who do not quickly advance beyond the minimum wage tend to be the least skilled, the least educated, and the least experienced workers. Typically, those are the most vulnerable in terms of losing their jobs or having their hours of work reduced. Research has shown that the minimum wage increases shift many jobs from low-skilled adults to teenagers and students.

Mr. Speaker, I urge my colleagues to oppose this amendment. Increasing the minimum wage is an ineffective way of helping those in need. It is not well targeted at poor families. And while it benefits some individuals, it will clearly harm others by lessening employment opportunities.

For the 25 percent of low-wage workers whose families are poor, hiking the minimum wage too quickly may do more harm than good. Minimum wage increases cause price increases that disproportionately affect the poor.

We also heard testimony regarding the disemployment effects of the higher minimum wage. Witnesses concluded that the net effect of the minimum wage is to increase the proportion of families that are poor.

In addition, Chairman Greenspan has testified before Congress that the wage inflation that we may have could derail the booming economy. The hallmark of the economic good times we enjoy today has been low inflation. Raising the minimum wage will contribute to raise inflation at the same time as the Federal Reserve is raising interest rates to contain the deleterious effects of wage inflation.

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

Mr. TRAFICANT. Mr. Speaker, might I inquire how much time is remaining on each side?

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The gentleman from Ohio (Mr. TRAFICANT) has 11½ minutes remaining. The gentleman from North Carolina (Mr. BALLENGER) has 12 minutes remaining.

Mr. TRAFICANT. Mr. Speaker, I yield 1 minute to the dynamic gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, now I know why we are here trying to convince some of the Members on the other side of the aisle that we should allow a $1 raise over a 2-year period of time. They really do not understand.

The gentleman from North Carolina (Mr. BALLENGER) just told us that there are no real people out there who are working for a minimum wage that are taking care of families. He said they are teenagers and they are people just starting in the workplace.

Well, I do not know what he knows about home health care workers, people who do some of the toughest work who make minimum wages. I do not know if he knows that many of the people who serve food in our restaurants, waiters and waitresses, make minimum wage. I do not know if he knows what is happening in the nursing homes, where they are taking care of the sick and the elderly, that many of them are on minimum wage. I do not know if he knows that the airport safety workers who check us when we go through the metal detectors are making minimum wage. He does not know that they are elevator operators.

Well, now I know why we must tell this story over and over and over again. They are ignorant of the facts.

Mr. BALLENGER. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I do not know how many people here have ever worked at the minimum wage. I did when it was 65 cents an hour.

I would like to mention, in fact, that in every one of the cases that the gentlewoman from California (Ms. WATERS) mentioned, all of these are going to result in cost increases.

Take day-care. I checked this out at home. The day-care workers that we have started on the CEDA program and they are now up to $7.50 an hour, $8 an hour. If we raise the minimum wage, do not tell me that they are still able to charge the same price for day-care.

So anybody that uses day-care, anybody that uses those services for the elderly, they are going to all suffer from the increased costs.

The SPEAKER pro tempore. The gentleman from North Carolina (Mr. BALLENGER) has 11½ minutes remaining. The gentleman from Ohio (Mr. TRAFICANT) has 10½ minutes remaining.

Mr. TRAFICANT. Mr. Speaker, I yield 1 minute to the dynamic gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, I rise in strong support of the 2-year increase in the minimum wage.

Working men and women deserve an immediate increase in the minimum wage from a meager $5.15 to $6.15 an hour. During these times of unprecedented economic prosperity, we should do nothing less.

What we really should be talking about, though, is a livable wage, a living wage, which in Northern California, for example, is $14 an hour.

I also oppose the Republicans' proposal for the tax cut because $123 billion will go to the wealthiest of Americans. This is wrong. Why should the rich get a tax break while America's lowest wage workers continue to struggle each and every day to make ends meet? We should be supporting our lowest wage individuals.

The Republican plan ignores these hard-working men and women. When in the world are we going to begin to close these huge income disparities in our country? Income inequality should not exist in a country such as America.

Let us be fair to working men and women. Let us raise the minimum wage as soon as possible. At least we should raise it within 2 years.

Mr. TRAFICANT. Mr. Speaker, since I have more speakers, will the gentleman from North Carolina (Mr. BALLENGER) yield some of his time to me as a courtesy?

Mr. BALLENGER. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I want to thank my distinguished friend from North Carolina for that gesture. He has always been fair. Even though we disagree on this, we agree more often than not; and I thank him.

Mr. Speaker, I yield 3 minutes to the distinguished gentleman from New York (Mr. BOEHLERT).

Mr. BOEHLERT. Mr. Speaker, I rise in strong support of this amendment to raise the minimum wage by $1 over 2 years.

In this era of unprecedented prosperity, we should be both willing and able to ensure that workers are not left behind.

Now, I have no doubt that we are able to provide this increase. We live in a wealthy Nation that is in its economic prime, 110 consecutive months of growth in our economy. We live in a Nation in which enterprises are starting all the time, in which top executives are compensated with almost unimaginable sums of money. Sixty-three new millionaires a day are being created in the Silicon Valley alone. Study after study has shown that the minimum wage does not cost jobs.

So there is no question that we are able to provide this increase. The only question is whether we are willing to do so. And the answer ought to be a resounding ''yes.''

For more than 60 years, the minimum wage has protected the Nation's workers and, in doing so, has helped the Nation's economy and society as a whole. But the minimum wage has not kept up with inflation and, in relative terms, is more minimal than ever.

We should not be abandoning hard-working people, people who often work long hours in dangerous jobs, at a time when most Americans are doing so well.

The people at the top of the economic ladder are enjoying this record prosperity. What about those at the bottom end? Can we not lift them up? I think the answer should be clearly ''yes.''

So I urge my colleagues to support this amendment. It is moderate, it is affordable, and it is the right thing to do.

Mr. BALLENGER. Mr. Speaker, I yield such time as he may consume to the gentleman from Colorado (Mr. TANCREDO).

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

Mr. Speaker, what we are contemplating here in changing the minimum wage is in one sense I think unacceptable. I have already expressed my concerns about doing this audacious thing to believe for just a moment, even a second, that we in this body know what is the right amount of money to pay anybody for anything for any job that they do, but now we are contemplating doing even more damage by reducing the number of years in which this would occur.

Increasing the minimum wage from $5.15 to $5.65 or $6.15 an hour over 2 years, as has been proposed, would be unparalleled. It would amount to a 44.7 percent increase in the minimum wage, or $1.90 per hour since 1996, when the minimum wage was $4.25.

Congress has never raised the minimum wage by more than $1.05 per hour over a 5-year period, and that $1.05 an hour hike occurred between 1978 and 1982, when inflation was increasing by an average of 9.8 percent per year, far more than the 2.5 percent average rate over the last 5 years.

Now, these are facts. These are economic facts. But I do not expect them to carry today. Because, of course, this entire debate is not over economic facts. It is over emotion and what feels good to many of our colleagues here, their ability to say again that we, this royal ''we'' have somehow increased the minimum wage, when, of course, we are not doing anything but forcing somebody else to pay an increase in the minimum wage, not us, not the Congress, are forcing employers to do that.

And so, it is in a way senseless, I suppose, to try and argue statistics and facts. The fact is, as has been pointed out more than once, that most of the people who will actually benefit from such an increase are not those people most in need, not the ''working poor.'' They will not be the beneficiaries of this move.

But it does not matter. It would not matter I think frankly if not a single person in America who was accurately classified as the ''working poor'' were the beneficiary of this particular piece of legislation. If not a single one of them benefitted, we would still do this. And the reason, of course, is because it sounds good, it plays well. We know that.

We know exactly what happens when you take polls on this issue and you say to the general public, How do you feel about raising the minimum wage? Do you not think it is only right that somebody should be making x number of dollars an hour? And the response is always, oh, of course, sure, absolutely. Because, of course, there is no real understanding of the economic impact of something like this.

Does anybody really think that this does not have them in the slightest inflationary tendency or impact? I mean the big ''I'' word, the thing that scares everybody to death that sends the stock market into tailspins every time Mr. Greenspan even mentions it, ''inflation.'' ''Inflation.'' But we are doing something here, of course, that is, in fact, inflationary. It does not matter. It will not matter because those kinds of arguments will not hold the day.

I know that. I know where this bill is heading. I know where the votes are. But I have to plead with my colleagues to think carefully about the steps they take. Because now we are not just talking about making a huge mistake in, quote, increasing the starting wage, as if we knew that a dollar an hour over any period of time, a year, 2 years, 3 years, 5 years, as if we knew that that was right. That is what is amazing about this. We argue it as if we have some understanding of what this meant, of some internal mechanism in our own minds that says, yes, of course we know that there is some economic reason for us to do this, that the economy will prosper, that everybody will be better off as a result of this. But this is absolutely false, my colleagues, totally false.

As mentioned before, even when we asked the most prestigious members of the academy, economists from all over the country who came to testify, in favor of increasing the minimum wage, by the way, they were not hostile witnesses in the committee, but when we asked them, on what basis did you arrive at the conclusion that a dollar was right, they said, there is no basis.

□ 2030

There is absolutely nothing. It is just a good, round number. There is no economic reason for this. There is not even a moral justification for it. Because, as I say, we will not be improving the lives of the people that we have heard so much about on the floor of the House today. In fact, we may be doing damage to them. But we do not know that because, of course, we are trying to be the unseen hand in the market. We have made this assumption about the fact that we know exactly how to adjust the marketplace between an employer and employee.

I do not doubt for a moment that there are people out there working for perhaps less than they are worth, and I certainly do not doubt for a moment that there are people out there working for more than they are worth. We have heard all about these people, heads of companies making these outrageous sums of money as if this has any relevance whatsoever to this particular piece of legislation. It of course does not.

But just as we can concede that we do not know what is right for the highest wage earners to make, it is appropriate for us to concede that we do not know what is right for the lowest wage earners to make. We simply do not know that. Let us confess it. Let us tell the people the truth. We do not know if a dollar is right over a year, over 2 years, over 3, over 4, we have no idea. It sounds good, so, therefore, we are going to propose it.

Mr. TRAFICANT. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. MARTINEZ), my coauthor, to respond to the previous speaker.

Mr. MARTINEZ. Mr. Speaker, I do not challenge the gentleman from Colorado's figures. They are probably accurate. But his logic is a little skewed. Every year the cost of living goes on and almost every other wage earner is guaranteed at least that cost of living increase, whether he works for an organized shop or not. But the fact is, that if the cost of living keeps going on, and you do not raise the minimum wage, that minimum wage is going to buy less than what it bought last year and the year before and the year before and so that eventually they are going to be living in poverty, worse than they are now.

The fact is, that we need to understand the premise of a minimum wage is to make sure people do not starve to death. That is what it is. All we are doing is trying to provide them with somewhat of a livable wage. If what you are saying is allow the marketplace to determine, that does not even determine, because an employer himself determines.

Every employer, and I was in business, there are other costs that go up, cost of materials to produce your product, cost of operations in your facility if it is a service facility that make the price of your service go up; and you

have to increase that to keep up with that. It is no different with the wage.

Mr. TRAFICANT. Mr. Speaker, I yield 1½ minutes to the gentlewoman from Ohio (Mrs. JONES), a dynamic young Member from the Cleveland area, doing a great job replacing Lou Stokes, one of our greatest.

Mrs. JONES of Ohio. I thank the gentleman from Ohio (Mr. TRAFICANT) for that warm introduction.

Mr. Speaker, I rise in support of this amendment. At a time when our economy is at its best, why not give those at the bottom of the economic ladder an opportunity to eat a piece of the bountiful pie? Currently, a full-time minimum-wage worker makes $10,920, out of which they must pay all of their expenses. One dollar over 2 years is not all we would like to have, but it is better than having it over 3 years.

I guess very few Republicans make minimum wage. Otherwise, they would be screaming on the floor like we are protesting like the Democrats. We are telling these families, buy your children food. No, wait, wait 3 years, you can buy food in 3 years. No, wait, buy your children shoes in 3 years. No, wait, get the medicine you need over 3 years. Do not even try and drive a car because gasoline has increased over the last 6 months more than we are offering an increase in the minimum wage. Bread costs the same for minimum wage workers. How do they buy it? Eggs cost the same for minimum wage workers. How do they buy it? Meat costs the same for minimum wage workers. How will they buy it?

The economic fact is that people are underpaid at minimum wage. The economic fact is they need more to buy clothing, to buy shoes; and let us not even think about health care, which they do not get on minimum wage. I urge my colleagues to vote in support of this amendment.

Mr. TRAFICANT. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. SHERWOOD).

Mr. SHERWOOD. I thank the gentleman from Ohio for yielding me the time.

Mr. Speaker, I rise today in support of the amendment to increase the Federal minimum wage by $1 over 2 years. Our Nation's economic expansion came a little late to the 10th Congressional District of Pennsylvania. Unfortunately, we have too many working Americans in my district for whom the struggle to afford housing and other basic necessities is a formidable challenge. That is why I made a commitment to support a minimum-wage increase.

Since last fall, I have been working with my colleagues on both sides of the aisle to bring about an increase in the minimum wage. The Bureau of Labor Statistics found that 4 million workers in America earn $5.15 an hour. I have too many of those workers in my district, and their families are working three jobs to support the family.

Just yesterday, the U.S. Department of Labor issued a report on our Nation's workers' productivity. In the fourth quarter of 1999, both the business sector and the nonfarm sector saw productivity rises which were the largest since the fourth quarter of 1992. Manufacturing productivity rose at a 10.3 percent annual rate. Our economy has enjoyed 20 consecutive years of labor productivity. I believe now is the time for a Federal minimum-wage increase. It has been more than 2 years since we did this.

I am aware that businesses, and I was a businessman for 30 years, particularly those in the restaurant and the retail industries, will face higher labor costs. For that reason, I supported the Small Business Tax Fairness Act of 2000. That includes several key provisions to provide the needed tax relief to keep these small businesses going, which have been the engines of our economic growth.

Mr. Speaker, it is time to let a little of our unprecedented prosperity down to the people that work the hardest for their wages.

Mr. TRAFICANT. Mr. Speaker, I yield 1½ minutes to the gentleman from Mississippi (Mr. TAYLOR), a good friend and a powerful fighter for the military second to none.

Mr. TAYLOR of Mississippi. Mr. Speaker, there is a line from a very popular song, ''Harvest for the World.'' It keeps asking the question rhetorically, why do those who pay the price come home with the least?

When it came time to balance the budget this year, it was done at the expense of the men and women in uniform. They delayed their pay by 2 days. Again, for a Congressman, no big deal. For a young E–4, a young E–5 trying to take care of his wife and his kid, that is probably a weekend when baby formula does not get bought, or the Pampers do not get bought, and they try to make do as best they can.

I listen to Members of this body say we have to give the senior citizens a COLA, and everybody votes for it. We have to give the retirees a COLA. Everybody votes for it. So if we are willing to reward people for what they have done, why are we not willing to reward people for what they are doing in some of the crummiest jobs in America? What this whole amendment is about is 17 cents an hour, the difference between the Republican proposal and the Democratic proposal. We are willing to give them that 17 cents a year sooner. If we want people to value work, then work must have value.

I encourage my colleagues to vote for the Traficant amendment.

Mr. TRAFICANT. Mr. Speaker, I yield 1 minute to the dynamic gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, let us raise the minimum wage. Let us do it from $5.15 to $6.15 an hour. Let us do it in 2 years, 50 cents this year and 50 cents next year. My God, imagine. Let us try to string it out, which my colleagues on the other side of the aisle would do, 33 cents a year. I wonder if that is what they would do with their raises, to let it just drift out at 33 cents a year. It is unconscionable. We have a unique opportunity to do something for hard-working Americans in this country. This alternative provides that opportunity.

Seventy percent of minimum-wage workers are adults. Sixty percent are women. Nearly half are full-time workers. There are more than 60,000 people in my own State of Connecticut who rely on a minimum-wage job. You cannot raise a family on $5.15 an hour even when you work full time. The minimum wage is the best measure of our willingness to defend the ideal that if you work hard, if you play by the rules, then you should be able to support your family and create a better life for your family. This is about our values, who we are as Americans. Let us pass a minimum wage; let us do it in 2 years and give these folks a break.

Mr. TRAFICANT. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. GREEN).

Mr. GREEN of Texas. Mr. Speaker, I proudly stand in support of a minimum-wage increase. The original bill, H.R. 3846, falls short of meeting the needs of the American family and that is why the Traficant-Martinez amendment is needed. A full-time, year-round minimum-wage worker with a family of three earns about $2,000 less than what is needed to live above the Federal poverty line. Our economy is the strongest it has been in years and these American workers deserve to share in our prosperity.

That is why I support the Democratic substitute by my California and Ohio colleagues which increases the minimum wage instead of from 3 years to 2 years over the period of time. More than 11.8 million workers will benefit from this increase. In my home State of Texas, 13.3 percent of the workforce stands to benefit from such an increase, and that is over 1 million workers. That is why an increase will give not only my constituents but also hard-working Americans the chance to earn a livable wage.

We had a great Senator from Texas named Ralph Yarborough. When he debated the minimum wage, he said, it is time we put the jam on the lower shelf for the little people.

Mr. TRAFICANT. Mr. Speaker, I yield 30 seconds to the fiery gentleman from Vermont (Mr. SANDERS), who tells it like it is.

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me this time. Let me be very honest and say

that I think a $1-an-hour increase over a 2-year period is not enough. In my view, we should raise the minimum wage today to at least $6.50 an hour. The idea, however, of doing it over a 3-year period is an absolute insult to millions and millions of low-income workers who are struggling to keep their heads above water. Let us defeat the Republican proposal. Let us pass the Traficant amendment.

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

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The gentleman from Ohio is recognized for 4 minutes.

Mr. TRAFICANT. Mr. Speaker, I want to commend the Speaker, the Republican leadership and the Republican Party for giving us an opportunity to bring this amendment. I want to thank the distinguished gentleman from North Carolina for being so fair, which he always is. Ironically as we bash around here, in the last 4 years there have been two minimum wage increases and the Republicans were in the majority.

□ 2045

Quite frankly, I do not like the spin that it is mean spirited by the Republicans to oppose the minimum wage. I believe they make a valid argument that inflation could hurt every one of our workers.

Now having made that statement, I think it is time to tell it like it is. We have people out there that are struggling to make a go of it. We have gasoline prices now approaching $2.00. We have families that build the economy, not kill it.

The last minimum wage increase spurred an economic boom for the following simple reason: Poor people do not have enough money to save. Poor people spend their money, put their money on the streets and they grow the economy. This is a growth bill, not a wage increase bill.

Now, I voted earlier today to reduce taxes for a tax break. The gentleman from California (Mr. MARTINEZ) and I were the only two Democrats. Yes, I want to give the boss a break. He deserves it so he can give a raise to my people who desperately need it. Without an investor, there is no company. Without a company, there is no worker. Mr. Speaker, without an entrepreneur, there is no job.

There is reasonableness here, but what I am trying to do today is to ensure that if this vehicle is vetoed and we revisit it, we will be revisiting $1.00 over two years. Let me say this: That 17 cents is not going to kill anybody.

Now I come from a very poor family, and that is not making a political statement here. Many of my colleagues have. My father finally got into that middle class maybe when I was about 10, 11 years old. We had a lot of love, but my dad never worked for a poor man.

We cannot continue to pit rich against poor, old against young, black against white. This partisanship must end.

I want to commend the Republican Party for reaching out and including in their bill a minimum wage increase that we thank them for, but we think it is a little too modest, quite frankly, and we are asking the Republican Party Members to join with us and pass this amendment.

There is one last statement here. When someone waters the tree, the big tree, do they water the leaves or do they water the roots?

We cut back on welfare. We must incentivize work and incentivize work by making work more attractive, making work one that people will aspire to; moving from dependence to independence, self-actualized lifestyles. This is more than a minimum wage increase.

I want to commend the Republican Party here. I want to commend their Speaker. I want to commend each and every one of them for allowing the gentleman from California (Mr. MARTINEZ) and I to bring this amendment and I am asking for the votes from the Republican side of the aisle.

I would say to the gentlemen from Pennsylvania (Mr. GOODLING) and the gentleman from Illinois (Mr. HYDE), I want them to consider voting for this. I am asking them for their vote.

Mr. BENTSEN. Mr. Speaker, I rise in support of raising the national minimum wage by $1.00 over two years. The Traficant amendment to H.R. 3846 accomplishes this goal.

American workers need relief and three years is simply not soon enough. The Democratic measure increases the minimum wage to $6.15 by September 1, 2000. Some context is needed for considering this amendment. In 1998, approximately 4.4 million wage and salary workers, paid on an hourly basis, earned at or below $5.15 per hour. Today's minimum wage has 21% less purchasing power that it had in 1979. According to a recent study by the Economic Policy Institute, some 10.3 million American workers stand to benefit from a new increase in the minimum wage. Forty percent of minimum wage earners are the sole breadwinners in their families. The Democratic proposal is patently more responsive than H.R. 3846 to the needs of America's workers and should be passed by this body.

I support raising the minimum wage because I believe it will help ensure work pays more than welfare and assists lower-income families struggling to make ends meet. Mr. Chairman, lets really think about what this really means for American families. Minimum wage workers play a pivotal role in today's economy—caring for our parents and grandparents in their homes, and for our children in daycare. Under current law, a single mother of two, employed full-time, 40 hours per week for 52 weeks, earns $10,712, $3,200 below the poverty line. Work should be a bridge out of poverty but, unfortunately, there were nearly 3.4 million full-time workers in 1997 who still lived below the poverty line. We all know that we cannot truly reform our welfare system unless we ensure that work pays more than welfare and truly allows families to become self-sufficient. Raising the minimum wage is a critical part of this equation.

Opponents of this legislation argue that raising the minimum wage over two years will endanger the longest economic expansion in our nation's history. If history is an indicator, this is simply not a reasonable concern. Since the minimum wage increase in 1996, statistics indicate that employment has actually increased in every sector, even among those regarded as the most difficult to employ. Further, over the past two years the minimum wage has increased 90 cents, while the unemployment and inflation rates have decreased to record lows.

The Traficant amendment is responsive to this labor trend and provides American workers with much needed relief. Again, the Department measure is more responsive to the needs of America's workers than the Republican alternative and should be adopted.

Mr. CONYERS. Mr. Speaker, I rise today in support of the Traficant/Martinez amendment to H.R. 3846, the "Minimum Wage Increase" bill. This amendment would provide for a real minimum wage increase of $1 over two years, which is so necessary for American workers. By combining the minimum wage bill with H.R. 3081, a bill that gives $122 billion in tax breaks to the wealthiest taxpayers, instead of allowing a clean vote on real minimum wage reform, the Republican leadership has shown that they only want to pay lip service to this vital pay raise for America's low-wage workers.

Even though the minimum wage was raised to $5.15/hour in 1996, you certainly can't raise a family on that salary. At present, a single person, male or female, working full time, earning the minimum wage and supporting a family of three, takes in $10,700 a year, placing them well below the poverty line. In Detroit, an astounding 43% of the population lives below that poverty line.

Raising the minimum wage is extremely important because we have to continue to redress the damage inflicted during the 1980's, when American workers lost 25% of their purchasing power. From 1990 to 1995, this trend continued and they lost a further 12%. If we really wanted to match the purchasing power of the minimum wage in 1968, when it reached its peak, the minimum wage today would be $7.40/hour across the board.

I joined Representative DAVID BONIOR earlier this year in introducing a bill to raise the minimum wage to $6.15/hour. The increase would occur in fifty cent increments over two years. This would be an important first step towards addressing the fundamental economic injustice resulting from the stagnant wages during the Reagan-Bush era. The amendment before the House today would provide this real pay increase which has been delayed so long to working Americans for far too long.

An increase in the minimum wage would benefit 300,000 people in my state of Michigan alone. Most of those who earn the minimum wage are women, and 40% of them are the sole breadwinners of the family.

The 12 million people who earn the minimum wage across the country are the people

who prepare our food, care for our elderly and our children. Remember an increase in the minimum wage will not only help close the increasing gap between the rich and the poor, but will benefit all Americans. Extra buying power will be injected into small businesses, family stores, and restaurants, stimulating the economy at the local level and the state level. Through increasing the earnings of so many families American children will learn the value of hard work—that it really pays to work hard.

Many of my colleagues from across the aisle have suggested that an increase in the minimum wage will cost jobs. However numerous studies have proven that increasing the minimum wage will not cost jobs and the buoyancy of the American economy ensures this fact. Since the last minimum wage hike in 1996, unemployment has fallen to its lowest (official) rate in 25 years, inflation has dropped from 2.5 to 1.7% and the American economy continues to grow, creating jobs at a historic high of 250,000 per month.

Americans appreciate the raise too: three polls taken during 1998 by the Washington Post and the Los Angeles Times all showed that 76% to 78% approve the wage increase.

I urge my colleagues to join with me in supporting the Trafficant/Martinez amendment for a real minimum wage increase. The American people deserve a living wage.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The question is on the amendment offered by the gentleman from Ohio (Mr. TRAFICANT).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MARTINEZ. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 246, noes 179, not voting 9, as follows:

[Roll No. 43]

AYES—246

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bilbray
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Borski
Boswell
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Ehlers
Engel
English
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Ganske
Gejdenson
Gephardt
Gibbons
Gilchrest
Gilman
Gonzalez
Gordon
Green (TX)
Greenwood
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hyde
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Kucinich
LaFalce
LaHood
Lampson
Lantos
Larson
Lazio
Leach
Lee
Levin
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHugh
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Ney
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pomeroy
Price (NC)
Quinn
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Ros-Lehtinen
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Shays
Sherman
Sherwood
Shimkus
Shows
Sisisky
Skelton
Slaughter
Smith (NJ)
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thune
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Wilson
Wise
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—179

Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilirakis
Bliley
Blunt
Boehner
Bonilla
Bono
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehrlich
Emerson
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Gallegly
Gekas
Gillmor
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hutchinson
Isakson
Istook
Jenkins
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kingston
Knollenberg
Kolbe
Kuykendall
Largent
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
Lucas (KY)
Lucas (OK)
Manzullo
McCrery
McInnis
McIntosh
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Sensenbrenner
Sessions
Shadegg
Shaw
Shuster
Simpson
Skeen
Smith (MI)
Smith (TX)
Souder
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Toomey
Vitter
Walden
Wamp
Watkins
Watts (OK)
Weldon (FL)
Whitfield
Wicker
Wolf

NOT VOTING—9

Cooksey
Granger
Johnson, E. B.
McCollum
Scarborough
Schaffer
Smith (WA)
Spence
Vento

□ 2110

Mr. PACKARD, Mr. WHITFIELD, and Mrs. ROUKEMA changed their vote from ''aye'' to ''no.''

Ms. ROS-LEHTINEN and Mr. GREENWOOD changed their vote from ''no'' to ''aye.''

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Pursuant to House Resolution 434, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. CLAY

Mr. CLAY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. CLAY. Yes, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CLAY moves to recommit the bill H.R. 3846 to the Committee on Education and the Workforce with instructions to report the same back to the House with the following amendments:

Strike sections 2, 3, and 4 of the bill.

At the end of the bill, insert the following section:

SEC. MINIMUM WAGE IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Subject to subsection (b), the provisions of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—

(1) IN GENERAL.—Nothwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be $3.55 an hour beginning on the date that is 30 days after the date of enactment of this section.

(2) INCREASES IN MINIMUM WAGE.—

(A) IN GENERAL.—On the date that is 6 months after the date of enactment of this Act, and every 6 months thereafter, the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act

of 1938 (29 U.S.C. 206(a)(1)) shall be increased by $0.50 per hour (or such a lesser amount as may be necessary to equal the minimum wage under such section) until such time as the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in section 6(a)(1) of such Act for the date involved.

(B) FURTHER INCREASES.—With respect to dates beginning after the minimum wage applicable to the Commonwealth of the Northern Mariana Islands is equal to the minimum wage set forth in section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)), as provided in subparagraph (A), such applicable minimum wage shall be immediately increased so as to remain equal to the minimum wage set forth in section 6(a)(1) of such Act for the date involved.

Mr. CLAY (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

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

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Missouri (Mr. CLAY) is recognized for 5 minutes in support of the motion to recommit.

Mr. CLAY. Mr. Speaker, this motion is to recommit with instructions.

H.R. 3864 repeals overtime pay for millions of employees working in the computer sales and funeral services industry. These antiworking provisions, Mr. Speaker, have never been considered by the Committee on Education and the Workforce in this Congress or evaluated by expert witnesses to determine what impact they will have on the workforce. Eliminating overtime means workers will work longer hours for less pay. In effect, this bill steals time and money from workers.

My motion strikes the provisions of the bill that repeal overtime pay. It also closes the legal loophole that permits sweat shops to operate in the Northern Mariana Islands by phasing in the Federal minimum wage. I urge Members to support this motion to preserve overtime pay for workers.

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

The SPEAKER pro tempore. The Chair recognizes the gentleman from Pennsylvania (Mr. GOODLING) in opposition to the motion to instruct.

Mr. GOODLING. Mr. Speaker, I yield to the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Speaker, first, let me say that I have jurisdiction over the Marianas. We have reviewed this. We requested a GAO report and most of the accusations made, in fact all of the accusations made, by the Interior Department have been proven false. In fact, the Marianas improved the well-being of their people. I have been there. It has worked well, and we have made an independent nation out of the Marianas.

□ 2115

To have this motion to recommit and enforce this I say undue burden upon the Marianas would be wrong to those people there. This Congress said they shall be independent. This would take their independence away from them. I rise in strong opposition to the motion to recommit.

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

Mr. Speaker, we have debated today a very difficult issue. There are those who are convinced that the wage hike is necessary. There are those who are convinced that the wage hike is unnecessary. But one thing that both sides of the aisle agree on, however, is that certain forward-looking reforms need to be made to the Fair Labor Standards Act, written in 1938, for the 21st century.

Taking out the three FLSA reforms is not only a purely political act ignoring the needs of the American workplace, it is also a purely political act that ignores the bipartisan foundation these three sensible reforms rest upon.

The bipartisan reform measure that updates the FLSA with respect to computer professionals is identical to H.R. 3038, a bill introduced by the gentleman from New Jersey (Mr. ANDREWS), the gentleman from South Carolina (Mr. GRAHAM), and the gentleman from New York (Mr. OWENS).

The bipartisan reform measure reflects the computer professionals' problem that they are faced with today. The current computer exemptions which remain require that they be paid $57,000 a year. That does not sound like a minimum wage problem to me. The reform measure recognizes the real world and our changing economy by simply updating the current computer professionals' exemption from the overtime provisions of the FLSA. The measure simply clarifies existing law.

The second reform measure, dealing with sales employees, is identical, is identical to the bipartisan Sales Incentives Compensation Act, H.R. 1302, introduced by the gentleman from Ohio (Mr. BOEHNER) and the gentleman from New Jersey (Mr. ANDREWS). This measure simply reflects the changes in the workplace that enable sales employees to be more productive with modern communications technology. In the 105th Congress it passed overwhelmingly, with bipartisan support.

The third reform measure is a bipartisan effort. It is identical to H.R. 793, introduced by the gentleman from South Carolina (Mr. GRAHAM) and the gentleman from New Jersey (Mr. ANDREWS). The form simply exempts licensed funeral directors and embalmers from minimum wage and overtime, which codifies what the courts have said over and over again, they are professionals.

The last-minute attempt to strip these minor but important measures from the bill is a last-minute attempt to score political votes and points. This 11th hour attempt marginalizes the good-faith efforts of the Members to deal with difficult issues in a serious way, and I ask Members to reject the motion to recommit and support the bipartisan efforts that are in this bill.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. CLAY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—ayes 181, noes 243, not voting 10, as follows:

[Roll No. 44]

AYES—181

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Blagojevich
Blumenauer
Bonior
Borski
Boswell
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Crowley
Cummings
Danner
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Dooley
Doyle
Edwards
Engel
Etheridge
Evans
Fattah
Filner
Forbes
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kleczka
Klink
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mink
Moakley
Mollohan
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Skelton

Slaughter
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Tanner
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Velázquez
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOES—243

Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berry
Biggert
Bilbray
Bilirakis
Bishop
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Boyd
Brady (TX)
Bryant
Burr
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Condit
Cook
Cox
Cramer
Crane
Cubin
Cunningham
Davis (FL)
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doggett
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Eshoo
Everett
Ewing
Farr
Fletcher
Foley
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Goss
Graham
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (IN)
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Istook
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kind (WI)
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lazio
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lofgren
Lucas (KY)
Lucas (OK)
Manzullo
Martinez
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Minge
Moore
Moran (KS)
Moran (VA)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Udall (NM)
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—10

Burton
Cooksey
Granger
Johnson, E. B.
McCollum
Scarborough
Schaffer
Smith (WA)
Spence
Vento

□ 2137

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. CLAY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 282, noes 143, not voting 9, as follows:

[Roll No. 45]

AYES—282

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Blumenauer
Boehlert
Bonior
Bono
Borski
Boswell
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Buyer
Camp
Canady
Capps
Capuano
Cardin
Carson
Castle
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Danner
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Duncan
Edwards
Ehlers
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Filner
Fletcher
Foley
Forbes
Ford
Frank (MA)
Franks (NJ)
Frelinghuysen
Frost
Gallegly
Ganske
Gejdenson
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goodling
Gordon
Green (TX)
Green (WI)
Greenwood
Gutierrez
Hall (OH)
Hastings (FL)
Hayes
Hill (IN)
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Hooley
Horn
Houghton
Hoyer
Hunter
Hyde
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson (CT)
Jones (OH)
Kanjorski
Kaptur
Kelly
Kennedy
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kleczka
Klink
Kucinich
LaFalce
LaHood
Lampson
Lantos
Larson
LaTourette
Lazio
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lipinski
LoBiondo
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McDermott
McGovern
McHugh
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Metcalf
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Ney
Nussle
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pease
Pelosi
Peterson (MN)
Petri
Phelps
Pomeroy
Price (NC)
Quinn
Rahall
Rangel
Regula
Reyes
Riley
Rivers
Rodriguez
Roemer
Rogers
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Rush
Ryan (WI)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Schakowsky
Scott
Serrano
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Sisisky
Skelton
Slaughter
Smith (NJ)
Snyder
Spratt
Stabenow
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thune
Thurman
Tierney
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Walsh
Waters
Watt (NC)
Waxman
Weiner
Weldon (PA)
Weller
Wexler
Weygand
Wicker
Wilson
Wise
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—143

Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Biggert
Bliley
Blunt
Boehner
Bonilla
Boyd
Brady (TX)
Bryant
Burr
Burton
Callahan
Calvert
Campbell
Cannon
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cox
Crane
Cubin
Cunningham
Davis (VA)
Deal
DeLay
DeMint
Dickey
Doolittle
Dreier
Dunn
Ehrlich
Ewing
Fossella
Fowler
Goode
Goodlatte
Goss
Graham
Gutknecht
Hall (TX)
Hansen
Hastings (WA)
Hayworth
Hefley
Herger
Hill (MT)
Hoekstra
Hostettler
Hulshof
Hutchinson
Isakson
Istook
Jenkins
Johnson, Sam
Jones (NC)
Kasich
Kingston
Knollenberg
Kolbe
Kuykendall
Largent
Latham
Lewis (KY)
Linder
Lucas (KY)
Lucas (OK)
Manzullo
McCrery
McInnis
McIntosh
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Nethercutt
Northup
Norwood
Ose
Oxley
Packard
Paul
Peterson (PA)
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Radanovich
Ramstad
Reynolds
Rogan
Rohrabacher
Royce
Ryun (KS)
Salmon
Sanford
Sensenbrenner
Sessions
Shadegg
Simpson
Skeen
Smith (MI)
Smith (TX)
Souder
Stearns
Stenholm
Stump
Sununu
Sweeney
Talent
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Toomey
Vitter
Walden
Wamp
Watkins
Watts (OK)
Weldon (FL)
Whitfield

NOT VOTING—9

Cooksey
Granger
Johnson, E.B.
McCollum
Scarborough
Schaffer
Smith (WA)
Spence
Vento

□ 2150

Mr. WATTS of Oklahoma changed his vote from ''aye'' to ''no.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Pursuant to section 3 of House Resolution 434, the text of H.R. 3846 will be appended to the engrossment of H.R. 3081; and H.R. 3846 will be laid on the table.

GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 3842.

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

There was no objection.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 3842, MINIMUM WAGE INCREASE ACT

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, H.R. 3842, the Clerk be authorized to make technical corrections and conforming changes to the bill.

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

There was no objection.

PERSONAL EXPLANATION

Mr. STUPAK. Mr. Speaker, I was unavoidably detained at a bipartisan meeting on youth violence and missed rollcall vote on House Resolution 433 regarding the consideration of H.R. 1695. Had I been present I would have voted ''aye.''

ANNOUNCEMENT OF AMENDMENT PROCESS FOR H.R. 2372, PRIVATE PROPERTY RIGHTS IMPLEMENTATION ACT

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

Mr. LINDER. Mr. Speaker, this evening a ''Dear Colleague'' letter was sent to all Members informing them that the Committee on Rules is planning to meet the week of March 13 to grant a rule which may limit the amendment process on H.R. 2372, the Private Property Rights Implementation Act.

Any Member who wishes to offer an amendment should submit 55 copies and a brief explanation of the amendment by 4 p.m. on Tuesday, March 14, to the Committee on Rules in room H–312 of the Capitol. Amendments should be drafted to the text of the bill as reported by the Committee on the Judiciary.

Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted and should check with the Office of the Parliamentarian to be certain their amendments comply with the rules of the House.

CONFERENCE REPORT ON S. 376, OPEN-MARKET REORGANIZATION FOR THE BETTERMENT OF INTERNATIONAL TELECOMMUNICATIONS ACT

Mr. BLILEY. Mr. Speaker, I call up the conference report on the Senate bill (S. 376) to amend the Communications Satellite Act of 1962 to promote competition and privatization in satellite communications, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of March 2, 2000, at page H636.)

The SPEAKER pro tempore. The gentleman from Virginia (Mr. BLILEY) and the gentleman from Michigan (Mr. DINGELL) each will control 30 minutes.

The Chair recognizes the gentleman from Virginia (Mr. BLILEY).

GENERAL LEAVE

Mr. BLILEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on the conference report on S. 376.

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

There was no objection.

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

Mr. Speaker, tonight the House will pass and send to the President the conference report on S. 376, very important legislation to privatize the intergovernmental satellite organizations.

The bill lowers prices for consumers and promotes the free enterprise market. It opens new opportunities for American companies seeking to do business overseas. It creates new and better jobs. It breaks up a cartel. It ends a monopoly.

I started working on this issue when I became chairman of the Committee on Commerce in 1995. The bill the gentleman from Massachusetts (Mr. MARKEY) and I introduced in the last Congress was reported out of the conference committee and passed 403 to 16. The bill we are considering today is based on and reflects the hard work we did back then.

This bill will lead to the pro-competitive privatization of the intergovernmental organizations, INTELSAT and Inmarsat.

INTELSAT, like the U.N., is a treaty-based organization, not a company. They cannot be sued, taxed, or regulated. Governments, not the market, determine its action.

INTELSAT is like the oil cartel OPEC. It is run by a combination of the world's governments and owned by a consortium of national telecommunications monopolies and dominant players: by government monopolies, for government monopolies, of government monopolies. Its supporters call it a ''cooperative.'' Where I come from, that is called a ''cartel.''

The INTELSAT system is like the post office. Its U.S. signatory COMSAT has a government-sponsored monopoly over access for its services in the U.S.

Our legislation puts an end to all this. Our legislation requires privatization and an end of the U.N.-like intergovernmental structure. It also ends the privileges and immunities.

Our legislation ends the cartel by freeing up the existing ownership structure.

Finally, our legislation ends the monopoly over access to INTELSAT from the U.S. held by COMSAT.

I should add that we do welcome a pro-competitive INTELSAT into the international marketplace.

I urge all Members to support this consensus conference report and submit a joint statement on behalf of myself and the ranking democrat of the Telecommunications, Trade and Consumer Protection Subcommittee, Mr. MARKEY.

JOINT STATEMENT OF PRIMARY ORIGINAL SPONSORS OF LEGISLATION COMMITTEE ON COMMERCE CHAIRMAN TOM BLILEY AND RANKING DEMOCRAT OF THE TELECOMMUNICATIONS, TRADE AND CONSUMER PROTECTION SUBCOMMITTEE EDWARD J. MARKEY

The Conference Report the House is considering today is based on the hard work we have done on this issue over the years. As the primary sponsors of this legislation in the House we believe it is important for us to clarify the meaning of several provisions in this legislation.

First, section 624(1) is, with one change discussed below, identical to section 624(4) in H.R. 3261 and an identical provision in the bill which passed the House in the last Congress. Circumstances have changed with respect to this particular section which require clarification of its meaning. Last August, ICO, also known as ICO Global Communications (Holdings) Ltd., declared bankruptcy and bankruptcy proceedings have been ongoing since then. All references in the Conference Report to ICO are viewed as references to the entity formally known as ICO Global Communications (Holdings) Ltd.

The policy reasons for section 624 were that Inmarsat should not be able to expand by repurchasing all or some of, or control, its spin-off, ICO. A primary purpose of the legislation is to dilute the ownership by signatories or former signatories of INTELSAT, Inmarsat and their spin-offs.

When the bankruptcy process is complete, the charter of ICO is likely to have fundamentally changed. First, the ownership structure is likely to be very different from that of Inmarsat. Most importantly, ICO is

likely to be liquidated in bankruptcy and its assets and subsidiaries acquired by a new entity with an ownership structure will be very different from that of Inmarsat. This post-bankruptcy ''new-ICO'' will be controlled by new investors. Thus the policy reasons for the prohibition on ownership by ICO of Inmarsat no longer apply if it does indeed emerge from bankruptcy in such a reconstituted form. This would occur, for example, if ICO emerges from bankruptcy in a structure that fully reorganizes the corporation so that there is no governmental ownership of the reconstituted company beyond the one percent ownership by Inmarsat permitted by section 624(1), where no officers or managers of the new company are simultaneously officers or managers of any signatory or hold positions in any intergovernmental organization, and where any transactions or other relationships between this reconstituted company and Inmarsat can be conducted on an arm's length basis.

Furthermore, the limitations of section 624 were never intended to apply to a company acquiring the assets of ICO or to investors in such a company. Thus the purchase of interests in Inmarsat of greater than one percent by ''new-ICO,'' or by investors in ''new-ICO,'' would not be prohibited by this legislation.

The one change in section 624 from H.R. 3261 was to allow the ownership of up to one percent of ICO by Inmarsat, which was likely to be the result of the bankruptcy proceedings.

Second, we have also inserted into the RECORD a letter dated February 12, 1997 from United States Trade Representative Ambassador Charlene Barshefsky which states USTR's finding that ''[w]e have also concluded that the United States cannot be forced to grant a license to a privatized ISO (should the ISO change its treaty status and incorporate in a country) or to a future privatized affiliate, subsidiary or other form of spin-off from the ISO. Existing U.S. communications and antitrust law, regulation, policy and practice will continue to apply to license applicants if a GBT deal goes into effect.''

It is clear that this legislation's provisions are consistent with the U.S. WTO obligations as applied to not only INTELSAT and Inmarsat, but also to their privatized successors and spin-offs.

Third, it is important to clarify section 648, which addresses exclusivity arrangements. This provision was contained in H.R. 3261 as section 649 and was described in Mr. BLILEY's extension of remarks on that bill. This provision applies to foreign market exclusivity whether it was obtained by actively seeking it or passively accepting it. This language is designed to prevent any satellite operator who serves the U.S. market from benefitting from exclusivity in any foreign market.

Mr. Speaker, I submit for the RECORD correspondence regarding the conference report.

FEBRUARY 28, 2000.

Hon. WILLIAM J. CLINTON,
President of the United States,
The White House, Washington, DC.

DEAR MR. PRESIDENT: We are writing to urge you to support international satellite telecommunications reform legislation. As you are aware, Chairmen Bliley and Burns and Representative Markey, principal sponsors of the House and the Senate bills now in conference, recently announced that a compromise has been reached on this satellite privatization legislation. The bills in conference, S. 376 and H.R. 3261, were quite different, although both had the stated purpose of promoting a competitive global market for international satellite communications. This is a very delicately balanced compromise that may well unravel if it is reopened.

The companies listed below represent every aspect of the U.S. commercial international satellite industry, as well as the largest U.S. users of international satellite services. We firmly believe that the compromise is fair and balanced. As with most compromises, none of the parties is entirely happy, but the compromise has gained significant support for being fair, reasonable, and timely. In fact, all of the U.S. companies involved in this legislative effort support it. It is critical that this long-overdue reform package, as represented by the recent compromise, be passed by Congress and signed by the President as soon as possible.

We urge you to support this compromise without modification and to expedite final enactment of this important telecommunications policy reform that is key to promoting U.S. competitiveness in the international marketplace.

Sincerely,

American Mobile Satellite Corporation; AT&T Corp.; Columbia Communications Corporation; Ellipso, Inc.; General Electric Company; Hughes Electronics Corporation; Iridium LLC, Level 3 Communications, Inc.; MCI WorldCom; PanAmSat Corporation; Sprint, and Teledesic Corporation.

TELECOMMUNICATIONS INDUSTRY ASSOCIATION,
Washington, DC, March 6, 2000.

Hon. WILLIAM JEFFERSON CLINTON,
The President of the United States,
The White House, Washington, DC.

DEAR MR. PRESIDENT: I am writing to you on behalf of the Telecommunications Industry Association (TIA) to urge you to sign the Conference Report to S. 376, the Open Market Reorganization for the Betterment of the International Telecommunications Act (ORBIT). TIA represents over 1000 suppliers of communications and information technology products on public policy, standards and marketing developing initiatives. Our member companies manufacture or supply virtually all of the products used in building and updating global communications networks.

We strongly support this important legislation. While the House and Senate bills were originally very different, under the leadership of Chairman Bliley, Senator Burns and Representative Markey, principal sponsors of the House and Senate bills, the conference managers were able to reconcile the differences between the House and Senate bills in order to achieve a truly bipartisan agreement. Not only is this bill widely supported in the House and Senate, but also it is strongly supported by every American industry group and all interested companies, from service providers to the entire satellite industry to all of the communications manufacturers and suppliers of TIA.

This consensus agreement is the key that will unlock the international satellite sector to competition. Enactment of this bill will create new jobs and new business opportunities for domestic satellite companies, who will at last be able to compete on a global scale. The manufacturers of TIA will only benefit from the enabling effect that this satellite reform legislation will have on the rapid deployment of new communications technologies.

TIA urges your swift approval of this bipartisan compromise, which has already passed the Senate by unanimous consent. After five long years of debate, the time for pro-competitive privatization is now. The sooner this agreement is enacted into law the sooner the American consumer will be able to reap the benefits of competition in the international telecommunications marketplace.

It is critical to American industry, consumers and workers that you sign this important legislation.

Sincerely,

MATTHEW J. FLANIGAN,
President, TIA.

NEW SKIES,
March 8, 2000.

Senator CONRAD BURNS,
Chairman, Senate Commerce, Science and Transportation Committee, Subcommittee on Communications, Washington, DC.

Representative THOMAS J. BLILEY, Jr.,
Chairman, House Commerce Committee, Washington, DC.

DEAR SENATOR BURNS AND REPRESENTATIVE BLILEY: On behalf of New Skies Satellites N.V. (''New Skies''), I am writing to endorse the version of S. 376, the ''Open-market Reorganization for the Betterment of International Telecommunications Act'' (the ''ORBIT Act''), that recently was approved by the committee of conference and that was passed by the Senate on March 2, 2000. Although New Skies had concerns with earlier drafts of the legislation, I am pleased that, as a result of constructive discussions with the conferees and their staffs, these concerns have been redressed in the current version of the ORBIT Act.

New Skies believes that the ORBIT Act now provides an appropriate framework within which to regularize New Skies' continued access to the U.S. market and to foster a vibrant and competitive market for international satellite services. Specifically, the ultimate passage of the ORBIT Act will ensure that New Skies will be able to provide high quality satellite services to, from and within the United States on a long term basis, thereby increasing competition and securing the pro-competitive objectives of the authors of the legislation. Plainly the true beneficiaries of this important legislation are U.S. satellite users and the American citizens they serve.

Sincerely,

ROBERT W. ROSS,
Chief Executive Officer.

CHAMBERS ASSOCIATES INCORPORATED,
Washington, DC, March 1, 2000.

Hon. WILLIAM J. CLINTON,
President of the United States,
Washington, DC.

DEAR MR. PRESIDENT: I am writing on behalf of Inmarsat Holdings Ltd. (Inmarsat) to say that Inmarsat now supports the international satellite privatization bill, the ''Open-Market Reorganization for the Betterment of International Telecommunications Act.''

As Inmarsat's Washington representative, I am authorized to say that in light of important changes made to the legislation earlier today, Inmarsat now endorses the bill in its modified form.

Sincerely,

W. ALLEN MOORE,
Vice President.

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE,
Washington, DC, February 12, 1997.

Mr. KENNETH GROSS,
President and Chief Operating Officer, Columbia Communications, Bethesda, MD.

DEAR MR. GROSS: I am writing in reply to a letter of January 31, 1997, from your legal counsel, regarding the negotiations on basic telecommunications services at the World Trade Organization. The U.S. goal in these negotiations is to strengthen the ability of the U.S. satellite services industry to compete globally, and on a level playing field, with the inter-governmental satellite services organizations and with satellite service providers of other countries.

The United States has taken a number of steps to make certain that our key trade partners provide market access for satellite-based delivery of basic telecom services. Based on a note issued by the chairman of the negotiations in November, 1996, which has become part of the formal record of the proceedings, we have clarified the scheduling approach with regard to satellites. As a result, close to forty countries have made offers that would provide full market access for satellite-based delivery of all scheduled services on an immediate or phased-in basis.

WTO members that make specific commitments on satellites will be subject to allocating and assigning frequencies in accordance with the principles of most-favored-nation and national treatment, as well as in accordance with the requirement for domestic regulations in the General Agreement on Trade in Service. Almost all of the countries making full satellite commitments have also adopted the reference paper on pro-competitive regulatory commitments. As a result, they will be obligated to provide additional regulatory safeguards with respect to allocation and use of radio frequencies.

A successful agreement on basic telecom services would also obligate those countries which have not made satellite commitments to provide treatment no less favorable to satellite service providers of the United States than the treatment provided to service suppliers of other countries. This would apply, for example, to how WTO members reach decisions regarding new market access arrangements involving service suppliers of other countries.

I share your deep concern regarding the possible distortive impact on competition in the U.S. satellite services market of certain proposals for restructuring INTELSAT. The United States has proposed a restructuring of INTELSAT that would lead to the creation of an independent commercial affiliate, INTELSAT New Corporation (INC). If made independent, the United States believes that the creation of INC will enhance competition and help ensure the continuation of INTELSAT's mission of global connectivity for core services. As you are aware, however, many INTELSAT members are resisting the idea of independence for INC and we believe that a failure to achieve independence could adversely affect competition in the U.S. satellite services market. In the WTO negotiations we have taken pains to preserve our ability to protect competition in the U.S. market.

Our legal conclusion, for which there is a consensus among participants in the WTO negotiations, is that the ISOs do not derive any benefits from a GBT agreement because of their status as treaty-based organizations. The status of ISOs was discussed in detail in the GBT multilateral sessions. No delegation in the GBT negotiations has contested this conclusion.

We have also concluded that the United States cannot be forced to grant a license to a privatized ISO (should the ISO change its treaty status and incorporate in a country) or to a future privatized affiliate, subsidiary or other form of spin-off from the ISO. Existing U.S. communications and antitrust law, regulation, policy and practice will continue to apply to license applicants if a GBT deal goes into effect. Both Department of Justice and FCC precedent evidence long-standing concerns about competition in the U.S. market and actions to protect that competition. We have made it clear to all our negotiating partners in the WTO that the United States will not grant market access to a future privatized affiliate, subsidiary or other form of spin-off from the ISOs, that would likely lead to anti-competitive results.

It has always been U.S. practice to defend vigorously any challenge in the WTO to allegations that U.S. measures are inconsistent with our WTO obligations. There is no question that we would do the same for any FCC decision to deny or condition a license to access an ISO or a future privatized affiliate, subsidiary or other form of spin-off from the ISO. For your information, section 102(c) of the Uruguay Round Agreements Act, specifically denies a private right of action in U.S. courts on the basis of a WTO agreement. Therefore, a FCC decision is not subject to judicial review in U.S. courts based upon a WTO agreement, such as the General Agreement on Trade in Services.

The United States is confident that it would win if a U.S. decision went to WTO dispute settlement. If the United States did not prevail, however, we would not allow trade retaliation measures to deter us from protecting the integrity of U.S. competition policy.

I appreciate the support your firms' representatives have expressed for our objectives in the WTO negotiations.

Sincerely,

CHARLENE BARSHEFSKY,
U.S. Trade Representative-Designate.

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

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

Mr. Speaker, I rise in support of the conference report.

This bill would mandate privatization of two international treaty organizations, INTELSAT and Inmarsat, according to a specific timetable and criteria. Privatization of these organizations has been a goal for us in the Congress for a number of years.

It is interesting to note that these treaty groups themselves have been working diligently towards privatization. They have demonstrated their commitment to this goal, because to do so is in their own interest. In fact, Inmarsat has already privatized and INTELSAT is well on its way to accomplishing this end.

Any opposition I had to the House-passed bill was based on my belief that the privatization criteria carried in the legislation were too dictatorial and had little chance of being accomplished in their original form. I am happy to report that some of the more onerous provisions in the House bill have been removed in conference. I believe the conference report is now worthy of support.

Specifically, I am pleased that the provisions were added in conference that protect national security and public safety agencies from losing the INTELSAT services they need to perform their missions. I am also satisfied that U.S. companies who rely on INTELSAT will be given a voice in the FCC licensing process before INTELSAT services may be curtailed. The bill was also improved by removing an unconstitutional provision that would have nullified existing legal contracts.

Finally, Mr. Speaker, I would like to mention another important change in this legislation that persuaded me to sign the conference report. It involves the treatment of spin-off companies, or so-called ''separated entities,'' from INTELSAT. The original House-passed bill inappropriately singled out a specific company that was already spun off from INTELSAT, has since been incorporated, and is known as New Skies Satellites.

The earlier version contained provisions that would have been punitive towards that company, apparently because the drafters believed the company might not be a true competitor for INTELSAT. This is, of course, not so. In recognition of that impending IPO, and New Skies' clear demonstration to the marketplace of its independence, the majority of the conferees of the House, including myself, insisted on changes to remove any doubt that New Skies meets the licensing criteria contained in the bill.

I would like to thank my good friends, the gentleman from Virginia (Mr. BLILEY), and Chairman BURNS, from the other body, for working with me to include these important changes and making it one we can all support. I am happy to have assisted in making the legislative history of this particular provision.

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

Mr. BLILEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. TAUZIN), the chairman of the Subcommittee on Telecommunications, Trade, and Consumer Protection of the Committee on Commerce.

Mr. TAUZIN. Mr. Speaker, I simply want to join my colleagues, the chairman of our committee, the gentleman from Virginia (Mr. BLILEY), who has made a very important announcement this week about his own retirement, in the success of this work and so many works that he has carried through our Committee on Commerce over the years of his stewardship. All of us owe a debt of gratitude to him for his leadership on our committee, and on this bill in particular.

As the gentleman said, it has been a bill that he has worked on throughout

his stewardship as chairman of our committee; and he has brought it to a compromise position now where Members on both sides of the aisle, antagonists for many years over this bill, have come to common agreement.

I want to thank him in particular for working out the concerns that I have had over the years with the provisions called ''fresh look,'' which I believe would have abrogated contracts.

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I will be very careful in watching the implementation of this legislation to ensure that the FCC does in fact respect the sanctity of contracts as this legislation is implemented.

But, most importantly, I want to thank the gentleman from Virginia (Chairman BLILEY) and the gentleman from Michigan (Mr. DINGELL), the ranking minority member, for the extraordinary way in which the final conference indeed answered the concerns of many of us with regard to the implementation of this legislation and has arrived at a point where we can all agree that this does in fact accomplish the goals of privatization and of open market competition and, more importantly, add new elements, new companies and new competition and choices for Americans in satellite service.

This has been a long fight for the gentleman from Virginia (Chairman BLILEY). Tonight represents a very big victory for him in his efforts toward achieving open markets and satellite competition and for choice for consumers. I think we all owe him, as I said, a debt of gratitude and compliment him on his good work.

Mr. Speaker, I rise in strong support of this compromise agreement and conference report and urge all the Members of our body to adopt it and send it on to the President.

I would like to commend my colleagues on both sides of the aisle and on both sides of the Capitol for their work on the compromise satellite privatization legislation crafted by this conference. The effort to create a new policy framework that more accurately reflects the emerging global satellite marketplace than does current satellite communications law, has been a bi-partisan one. I am pleased that we have finally reached this point where we have before us prudent and reasonable compromise legislation that will privatize INTELSAT and Inmarsat in a competitive manner, and will also ensure that the United States continues to enjoy its position as a world leader in global satellite communications technology and service. Moreover, this compromise legislation will enable the completion of Lockheed Martin's proposed $2.7 billion dollar acquisition of COMSAT, which will further enhance market competition.

I am pleased that the legislation repeals unconditionally upon enactment the current ownership restrictions on COMSAT that have prevented Lockheed Martin from purchasing 100% COMSAT. COMSAT has carried out its job as the U.S. signatory to INTELSAT quite successfully. However, COMSAT's business performance acutely demonstrates that COMSAT must reinvent itself if it is to better react to the ever-evolving marketplace. Because of its inability to swiftly take advantage of new market opportunities, COMSAT, over the years, has experienced a steady decline in market share. This compromise legislation unshackles COMSAT from the antiquated regulatory burdens that have to date hampered its success. This legislation enables Lockheed Martin to complete its acquisition of COMSAT. By fortifying COMSAT, through an infusion of financial and human capital, Lockheed Martin will transform COMSAT into a vibrant commercial company, thereby introducing a new American company in the satellite services marketplace. Consumers will be the beneficiaries of this increasingly vibrant satellite marketplace as competition brings about lower prices, superior technology and greater choices.

As a fervent protector of property rights, I am pleased to note that this compromise satellite privatization legislation recognizes the property rights of the industry participants. Specifically, the legislation does not contain any ''fresh look'' provisions. To include ''fresh look'' would allow the Federal Government to permit COMSAT's corporate customers to abrogate their current contracts with COMSAT. The ''fresh look'' provisions were rejected by both chambers because they amounted to an unconstitutional takings of COMSAT's property and violated the 5th Amendment's Takings Clause which prohibits the government from taking private property without just compensation. No one can doubt that COMSAT has a property interest in its existing contracts. Indeed, this asset represented a significant portion of the $2.7 billion dollar purchase price of COMSAT offered by Lockheed Martin. This constitutional violation would have subjected the U.S. Government—and the taxpayers—to substantial claims for damages. In that same vein, this conference agreement wisely rejects Level IV direct access—a provision like ''fresh look'' that would have forced COMSAT to divest its investment in INTELSAT at fire sale prices before INTELSAT's privatization. I will watch the Commission closely as it implements this legislation to ensure that it does not force the abrogation of contracts or other such agreements.

In fact, one of the primary marketplace successes that will grow out of this conference agreement will be the benefit to customers and consumers from unshackling a new competitor in the satellite industry from the restrictions placed upon it last summer by the FCC. Although at an earlier point in this process some Members viewed INTELSAT's spinoff of New Skies Satellites with suspicion, New Skies has proven itself to be a persistent and independent competitor—even in the face of limitations imposed by the FCC on its access to the U.S. market. By the time the conferees arrived at the negotiating table, New Skies was well on its way to an initial public offering of stock. If conducted within the broad time frame established by the conferees, the IPO will entitle New Skies to full and nondiscriminatory U.S. market access under the bill. I want to express my appreciation to Chairman BLILEY and ranking Member MARKEY, as well as to Chairman BURNS, for responding affirmatively to the concerns of other House conferees that the New Skies issue be addressed. Once the New skies IPO is done and its stock is trading publicly, the underlying purposes of this legislation will have been met. Thus, I am confident that the FCC will respond by removing the discriminatory conditions it previously placed on New Skies' ability to extend the full benefits of vigorous market competition to American customers.

Again, I commend my colleagues for their hard work in developing the proper framework to inject genuine competition in the international satellite marketplace by privatizing INTELSAT and Inmarsat in a meaningful way and for allowing the transformation of COMSAT, a company that has served this country well.

Mr. DINGELL. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, I thank the gentleman very much for yielding me the time.

Mr. Speaker, this is a very, very historic evening. Tonight, as we pass this legislation, we break down the final governmentally-sanctioned monopoly that had been granted over the last decades to private telecommunications companies.

We did the bulk of the work in the 1992 Cable Act and in the 1996 Telecommunications Act, but this was the last refuge of the last monopoly; and, as of tonight, it too has ended.

I want to congratulate the chairman, the gentleman from Virginia (Mr. BLILEY), for his excellent work on this bill. I have worked very closely with him over the last counsel of terms on this legislation. Although, I have to admit that I did introduce the first bill back in 1983. Although, most of my last couple of decades was notable for its lack of success in legislating in this area. But I think the inexorable momentum of the move toward the privatization of telecommunications companies has in fact finally swept down this final barrier, as well.

I want to congratulate the gentleman from Louisiana (Mr. TAUZIN) and the gentleman from Michigan (Mr. DINGELL). Working together with them, we have been able to craft I believe a compromise that works for everyone. The gentleman from Ohio (Mr. OXLEY) has been there all the way. This is, without question, compromise at its best. Over in the Senate, Senator BURNS, without question, was leading the way.

Back in 1962 when COMSAT was formed, it would have been inconceivable that a private company would be able to launch satellites. So, as a result, the Government had to grant monopolies. But since the beginning of the 1990s, and really back in the 1980s, when Rene Anselmo of PanAmSat came on the scene, it was clear now we had reached the point where private sector companies could compete. And,

in fact, the United States is far in the lead in these areas. And, so, this legislation really does help to make it possible to open up that competition even further.

I want to congratulate the staffers, Ed Hearst and Mike O'Rielly, Cliff Riccio, Monica Azare, Andy Levin, and David Schuler, along with Collin Proel on my staff who has been working on this bill for 4 years. This has been a long, long effort; and I know, just through Collin's work, how much time and how much negotiation has gone into it.

This is a good bill. And as we finish tonight, hopefully enacting it unanimously, we will open up a brand new era of competition in the skies of this world and that will be a good thing.

I congratulate again the chairman, along with the gentleman from Louisiana (Mr. TAUZIN) and the gentleman from Michigan (Mr. DINGELL) and the gentleman from Ohio (Mr. OXLEY). This is a good bill.

Mr. BLILEY. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. OXLEY).

Mr. OXLEY. Mr. Speaker, let me begin by thanking the gentleman from Virginia (Mr. BLILEY), the chairman of the full committee, who has shown immense leadership in this issue and one that we have dealt with for a number of years.

I did not realize it was 1983 when the gentleman from Massachusetts (Mr. MARKEY) first introduced his legislation. But in the true spirit of the Committee on Commerce, we were able to craft a compromise that will truly change the satellite industry for the better based on competition, new technologies, and breaking up the last monopoly, as my friend from Massachusetts (Mr. MARKEY) said.

So my hat is off to the chairman on his efforts in this very important piece of legislation, along with the gentleman from Michigan (Mr. DINGELL) and the gentleman from Massachusetts (Mr. MARKEY) and the gentleman from Louisiana (Mr. TAUZIN) and Senator BURNS and others on the Senate side for bringing us to where we are tonight.

There were times when I did not think we were going to be successful in our efforts. Too many times this bill reached a Sisyphus proportions where we were perhaps doomed to roll that rock up the proverbial mountain and have it rolled back, as my friend from Massachusetts (Mr. MARKEY) reminds us so many times on some of these pieces of legislation.

But I guess if it was easy, we would have done it long ago. And so our hats are off to the chairman; and as he is a retiring Member, this will be perceived as one of his greatest triumphs for our committee and for the entire country and for this he is to be congratulated.

So I thank everyone involved with this.

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

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

Mr. Speaker, I just want to thank again the gentleman from Michigan (Mr. DINGELL) for his cooperation and particularly thank the gentleman from Massachusetts (Mr. MARKEY) who labored on this long before I got really into the picture and has been invaluable in his help in moving us to this time.

Mr. PALLONE. Mr. Speaker, I rise to commend the efforts of Chairman BLILEY, Mr. DINGELL, Mr. MARKEY, Mr. TAUZIN, Mr. OXLEY and our friends in the other body for reaching a consensus on legislation to promote more competition in the satellite communication industry. The conference agreement on S. 376 is landmark legislation that will finally update our nation's satellite communication laws for the 21st century.

I am pleased that the conference agreement is a bipartisan bill that will encourage the privatization of INTELSAT without imposing unreasonable restrictions or penalties that will hurt consumers. Of course, if INTELSAT thumbs its nose at the standards set forth in this bill for a pro-competitive privatization, its ability to offer services in the United States could be hindered dramatically. However, this leverage is necessary to ensure that INTELSAT truly privatizes, and to ensure that we finally have a level playing field in the satellite services market.

I am also pleased that the conferees made several necessary changes to the conference agreement to ensure that the Department of Defense and other agencies that protect our national security would not be harmed by any limitations imposed upon INTELSAT if it were to fail to privatize in a timely manner. This bill is explicit in its protection of our national security interests, and I especially want to thank Mr. DINGELL, the Ranking Member of the Commerce Committee, for including this language in the bill.

It is also important to note that this bill eliminates several antiquated statutes that have hindered the growth and expansion of satellite communications companies. In particular, this bill will enable Lockheed Martin to complete its acquisition of COMSAT Corporation. I am confident that this merger will enhance competition in the satellite services market, and I urge the FCC to act on this merger as soon as possible. American companies like Lockheed Martin and COMSAT deserve the right to compete in the global satellite market now without any further delay.

I want to thank all of the members and staff who worked so hard on this important legislation. I urge its immediate adoption.

Mr. SHAYS. Mr. Speaker, I rise in support of S. 376, the Communications Satellite Competition and Privatization Act, and commend House Commerce Chairman TOM BLILEY and Congressman EDWARD MARKEY for their work in crafting this important legislation. This bill is yet another feather in their cap—another important step in Congress's ongoing efforts to deregulate the telecommunications industry.

S. 376 will enhance competition and open foreign markets for U.S. companies by promoting the privatization of the intergovernmental satellite organizations—called Intelsat and Inmarsat—that dominate international commercial satellite communications. These organizations operate as a cartel-like structure comprised of the national telephone monopolies and dominant companies of its member organizations.

The provisions contained in S. 376—which will update policies dating back to 1062—are long overdue. I don't think anyone in this Congress needs to be told the extent to which communications technology has changed in the past 40 years.

Back in 1962, it was widely believed that only governments could finance and manage a global satellite system. Today, however, two companies in my own district—GE Americom and PanAmSat—are among the private companies that offer high-quality international services. These companies have launched private sector ventures that must compete with Intelsat, an intergovernmental behemoth.

Yet, we still have the same structure for international satellite communications that was designed before Neil Armstrong walked on the moon. The result is a distorted marketplace, stifled competition and innovation, and increased prices for consumers.

Mr. Speaker, the promotion of a competitive satellite communications marketplace is a goal we should all support and I urge my colleagues to support this pro-trade, pro-consumer bill.

Mr. BLILEY. 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.

ANNUAL REPORT ON FEDERAL ADVISORY COMMITTEES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

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

To the Congress of the United States:

As provided by the Federal Advisory Committee Act (FACA), as amended (Public Law 92–463; 5 U.S.C., App. 2, 6(c)), I hereby submit the Twenty-seventh Annual Report on Federal Advisory Committees, covering fiscal year 1998.

In keeping with my commitment to create a more responsive government, the executive branch continues to implement my policy of maintaining the number of advisory committees within the ceiling of 534 required by Executive Order 12838 of February 10, 1993. Accordingly, the number of discretionary advisory committees (established under general congressional authorizations) was again held to substantially below that number. During fiscal year

1998, 460 discretionary committees advised executive branch officials. The number of discretionary committees supported represents a 43 percent reduction in the 801 in existence at the beginning of my Administration.

Through the planning process required by Executive Order 12838, the total number of advisory committees specifically mandated by statute also continues to decline. The 388 such groups supported at the end of fiscal year 1998 represents a modest decrease from the 391 in existence at the end of fiscal year 1997. However, compared to the 439 advisory committees mandated by statute at the beginning of my Administration, the net total for fiscal year 1998 reflects nearly a 12 percent decrease since 1993.

The executive branch has worked jointly with the Congress to establish a partnership whereby all advisory committees that are required by statute are regularly reviewed through the legislative reauthorization process and that any such new committees proposed through legislation are closely linked to compelling national interests. Furthermore, my Administration will continue to direct the estimated costs to fund required statutory groups in fiscal year 1999, or $45.8 million, toward supporting initiatives that reflect the highest priority public involvement efforts.

Combined savings achieved through actions taken during fiscal year 1998 to eliminate all advisory committees that are no longer needed, or that have completed their missions, totaled $7.6 million. This reflects the termination of 47 committees, originally established under both congressional authorities or implemented by executive agency decisions. Agencies will continue to review and eliminate advisory committees that are obsolete, duplicative, or of a lesser priority than those that would serve a well-defined national interest. New committees will be established only when they are essential to the conduct of necessary business, are clearly in the public's best interests, and when they serve to enhance Federal decisionmaking through an open and collaborative process with the American people.

I urge the Congress to work closely with the General Services Administration and each department and agency to examine additional opportunities for strengthening the contributions made by Federal advisory committees.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *March 9, 2000*.

RECESS OR ADJOURNMENT OF SENATE FROM MARCH 9, 2000 OR MARCH 10, 2000 UNTIL MARCH 20, 2000

The SPEAKER pro tempore laid before the House the following privileged Senate concurrent resolution (S. Con. Res. 94) providing for recess or adjournment of the Senate from March 9, 2000, or March 10, 2000, until March 20, 2000, or second day after Members are notified.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 94

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, March 9, 2000, or Friday, March 10, 2000, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Monday, March 20, 2000, or until such time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate, after consultation with the Minority Leader of the Senate, shall notify the Members of the Senate to reassemble whenever, in their opinion, the public interest shall warrant it.

The SPEAKER pro tempore. Without objection, the Senate concurrent resolution is concurred in.

There was no objection.

A motion to reconsider was laid on the table.

ADJOURNMENT TO MONDAY, MARCH 13, 2000

Mr. HANSEN. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 2 p.m. on Monday next.

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

There was no objection.

HOUR OF MEETING ON TUESDAY, MARCH 14, 2000

Mr. HANSEN. Mr. Speaker, I ask unanimous consent that when the House adjourns on Monday, March 13, 2000, it adjourn to meet at 12:30 p.m. on Tuesday, March 14 for morning-hour debates.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. HANSEN. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

PROPOSED SALE OF ATTACK HELICOPTERS TO TURKEY WOULD DESTABILIZE REGION, THREATEN HUMAN RIGHTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

Mr. PALLONE. Mr. Speaker, the Clinton administration is currently considering a $4 billion sale of attack helicopters to the Republic of Turkey. I am here tonight, Mr. Speaker, to express my strong opposition to this proposal.

Providing these helicopters to Turkey will only serve to increase tensions and instability in a region of the world that is vital to U.S. interests and which is already plagued by conflicts and human rights violations.

Put very simply, Mr. Speaker, I am concerned that the Turkish Armed Forces will use this advanced American military technology to threaten its neighbors and abuse its own citizens.

Mr. Speaker, several organizations have called upon the Clinton administration to refuse an export license for the attack helicopters to the Turkish Army because Turkey has failed to make progress on human rights benchmarks set by the administration in 1998 as a condition for approval of the export license.

Among those organizations working to block the export license is Amnesty International. Dr. William F. Schulz, Executive Director of Amnesty International USA, stated that, ''Based on the State Department's own annual human rights report, Turkey fails to meet the human rights benchmarks.''

Indeed, Mr. Speaker, the section on Turkey in the State Department's annual human rights report issued just a few weeks ago states that, ''The security forces continue to torture, beat, and otherwise abuse persons regularly. Torture, beatings, and other abuses by security forces remained widespread, at times resulting in deaths. Security forces at times beat journalists.''

Mr. Speaker, in a particularly relevant issue with regard to the helicopters, both the State Department and Amnesty International have reported the use of helicopters to attack Kurdish villages in Turkey and to transport troops to regions where they have tortured and killed civilians.

Do we really want to see American advanced technology used by Turkey to accomplish these operations against the Kurdish people with even more ruthless efficiency?

Mr. Speaker, this helicopter deal is also a danger to regional stability in the Eastern Mediterranean and the Caucasus.

Recently there has been a thawing in Greek-Turkish relations, a trend which we all welcome. The sale of these helicopters to Turkey has the potential to upset this recent progress in the relations between these neighbors. It could well be seen by Greece as a destabilizing step at a time when we are seeking renewed efforts to resolve the Cyprus conflict, an issue that the administration considers a major priority.

In terms of Turkey's legitimate defense needs, it was hard to see any justification for these advanced attack helicopters. Indeed, Mr. Speaker, it is apparent that Turkey is already overarmed.

The neighboring country that has suffered the most from the Turkish Government's aggressive militaristic and nationalistic posture is Armenia. In the years between 1915 and 1923, Turkey perpetrated genocide against the Armenian people resulting in 1.5 million innocent Armenian civilians being murdered.

In the year 2000, Turkey continues to maintain an illegal blockade of its border with Armenia, which has prevented the delivery of vitally needed supplies to Armenia. Even Turkish business people would like to see the opening of corridors of trade and transport with Armenia. Turkey has also backed Azerbaijan in the conflict over Nagorno Karabagh. Given this pattern of hostility, the people of Armenia have every reason to fear the acquisition of these helicopters by Turkey.

Mr. Speaker, the Government of Turkey knows how the game is played here in Washington. They have recently signed a $1.8 million year contract for the lobbying services of several former Members of this Congress to push for the helicopter deal.

I urge the administration to resist this type of pressure, and I call on my colleagues in Congress to join me in using our position as elected officials to prevent this helicopter deal. Providing these helicopters to Turkey does nothing to promote American interests or values, does nothing to promote stability, and does nothing to advance the cause of human rights.

□ 2215

MICROBICIDES DEVELOPMENT ACT OF 2000

The SPEAKER pro tempore (Mr. HAYES). Under a previous order of the House, the gentlewoman from Maryland (Mrs. MORELLA) is recognized for 5 minutes.

Mrs. MORELLA. Mr. Speaker, today I am joined by the gentlewoman from California (Ms. PELOSI) in introducing the Microbicides Development Act of 2000, legislation to promote the development of a new technology for preventing sexually transmitted diseases, including HIV.

Across this country and around the world, AIDS is rapidly becoming a women's epidemic. In the United States, women constitute the fastest growing group of those newly infected with HIV. Worldwide almost half of the 14,000 adults infected daily with HIV in 1998 were women, of whom nine out of 10 live in developing countries. In Africa, teenage girls have infection rates five to six times that of teenage boys, both because they are more biologically vulnerable to infection and because older men often take advantage of young women's social and economic powerlessness.

Equally alarming, the United States has the highest incidence of sexually transmitted diseases, STDs, in the industrialized world. 15.4 million Americans acquired a new STD in 1999 alone. Sexually transmitted diseases, including HIV/AIDS, represent a women's health emergency. Biologically and socially, women are more vulnerable to STDs than men. Many STDs, again I say that is sexually transmitted diseases, are transmitted more easily from a man to a woman and are more likely to remain undetected in women, resulting in delayed diagnosis and treatment and more severe complications. Not only are women at greater risk of acquiring STDs than men; but in most cases the consequences of contracting STDs, including infertility, ectopic pregnancy, cancer, and infant mortality, are more serious and permanent for women.

Yet 20 years into the AIDS crisis, and at a time when the incidence of STDs is reaching epidemic proportions, the only public health advice to women about preventing HIV and other STDs is to be monogamous or to use condoms. Experience has shown, however, that for many women, neither message is realistic or effective. A woman cannot protect herself by being faithful if her sexual partner is not, nor can every woman always insist on condom use. In Africa, for example, where women account for 55 percent of the continent's HIV infections, women typically have little say over condom use and too often the consequences in terms of lost trust, abandonment, or abuse are perceived as more threatening than the risk of contracting a disease. Women clearly need an alternative.

This legislation has the potential to save billions in health care costs. The total cost to the U.S. economy of STDs, excluding HIV infection, was approximately $10 billion in 1999 alone. When the cost of sexually transmitted HIV infection is included, that total rises to $17 billion.

Federal funding is key. Currently, less than 1 percent of the budget for HIV/AIDS-related research at the National Institutes of Health is being spent on microbicide research, and best estimates show that less than half this amount is dedicated directly to product development. Clearly, this is not nearly enough to keep pace with the growing STD and HIV epidemics. For 2001, our legislation will ensure that Federal investment in this critical research be doubled from the current level of less than $25 million.

There is an urgent need for HIV and STD prevention methods within women's personal control. Since the early 1990s, topical microbicides have attracted scientific attention as a possible new technology for preventing STDs, including HIV.

Not only do microbicides make good sense from a public health perspective but recent studies demonstrate that women want and need prevention alternatives. A recent survey by the Alan Guttmacher Institute estimated that 21 million American women are interested in a microbicidal product. Microbicide acceptability studies in 13 countries worldwide, six in Africa, two in Latin America, three in Asia plus France and Poland, have documented high interest and willingness to use microbicides.

Five of the top 10 most frequently reported infectious diseases, that is 87 percent of all cases, are sexually transmitted. Over one in three adults age 15 to 65 are now living with an incurable viral STD. Dr. Anthony Fauci, director of the National Institute of AIDS and Infectious Diseases, has stated that he considers microbicide research a priority in the fight against AIDS and STDs.

Dr. Peter Piot, Executive Director of UNAIDS, the United Nations agency that coordinates a global response to the HIV epidemic, has said,

> There is an urgent need for more methods to prevent HIV infection, especially those that put women in control. The search for an effective and safe vaginal microbicide has been progressing too slowly—we need more researchers from the public and private sectors acting with appropriate urgency to develop a microbicide.

A number of obstacles currently impede the development and introduction of microbicides. For major pharmaceutical companies, there is skepticism about whether such products would be profitable after the costs of research and marketing are met because such products would have to be inexpensive. Concern has also been raised over liability, since microbicides would promise to offer some protection against life-threatening illness, even though levels of product efficacy would be stipulated in labeling.

Absent leadership by major pharmaceutical companies, small biopharmaceutical firms, academic and nonprofit institutes have taken the lead on microbicide research and development. However, many small companies and nonprofit entities lack the resources to take a potential product through the rigorous clinical trials required to evaluate products for FDA approval.

Researchers estimate that it costs up to $50 million to complete research on an existing compound (and at least twice that to start from

scratch with a new compound)—far more than many of these small companies and nonprofit entities have the capacity to invest.

Public funds are necessary to fill in the gaps in the research and development process and to create incentives for greater investment by private industry. Without federal leadership and funding, a microbicide is not likely to be available anytime soon.

Despite scientific promise and public health need, investment in microbicide research has been woefully inadequate. Through the work of the National Institutes of Health, non-profit research institutions, and small private companies, a number of microbicide products are poised for successful development. Some 24 products are currently in or ready for clinical (human) trials and 36 promising compounds exist that could be investigated further. But this ''pipeline'' will only be unblocked if the federal government helps support the necessary safety and efficacy testing necessary to move the best candidates to the marketplace.

Public health officials and members of Congress need to take notice. Given the growing number of promising microbicides in development, we have everything we need to bring a microbicide to market within five years—except the money. That's why Representative NANCY PELOSI and I are introducing legislation today that increases the federal investment in this potentially life-saving technology. Specifically, our bill, the ''STD Microbicide Development Act of 2000,'' does the following:

Instructs the Director of the National Institutes of Health to establish a program to support research to develop microbicides, including expanding and intensifying basic research on the initial mechanisms of STD infection, identifying appropriate models for evaluating safety and efficacy of microbicidal products, enhancing clinical trials, and expanding behavioral research on use, acceptability and compliance with microbicides.

Instructs the NIH Director, in consultation with all relevant NIH institutes and federal agencies, to develop a 5-year implementation plan regarding the microbicides research program.

Authorizes $50 million in FY 2001, $75 million in FY 2002, and $100 million in FY 2003 for federal microbicide research and development.

Mr. Speaker, thanks to the leadership of Leslie Wolfe and the Center for Women Policy Studies who first brought the need for microbicides research to my attention, I introduced Women and HIV/AIDS research and prevention legislation back in 1990. Congress has confirmed the importance of microbicides research by including report language I submitted during the appropriations process calling for greater NIH attention to this research. Now that the reality of a microbicide is much closer, more resources and greater coordination of federal research is urgently needed. With vigorous attention and sustained investment, a microbicide could be available within five years.

Microbicides represent another potential weapon in the arsenal against HIV/AIDS and Stds. Microbicides would be an important complement to potential HIV vaccines since they are likely to be available sooner, will be easier and cheaper to distribute, and will be effective against a range of sexually transmitted infections. They are particularly important for women, whose risk of infection is high and whose direct control over existing prevention options is low.

Microbicides will give women all over the world one more way of protecting themselves against the ravage of HIV/AIDS and other Stds. I urge all of my colleagues to support the important legislation we are introducing today, and give women and their families a fighting chance against the HIV and STD epidemics. Women in this country and around the world, as well as their partners and children, desperately need and deserve more options to stop the spread of deadly infections.

GULF WAR ILLNESSES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. METCALF) is recognized for 5 minutes.

Mr. METCALF. Mr. Speaker, America has been built by the bravery and sacrifice of patriots. Every freedom that America stands for, has been fought for by brave American men and women. Exactly 135 years ago this week, Abraham Lincoln stood on the east steps of this grand Capitol building and delivered his second inaugural address. Thousands stood in silent attention as he delivered his concluding paragraph:

> With malice toward none; with charity for all; with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in; to bind up the Nation's wounds; to care for him who shall have borne the battle, and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations.

Mr. Speaker, there is nothing more important our country can do than bind up the wounds of those who fight for the freedom of all Americans. We must fulfill the promises we have made to our sons and daughters who have put on the uniform of this country.

In 1991, American troops began coming down with an alarming spectrum of maladies which soon became known as Gulf War illnesses. These valiant soldiers offered their lives in service to America. They deserve every effort by their government to answer questions about what might have made them sick. They deserve every effort by their government to try to find treatment for their illnesses.

But what is really happening? Unfortunately, some in government have given the appearance that they will do everything in their power to block the answers to the questions and to block the search for treatments. A recent scientific, peer-reviewed study showed an overwhelmingly large number of tested veterans suffering from Gulf War illnesses are testing positive for antibodies to squalene. This study, ''Antibodies to Squalene in Gulf War Syndrome,'' was recently published in the February 2000 issue of Experimental and Molecular Pathology. On January 31, I and nine of my House colleagues sent a letter requesting that the Department of Defense do an objective analysis of this study. We had great hope for that test, that this study might prove to be a breakthrough that would lead to better treatments for suffering Gulf War era veterans.

While waiting for a response to our request, I discovered that the Department of Defense was misrepresenting and attacking the article on its own Anthrax Vaccination Inoculation Program Web site, AVIP. In one section, AVIP even claimed that the conclusions derived from the test results in the study had no scientific basis. The results of a peer-reviewed study published in a scientific journal have no scientific basis? This is an outrageous statement. Our DOD is obviously stonewalling this issue. Therefore, I sent a letter to Secretary Cohen requesting that the inaccurate AVIP statements be removed. DOD needs to do this immediately.

Last week, DOD delivered the response requested by myself and my nine colleagues. I had hoped that DOD would seize this opportunity to conduct a legitimate, thorough inquiry of the scientific, peer-reviewed study. Instead, we were provided irrelevant material and an anonymous half-page analysis. It is difficult to imagine that DOD would expect Congress to accept a half-page anonymously written analysis as an appropriate response to our request. The main point of our letter was completely ignored.

Mr. Speaker, we need answers and action from DOD, not a maze of smoke and mirrors. The people's representatives are asking for answers from Secretary Cohen, and all we are getting is stonewalling and bureaucratic delay tactics. How can DOD expect to regain the seriously eroded trust of its military personnel if misrepresentations posted on the official Web site are allowed to go unchallenged and congressional requests for legitimate information are stonewalled?

Mr. Speaker, Secretary Cohen must intervene to halt the misinformation campaign being waged by DOD officials concerning issues surrounding antibodies to squalene research. He must provide Members of Congress and those suffering from Gulf War illnesses the real answer. The Department of Defense must stop this deadly game of delay and distraction—many of our veterans are dying and thousands more are suffering indescribable agonies.

Mr. Speaker, as Abraham Lincoln said 135 years ago just a short distance from this House floor, let us ''care for him who shall have born the battle.'' Congress must do whatever is necessary to get the care needed to our suffering Gulf War-era veterans.

ISSUES AFFECTING THE WEST

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. MCINNIS) is recognized for half the time until midnight as the designee of the majority leader.

Mr. MCINNIS. Mr. Speaker, I appreciate the time that I have been given this evening. The gentleman from Utah (Mr. HANSEN) who is a longtime friend of mine and I intend to spend the next little while with Members talking about issues that are important to the West. As many Members know, my district is the Third Congressional District of the State of Colorado. That district geographically is larger than the State of Florida. I adjoin the fine State of Utah.

As Members know, many of the issues that we share in Utah are very similar to the issues in the State of Colorado. In fact, as we look at the map that I have here to my left, many issues of the West, whether we are talking about Wyoming, Montana, Idaho, Nevada, Arizona, New Mexico, we have many similar issues in the West.

Tonight, to begin our remarks, I thought I would talk a little about what the concept of multiple use really means. What is multiple use? Why is it critical to the West? What is the history of multiple use? We really need to turn our clocks back in time and look at the beginning of this country, when most of the populations, again referring to the map to my left, were on the East Coast.

Back then, possession really was nine-tenths of the law. In other words, you really had to go out and occupy the land. You could not just have a deed. We kind of take that for granted today. If we have a deed for property, we go down and register it at the county courthouse and we do not have to worry about going out and standing on the land in order to continue possession or sometimes even able to initiate possession.

In the frontier days, you had to do that. What our forefathers, the problem they ran into is people really did not want to leave the East. Our new country had just made some purchases. We got land like through the Louisiana Purchase, and we needed to get people out there. Just the fact that we bought the land from other countries as a young country did not mean we really were going to be able to hold on to the land. What we had to do is move people onto the land. We had to give people incentive to move from the East to go to the West.

And so to give that kind of incentive to our citizens of this young country, our government decided to offer incentives to them. The incentive that they thought would be the most attractive is to say to the young frontiers people, if you go west and we all remember the saying, ''Go west, young man, go west,'' if you go west, you can secure a piece of property; and if you work that land for a long enough period of time, you get to own the land. It is yours.

□ 2230

All you have to do is possess it. Just go to it, work it and possess it for a period of time and we will give you 160 acres or we will give you 320 acres, and it is through what we all know as the Homestead Act.

Well, that worked fine for many of the States out here where you had rich soils, you did not have the severe kind of weather, where on 160 acres a family, a frontier family, could raise some cows, they could farm that land and feed a family. What happened over a period of time is that as the people begin to get into the deep West, like the Rocky Mountains of Colorado or into the Rocky Mountains in Wyoming or down into New Mexico, the leaders in Washington, D.C. discovered these people were not really staying there; that you could not even feed a cow off of 160 acres in many of these areas in the deep West.

So the people were not staying there, and they were concerned about what do we do on possession. We have to give people incentive to stay in these areas.

First of all, let me say what they decided not to do. They said we cannot possibly give them an equivalent amount of acreage, in other words the same amount of acreage in the mountains that would give you the same kind of living that you would have in, for example, the State of Nebraska or Ohio. Out there you can do it on 160 acres, and the equivalent in these mountains would be about 3,000 acres. They said politically we cannot give away 3,000 acres to these frontiers people, and somebody came up with an idea. We do not have to give away the land. In fact, unlike the East, unlike the East, where we give the land away and where we have a large amount of private ownership, let us as the Federal Government go ahead and keep ownership of the land in the West. The government will continue to own the land but we will allow the people to use the land. We will have multiple use.

We will allow the people to farm on the land. We will allow the people to raise cattle on the land. We will allow the people to extract natural resources on the land. This was many, many years ago.

Throughout time, the uses of multiple use have evolved dramatically. In fact, in my district, almost every road in my district goes across government lands. Every drop of water in my district, if it is not out of a well, either comes across, is stored upon or originates on Federal lands; all of our power lines, all of our radio towers, all of our cellular telephone towers. We are totally dependent on the West on this concept of multiple use.

What does this map to my left show? I think it is very important. This map that I have tonight, for all here in the chambers, is to demonstrate very clearly where the Federal Government owns land. It is very important to take a look, as we go from the north, the Canadian border, follow my pen, we go down through here, we go right through Colorado, we go right through New Mexico, we come right down here to Texas, go around and we hit Mexico down there.

Look at the amount of Federal land on this side. Very little. In fact, we have some in the Appalachians here; we have some down in the Everglades. We have some areas up here. New York has some but a lot of that is owned by the counties, not by the Federal Government.

Compare this, which could be identified with pencil points on this map, with what has happened in the West. This is the amount of government ownership of land in the West.

Let me give an example of what happens as a consequence of that. First, let me give a statistic. Outside of Alaska, which is 99 percent owned by the government, that is Alaska right there, now that is half the size of its actual proportion for this map, that is 99 percent but if you exclude Alaska, 88 percent of the Federal land in the lower 48 States, 88 percent of the land owned by the Federal Government lies in these 11 western States.

What does that mean for practical, every day living, for the ordinary people out there? Well, in the East, when you have planning and zoning, which is very important, your local communities, your city councils or your local governmental entities, they decide planning and zoning.

If someone wants to build a bike path, if someone wants to have a water project, if they want to do some kind of construction, if they want to do a road, the people in the East, their local municipalities have control of planning and zoning.

You would be deeply offended, you would have strong objections if the Federal Government came into your community in Connecticut or came into your community in Tennessee or Ohio and said, hey, we want to take over planning and zoning of your local community, you would say, bug out. Well, planning and zoning is a local matter, it is a local issue. If it is not the city council that does your planning and zoning, it may be your local county or it is a combination of the two, but it is not the Federal Government. The Federal Government does not do the planning and zoning out here in the East.

Guess what happens in the West. In the West, just by the fact, just under de facto that the West has such massive amounts of Federal land, they in effect do our planning and zoning.

We have so much Federal land in my district alone, 22 million acres; 22 million acres of Federal land in my district alone. When you want to build a road, when you want to deal with water, you have to deal with the Federal planning and zoning commission, which is the government in Washington, D.C.

One of our problems at the very beginning, at the very beginning, is that in the East it rains a little differently than it rains in the West. In fact, in the fine State of Colorado, we are the only State in the Union where all of our water runs out of the State. We have no water that comes into Colorado for our use. It all runs out of the State, the only State in the Union.

We are very dependent on our water resources that are on those Federal lands. We are entirely dependent on the concept of multiple use.

Well, the problem with having planning and zoning at a Federal level is that in Washington, D.C. they seem to think one shoe fits all, one size fits all. So they start applying policies that may work okay for the Appalachians or may work okay for the State parks or Federal parks in New York State, they start putting those applications on the massive Federal land holdings in the West. There is not a lot of recognition to my colleagues here in the East, with due respect, there is not a lot of recognition on their part of our difficulties that we have in the West.

So when we have people out of the administration or the bureaucracy in Washington, D.C. starting to make decisions based on their life experience in the East, when they start making decisions that have impact on the West they need to realize what kind of impact it has and what kind of unintended consequences there are.

For example, in the East your problem back here is getting rid of water. In the West, in the West, our problem is storing water, is keeping the water. In this region right here of which Colorado has the highest elevation, my district, in fact, the Third District of Colorado has the highest elevation of any district in the nation. We do not have much rain. We get some rain but we are an arid state. The West is an arid area, a lot different than the East.

We depend very heavily on our snowfall and then we have to depend on a period of time we get about 60 to 110 days of runoff, the spring runoff. It is going to start here in about another month, maybe another 6 weeks, we have the spring runoff for about 60 to 110 days. After that 110th day, if we do not have the capability to store the water we have real problems. During that 60 days to 110 days, if we do not have the capability to control flooding we have real problems.

Take a look at what some people in the East have done. The bureaucracy, for example, of the national Sierra Club, now the national Sierra Club has done some reasonable things but one of the things, their number one goal, as dictated by the bureaucracy, their bureaucracy in the East because they have very little understanding of our water issues in the West, their number one goal is to go out here and to drain Lake Powell.

That lake, which is a huge storage facility for water in the West, for power, for flood control, and frankly for a lot of recreation, a lot of family activities on that lake, in fact on that lake, to give you an idea of the size, there is more shoreline on Lake Powell than there is on the entire Pacific West Coast. What is the response for the planning and zoning commission of one of the more active environmental groups in the East? Their number one goal, take down the dam and drain Lake Powell.

Well, this extends into these issues of people in the East dictating the planning and zoning by the fact that the government has these large land holdings in the West. These policies have ramifications. They have ramifications on our national parks. They have ramifications on our national monuments. They have ramifications on our business community, meaning the small ranchers and the small businesses. They have ramifications not only on our water storage but our water accessibility, the ability to transport water.

Every highway we have, it has consequences there. It has consequences on the environment. There are a lot of things that I urge my colleagues here today, if they live east of this red border that I have just shown here, I am urging to take some time and study why the issues in the West are different. In the West, when the frontier people went out there, remember what happened. The government made a deal with them: We are going to keep ownership of the land. In the East we gave the fellow citizens the land. We arranged for private property, which every family in America dreams of owning their own piece of property and in the East we followed that. We followed that dictation, but in the West we gave you a little guarantee. We will let you use the land but because we cannot give away that massive amount of land we are going to keep ownership. That is what they said in Washington, D.C.

So as we progress through a number of different issues dealing with the West, I urge my colleagues, please sit down, take a look at the history; understand that in the West it does not rain like it does in the East. Understand that in the West that concept of multiple use is a way of life. In the West, life is written in water, not in blood. These are very important.

Now as we continue through our special orders this evening, I would like to turn the podium over to my colleague, the gentleman from Utah (Mr. HANSEN), who will take us to the next step. This gave us a little basic history. We now have an idea of where the Federal land ownership is in this country. We have an idea of the concept of multiple use and what it means. We have an idea that in the West water is something we have to store to use.

In the East, of course, we have always known this but it is something for a large part that has to be gotten rid of. I think it is a good way to kind of transition into the next area of what we want to talk about tonight in the West, and for that I would turn it over to my colleague, the gentleman from Utah (Mr. HANSEN).

We both have generations of family in our respective States. We have deep, deep roots. Beyond that, both the gentleman from Utah (Mr. HANSEN) and myself are very, very dedicated and very loyal to our States. We care about the citizens we represent and we care about the heritage of the West. The West to us is paramount. Oh, we are Americans, do not get that wrong, but it is paramount that we be able to represent the West out here in the East.

Mr. HANSEN. Mr. Speaker, will the gentleman yield?

Mr. McINNIS. I yield to the gentleman from Utah.

Mr. HANSEN. Mr. Speaker, I appreciate my friend, the gentleman from Colorado (Mr. McINNIS), for the excellent explanation he has given regarding the difference between the East and the West.

It is very common, as chairman of the Subcommittee on National Parks and Public Lands, to get all kinds of letters from folks in the East talking about how some day I want to go out and see that, and I own it as much as you do. I find that very interesting because some of them will never come. Basically, if you want to go back 200 years where did they get their ground? At one time, all of that map was owned by the Federal Government but they got it given to them and now they want to control what we do in the West.

We have no problem with that if they are reasonable but we also feel that the people who occupy the ground, who play on the ground, who make a living on the ground, who are raised on that ground, ought to have some say in it and I do not see why people think it is so totally irresponsible when somebody from the West, who has lived there all their life, gets just a tiny bit upset when someone who has never been there wants to tell them how they can drive their car, how he they can plow their fields, where they can put their cows, where they can have recreation. I think that is really kind of reasonable.

Mr. Speaker, when I read the Constitution, the words that jump out at me are the first words and they say, ''we, the people.'' I have been in this business quite awhile. I have been an

elected official for the last 40 years. I started out as a city councilman in a little town in Utah called Farmington. I still remember about that little town that if I ever wanted to do something as a city councilman or mayor pro temp as I served for a year and a half, I would have to advertise it. Even something as small as putting a bid out to put a piece of water in for the culinary water system or something for the sewer, we had to advertise it.

Later on in the State legislature, when I was speaker of the House, we found the same thing. We had what we call sunshine laws and most of our people have those laws; most of our legislative bodies have those. So we had to do it so the people were there, the people could see it. We did not do things behind closed doors.

□ 2245

Why do we sit there and have C–SPAN on? So that the people can see their government in action. Most of our committees, when there are very important people testifying, C–SPAN comes in and films it and we open the doors and the public come in. The exception would be the Select Committee on Intelligence where I sat for a number of years, or the Committee on Armed Services which I am a member of, and occasionally things of high security, of course we do not want to have the public look at them. But the vast, vast majority of things, the public should look at.

Therefore, if it is truly we, the people, and we are not going to do things in a closet; I often wonder about this current administration that back in September of 1996, the President stood on the south rim of the Grand Canyon where the Colorado River goes through and proclaimed on his proclamation 1.7 million acres in southern Utah as a national monument. Now, of course he has a right to do that under that bill, but people have to realize that in 1906, Teddy Roosevelt, the great conservationist, found himself in the position of saying, how do we ever protect these Indian ruins and all of these beautiful dwellings that we are finding? People were going in and desecrating those. So they passed this law, and if one wants to look it up, it is only about a paragraph long and it talks about what one can do to protect them.

It says that the President can go in and he can sign a proclamation and his proclamation has to say, what is the historic nature of this issue? An historic national park, a good example would be where the two trains met in Promontory, Utah, and we joined the Nation from California to the East with the railroad, a great understanding of what a national historic area would be. If we look at archeological areas, it also says they can do that. And then in this law it says they will proclaim that as the smallest acreage available to protect that site.

We found in this particular instance that we did not know anything about it. If I may define the word ''we,'' it would be the members of the Utah delegation, the Utah legislature, the Utah governor. So we were hearing about it and hearing rumor; we did not know where this rumor was coming from. So we would call down to places like the White House and they would say we are hearing the same rumor. We do not know anything about it.

In fact, my administrative assistant called up Kathleen McGinty. She was head counsel of environmental quality in the White House working for the Clinton-Gore administration. We said we keep hearing this rumor and she said we hear the same, and the next day they are out proclaiming this.

To find out what really happened, we went to the trouble of subpoenaing all of the papers from the White House and the Department of the Interior. We made a compilation of those and I have it in my hand, and we wrote a book called Behind Closed Doors. Remember, Mr. Speaker, this is a government of we, the people. The people are the ones who are supposed to have an understanding of this. In this we found some very interesting things.

When we expressed our concern to the Clinton administration, of course they denied this. As late as September 11, the Secretary of Interior Bruce Babbitt wrote to Utah Senator BENNETT and pretty much told him that. Then, in a letter written to Professor Wilkenson asking him to draw up the proclamation, the solicitor of the Department of the Interior, John Leshy wrote, I cannot emphasize confidentiality too much. If word leaks out, it probably will not happen.

Then, on August 5, 1996, Katie McGinty wrote a memo to Marcia Hale telling her to call some key Democrats to get their reaction. However, conspicuously absent on their list was a Democrat from Utah. In the memo Mrs. McGinty emphasized that this should be kept secret, saying any public release of this information would probably foreclose the President's option to proceed.

Now, we may ask ourselves, why did they want to keep it a secret? Why did they not let the world see it, let people have the scrutiny of a microscope looking at this. Well, let us face it. It was a political election stunt and the type of thing that had to be perfectly planned and perfectly timed to be done just before the presidential election.

Now we may ask ourselves, why did we do this? In another memo we found from Kathleen McGinty she said quote, ''I do not think there is a danger of the abuse of the withdrawal of the Antiquities authority, especially, especially because these lands are not really in endangered.'' There we have it, in their own words. The administration did not think there was any real danger. Okay. Let us ask ourselves, what does this proclamation do? Does it stop coal mining? No. Does it stop mineral development? No. Does it stop petroleum? No, CONOCO is still drilling. Does it stop people from visiting the grounds? No. Does it stop roads from being built? No. In fact, more roads are being built because more people want to see it. I was down there a number of times, standing there and people from New Jersey drove up and they said I see a car, two cars here, one was State and one was Federal, where is the Grand Staircase Escalante? And at this point we said, you are standing in it. They said, well, what is there to see? We said, look around. If you like sagebrush you will love this area, because that is basically all there was.

Why did the administration not come to us in Congress? And let me make this point. Congress, according to the United States Constitution, is the only entity that has control of the public grounds, period. Anyway, they did not come to us because it was an election stunt and we could all see this.

So I kind of say well, why did he pick a national monument? Why did he not just sit there in his armchair and say to the people, I am going to withdraw this pursuant to 43 U.S.C. 170–1204? Because it would not sell that way. It has to be on the south rim of the Grand Canyon with that beautiful panorama behind you, with the wind blowing through the hair of the President and all of these people standing there cheering. Then they finally found out, well, what did we really get out of it. I noticed even the Southern Utah Wilderness Alliance and the Salt Lake Tribune said that they are really just election-year environmentalists, and that is what we find.

Now, Mr. Speaker, we found ourselves in a situation well, what happens now? Again we see this abuse coming about. This antiquities law. Not a lot of people say these things should be protected. I hope the American public realizes that when that passed, that is all there was, was the 1906 antiquities law. There was not the 1915 park bill that created Yellowstone, and now we are up to 379 units of the park system. There was not the NEPA Act of 1969 that gave us environmental protection. There was not the FLPMA Act of 1976. There was not the 1964 Wilderness bill. There was not the 1973 Endangered Species Act, there was not the Trails Act, there was not the Scenic Rivers Act. There was none of that stuff. So that is all we had.

Now, at this point we have all kinds of laws. So why with all of that protection did we see in January of this year again the President of the United States goes to the south rim of the Grand Canyon and proclaims another national monument on what we call the Arizona strip. While he is standing there he also declares one in Phoenix,

he also declares one on the California coast, and now rumor, and before I used to say, oh, that is just rumor, do not pay any attention to it. Now rumor has it that my friend standing in the well might get one, the gentleman from Montana (Mr. HILL) may get one; rumor has it that people down in the district of the gentlewoman from California (Ms. BONO) may get one, and for what reason? Could somebody give us a reason why this is going on?

What do the American people get out of this? It is an election-year stunt; and actually, as many courts have said, someone should push this up across the street to those nine folks that wear black robes and see if the 1906 antiquity law is even constitutional. Because if you have to go up against the idea, it says in the Constitution of the United States of America that the only people who have use of the public ground is this body and the body over on the other side, and they are the ones to take care of it.

Mr. Speaker, I hope people realize, and little by little I am so impressed with the public, because it is starting to dawn on them just what the gentleman from Colorado is talking about: Who uses that ground? Now, the dentist from New York who writes me on a regular basis, the attorney from Florida who writes me on a regular basis and says, Mr. Chairman, we have as much use on that ground as you do, and they keep talking about the people who graze. On March 1, right across the street in the Supreme Court there is a battle raging now: Is that a right that they have, and the court will decide that. That was filed in 1995, and unfortunately it was just heard on the 1st of March.

Other people are filing suits. Grazing was one, timber was one, and mining was one. The big three. Put the big three aside. They do not mean much anymore. The public of the United States wants access to that ground on that west side of that map. That is what they want, and they want it for a lot of reasons.

The gentleman from Colorado (Mr. MCINNIS) talked about Lake Powell, one of the most beautiful areas on earth. Go down there. Mr. Speaker, 400,000 people launched boats on Lake Powell last summer. 400,000. It has far surpassed many of the other areas because it is such a gorgeous area, let alone the power that it provides, let alone the water that it provides, and let alone the whole southwest part of America is there because of the Colorado River drainage. Those people want access.

Talk to the guy who has a four wheel drive outfit, talk to the guy who rides one of these little four wheel ATV things, talk to the people in Utah, and now we are on the map because of something we call trail bikes. Talk to the person who has a wave runner and where he wants to go. The backpacker. Talk to the guy that likes to shoot a deer or an elk or a moose in that area. They want access to that ground. They do not want it tied up like the Sierra Club wants it tied up. They want access. Should it be done in an environmentally-sensitive way? Of course it should be.

On the other side of the coin, it really bothers some of our folks, and they are justified in this when they get hammered and taken out of the use of this ground which is theirs to use. To that dentist from New York, that lawyer from Florida, come on back and use the ground. We would love to have you there, but spend a few bucks while you are there, because we have another problem. It is called payment in lieu of taxes. The gentleman from Colorado (Mr. MCINNIS) pointed out all of that ground that is owned by the Federal Government and all of our buddies from the East that are saying that is just as much our ground as it is your ground. Well, then pay your share. It is called payment in lieu of taxes. They want to play on it, they want to tell us how to use it, they want to take us off the ground, but when it comes to paying their share, they do not do it. That bothers an awful lot of us.

The little county of Garfield, 93 percent owned by the Federal Government. It has the beautiful Bryce Canyon in it. These people come in and what do they do? They go up and play in that area and they start a fire. Who fights the fire? Garfield County. And they have a minuscule budget. They go up there and they break a leg because they are not accustomed to that area, who goes out and picks them up in an ambulance? Garfield County. They go out and throw their trash all over the place, and who pays for it? Garfield County pays for it. But when we say pay your share, if you want to tell us how to do it, pay your share; and they are not doing it.

Mr. Speaker, if I may say so, this House is responsible, that House is responsible, but no one seems to care. I still remember a man in leadership when I first got here and he said oh, it is just those western guys, who care. Take the money away from them anyway. All of us rednecks out there, I guess. Frankly, we resent it. If you are going to tell us how to run it, do it. I see bill after bill coming out of our colleagues from New York and all of these other areas, but they have never even been out there, but they want to tell us how to do it. My next comment to them, if you are going to tell us how, you pay. If you are going to come out and play, you pay. I think these people should take a stronger attitude.

When I was Speaker of the Utah House, we passed something called the Sagebrush Rebellion Resolution. I remember coming back here as a freshman and going down to the White House, and there was a man by the name of Ronald Reagan. He made this statement to the Secretary of Interior, John Blot, the Secretary of the Interior, Jim Watt. He said, we are now good neighbors, and that is what we wanted to be. Now, we are again finding ourselves with an administration that is running rampant and roughshod over every one of us; and we feel that we should again have good neighbors with the Forest Service and with the BLM and with the Park Service.

With that said, Mr. Speaker, I yield back to the gentleman from Colorado.

Mr. MCINNIS. Mr. Speaker, I appreciate the time from the gentleman from the State of Utah.

Now let us go to the next step of our conversation tonight on our night-side chat with my colleagues about the issues of the West. Remember at the beginning of the comments, I say to my colleagues, that we talked about the fact of the massive differences between the western United States and the eastern United States. My colleagues will remember that I qualified my remarks. We are the United States of America. We are one country, a country I am very proud of, the superpower of the world. We have a lot to be proud of as Americans.

In fact, today, I say to the gentleman from Utah, I had a number of young people who come back on their visits to the Nation's capital. I am so proud of that generation. It was interesting when I talked to these youngsters. We had Jessica, we had Amber, we had Ben, and we had Mary. Those particular students, one was from Aspen, one was from Steam Boat Springs, Colorado, one was from La Junta, Colorado, and I believe the other one was from Alamosa, Colorado.

But the issues they talked about are issues of the West. We have grown up in the West, and we like our lifestyle in the west. And just as we are proud to be Americans with this country and the attributes of this country, we have a lot of things in the West that we are proud of, and we have a lot of things in the West that we share with everyone. We have a lot of monuments.

The gentleman talked about Bryce Canyon. I was in the gentleman's fine State last week. My parents have a winter home out there in Saint George, Utah.

□ 2300

It is a beautiful State. The gentleman has done a darned good job in Utah, the rest stops, the way they protected and preserved that land. The gentleman's State has done a good job.

I am proud to say that the State of Colorado, my former colleagues in the State House, my colleagues who serve as County Commissioners, our Governor of the State of Colorado, Governor Bill Owens, these people have done a good job in Colorado of preserving our lands.

We care about those lands. Those are our lands. That is where our heritage is. That is where our roots are. If Members have ever skied in Colorado, they have skied in the Third Congressional District. My congressional district has all of the ski areas in the State of Colorado.

The next time Members go and ski in Colorado, and for many, they have skied in Colorado, the next time Members go, take a look to see if they see a sign of all of the terrible abuse that some of the more radical environmental organizations in this country like Earth First or Ancient Forests or some of these people, take a look and see if Members think those ski areas are that bad.

While they are looking at those ski areas, take a look at how many children are on those ski areas, how many families, what kind of family entertainment. They are not out running the streets, out causing trouble, but they as a family unit are enjoying, under the concept of multiple use, these lands.

We do not just have to go in the wintertime to see how important these lands are for family, for multiple use, for our economy out there. Go in the summertime. Go on the Mesa Verde, down in the Four Corners where we share our borders. Go up here to Dinosaur, the national monument there. Go to the Black Canyon National Monument, which is now a national park, thanks to my colleague, Senator CAMPBELL, and the bill that I sponsored here in the House.

Go down to the National Sand Dunes, which we hope to make a national park. Go to the Rocky Mountain National Park. Go to the Air Force Academy, the district of the gentleman from Colorado (Mr. HEFLEY), over in Colorado Springs.

There are a lot of things in Colorado and Utah and in the West. We could go to Wyoming to Jackson Hole. Go to the museum up in Cody, Wyoming, probably the most fantastic museum representing the West in the entire West. Members can go to any area. There are lots of areas of the West that we have preserved. There are lots that we have protected.

But remember what Teddy Roosevelt's concept was. Teddy Roosevelt never wanted to lock people off the land, but Teddy Roosevelt, on the other hand, did not want people to abuse the land. It is the same concept the gentleman from Utah (Mr. HANSEN) and I agree with. We have a right to use that land, but nobody has a right to abuse that land. No one has a right to abuse that land, contrary to some of the more radical organizations that we see especially here in the east.

These environmental groups, I have yet to meet one person, and I do not think there is a person in this Chamber, that will tell me they are out to destroy land. I do not have anybody that is against wilderness, wilderness as a concept, not under the definition of wilderness that we have seen labeled or put around our collar.

People love the outdoors. I do not know anybody, actually, who is against the small ranches and small businesses throughout all of these areas. There are a lot of good people out there in those mountains. There are a lot of good people in the West.

But for my colleagues here in the East, get a good understanding of what is fundamental to their lifestyle, what is fundamental to their survival before we pass regulations here in Washington, D.C., before they impose back here in the East.

Look at the point, clear out here. And as we come out, it is like this, and it starts right there. At this distance, before Members do that, come out here and look at the issues. Come out here and see why water is so important to us. Next to our people in Colorado, and I am sure it is the same for my colleagues in the State of Utah, I cannot think of anything more important than the water.

There are a lot of people that want this water out of Colorado because, as I said earlier, Colorado is the only State where all of our water goes out. We have to have multiple use on Federal land to preserve some of that water for the people of the State of Colorado, to preserve some of that water for people throughout the West. The Colorado River basin, as the gentleman from Utah mentioned, is absolutely critical for life in the West.

Our whole purpose, Mr. Speaker, in talking this evening, it is not to lecture my colleagues, it is to tell them that things in the West are different geologically, the water situation is different, the lay of the land is different, and the ownership of the land is different.

Mr. Speaker, my colleagues here in the East do not know what it is like to have massive ownership by the government. Most of the Members sitting in this Chamber, most of the Members from the East, outside of highways that are obviously owned by the government, maybe the local Post Office, they have never experienced massive ownership by the government of the lands that will completely surround one. They have never had to rely on access agreements with the government to drive into their town, to turn on their radio, to get electrical power into their community, to protect areas of the environment that they think are important.

Yet here in the West, we are, unfortunately, very subject to the whims of the people in this little city called Washington, D.C. in the East.

What the gentleman from Utah (Mr. HANSEN) and I are asking tonight is that as we consider individually each of these issues in the West, look at it on a customized basis. We need to customize it. We need to figure out what the ramifications are.

I will give an idea. It is very easy for people in the East to condemn grazing on land in the West. We have a particular area that is absolutely beautiful, and in fact, it is one of the areas under the monument. We have the Colorado National Monument, and we are trying to put it into a preservation area and work with the Secretary. We are trying our darnedest.

But up there we have several ranches, four or five big ranches up on the Colorado Monument; it is beautiful, Grand Junction, Colorado. But these ranches, these are true working ranches like the King Ranch, like my friend Doug King and his ranch up there; the Gores, the Gore ranch, they are dependent on the grazing permits. The grazing permits are on Federal lands.

Do Members know what happens if we follow the wishes of some of the more radical groups back here in Washington, D.C. and we eliminate those grazing rights? Do Members know what happens to those ranches? They cannot operate as a ranch anymore. So what is the logical thing for them to do? The logical thing for them to do is take these beautiful, wide open spaces and to break them into 35-acre ranchettes.

What does that result in? That results in bumper to bumper traffic up to the top of the Colorado National Monument. Instead of being able to look, and in my district, throughout my district we can look for a long, long ways and never see another person. But we have been discovering, we have a lot of growth. I do not think that is necessarily good. In some regards, slow, steady growth is good, but the kind of growth we have had, we have had a sudden surge. We have a lot of people who would like to get their hands on the ranches and divide them. We have a lot of people who would like to make a profit off of them.

Some of the Members here who are supporting doing away with grazing in the West on Federal lands, they should take a look at the unintended consequence. The unintended consequence is we are going to take that land and divide it into ranchettes. Is that really what the Members want to do? Is that what they think is going to help protect those open spaces?

By the way, let us go back to ranching. Ranching families like David and Sue Ann Smith from Meeker, Colorado, they have been on that ranch since the 1870s or the 1880s. They love that land. They do not make much money on that ranch, but they have raised generation after generation after generation.

Before we take action back here that wipes out those generations of hard work, of having their hands in the soil, before we do that, consider what the

consequences are. Understand again, and I continually come back to water, because water is absolutely critical, the fact that we have to store water.

We have lots of organizations here that say we should not have any more water storage projects in the country. They do not understand the West. If they do understand the West, they are trying to mislead us here in the East that in the West we do not need water storage projects.

Again, as I said earlier, take a look at our ski areas. Some groups have said, burn them down. Take a look at what happened in Vail, Colorado, last year, arson. Some people actually stand proud and say, Veil, Colorado, that ski area, they had it coming. They should have burnt them down. Come on, Mr. Speaker, that is not how we operate in this country.

Take a look, I think we have done a very professional job. I want to note that Colorado was the first State with minimum stream flow. In our State, those of us who have lived there very long and many people who have just moved there, they appreciate the fact that open space, parks, and protection of our environment are as critical to us as the water.

But along and in the same bracket and in the same category, the concept of multiple use and the concept of having local input, and the concept of taking into consideration local needs is important, too.

Go back to my original comments. Remember back here, take a look at some of these States. Do Members think the Federal government has anything to do with land control in some of these States like that? Take a look at the State of Kansas, the State of Nebraska. Members can see on the map here, do they think the government has much to do with those States? No. So it is very easy for people back in some of these States that do not have a lot of Federal Government land to dictate out here to the States that do have Federal Government land what they ought to be doing, because it does not bother them.

If the people from a State like Ohio or a State like Kansas or some other State dictate what is going on, it does not impact them. From New York State, it does not impact them if they go out to the West and eliminate grazing, or tell us we cannot have multiple use, because they do not feel the impact.

□ 2310

We feel the impact. We live the impact. We have to survive the impact. Just think how much control is exercised in this area by a city far, far away on the eastern coast.

As the gentleman from Utah (Mr. HANSEN) knows, we in the West are very, very proud of what we have. It is American soil. We are citizens of the United States. But we also, all of us, have been raised with consideration of our fellow citizens.

I urge my colleagues in here, those of you who live east of the Colorado border, for example, who really have not given much thought to the consequences of your actions here on Federal lands, slow it down a little, and give it some consideration.

Mr. Speaker, in consideration of the time and the fact that I have taken the majority of it, I yield to the gentleman from Utah (Mr. HANSEN), and I appreciate very much his participation this evening.

But I think it is important, Mr. Speaker, that we continue to have these kinds of nightside chats. I guess it is one of our responsibilities to try and come to our colleagues here and talk to them about these issues and try and bring the awareness level up so that multiple use is not looked upon as the devil of the west, it is looked upon as the survival of the west.

Mr. HANSEN. Mr. Speaker, I would hope that more Americans would realize this concept of multiple use. It has worked very well for us for a long time and out in the West. What does one do in multiple use when one only has one use like so many of our eastern States that do not even have to consider the issue.

The gentleman from Colorado (Mr. MCINNIS) brought up the idea of grazing. Grazing is basically a tool. Should it be used judiciously? Absolutely. We should not denude the ground. We should be very careful with the ground.

But yet, on the other hand, those of us who have been in that business and understand it, as some of my relatives have been, and I have worked on ranches myself, one finds oneself in a situation where grazing on the public ground keeps down those grasses.

In Canada, as I understand, at one time, they did away with it; now they are asking people from Montana, North Dakota, and Idaho to bring those cows and sheep over there to keep those grasses down so they do not have the fires.

Also, grazing is used in areas to open up trails. Grazing is used for various things. It should not be a thing where we hurt the ground, but that is part of multiple use.

What about timber? When I was chairman of the Subcommittee on Forests and Forest Health, we went all through the West and had all kinds of hearings. I flew over it. I walked it. I was in jeeps on it. I went with Weyerhauser. I went with other people. The best forest, the most wholesome, vibrant forest there is in America is private forest. But they are managed. They cut trees.

Contrary to what a lot of our friends back East do not understand, timber is a renewable resource. That is why it is under the Committee on Agriculture, because it is like a crop. We can take it out. We do not have anything against our eastern friends. This is one big Nation. We are all good Americans. We hope and we work to do things right, and we invite our eastern friends to come out whenever they would like to, and we appreciate it. We want them to take care of the ground as we have for hundreds of years.

Mr. Speaker, I think the very one thing that the Constitution tells us that we are supposed to do is defend this Nation. I guess I am one of the old guys on the Committee on Armed Services, and it really kind of bothers me as we see a deterioration of this.

I want to tie this into the ground thing. Because just recently, about a month ago, some of our environmental friends filed a lawsuit right here in Washington, D.C. That lawsuit is that all military aircraft have to be 2,000 feet above public grounds; i.e., forest, BLM, parks, things such as that.

Well, I am not the kind of pilot that the Speaker is or others, but I have spent quite a few hours in the cockpit of an airplane. Let me just tell my colleagues this, I think, after 20 years on the Committee on Armed Services, I have some understanding of how we train people. I tell my colleagues, these guys who fly those F–16s, those F–15s, and others, they have got to learn how to fly those things in the worst conditions, because they may be called to go back to Saudi Arabia and fly over to Iran. They may be called to Germany. They may be called to be on the Pacific Rim.

We want these young men and women to be the very, very best. How we do that? It is one word. It is training. We give them good equipment and we train, train, train, train. A lot of them, I hope that is all they have to do in their military career.

Now, tell me how we are going to do surface-to-air work? How we are going to do those things? As these young, great, macho pilots say, we have got to drag our wheels through the grass. Do we have a lot of these areas in the West and the East? We have them all over. They are called training ranges.

What a terrible thing it would be if the courts uphold this, and we stop the training of our helicopter pilots, our fighter pilots. Right in my home State of Utah, we have the Utah Test and Training Range, an area that is not multiple use, but does have some wilderness study areas in it. They have pilots from Hill Air Force Base, Mountain Home Air Force Base, Nellis Air Force Base, Navy Base in Nevada.

They train in that area hundreds and hundreds of sorties. They come over those mountains, and they are right down on the deck, and they are going about 600 nauts. They are moving along. They are darn good. They know how to fly.

Yet, if we have to get to the point that our environmental communities

in the East are saying to us, no, we will not let you graze, we will not let you cut timber, we will not let you mine, and we will not let you train your pilots. We will not let you use the cruise missiles. We will not let you put Abrams tanks on it like we used in the Persian Gulf, and you saw that Abrams M1–A1 tank wipe out those military tanks that Saddam Hussein had purchased from the Soviet Union. It was literally a turkey shoot. Why is it? Because they trained on those grounds out there.

That to me is one of the most important things that the American public can do. If anything, we have to come back to the idea of multiple use. We have to come back to the idea of moderation. We have to realize that other people's point of view means something.

Can my colleagues blame the folks who live in those 11 western States when they get just a tad irritated, say doggone it, Mr. Congressman, I have lived here all of my life. I am a fifth generation rancher. Now I am told by this BLM guy or this Forest Service guy who was trained in New York, and for some reason, New Yorkers are always looked at as the enemy, and I say that tongue in cheek, that they always look back at that area and say, why can he come out and tell me what to do on my ground?

So I go back to what I said earlier. I think Ronald Reagan said it right to the Secretary of Agriculture, John Bach and the Secretary of Interior, Mr. Watt when he said we are going to be good neighbors. We are going to come let us reason together. We are going to sit down and do that.

I am sure people will find that the hand of fellowship and cooperation will be extended to anybody who wants to sit down and work things out. But the thing that bothers us is sometimes the high-handed attitude that we get when somebody comes in the dark of the night, ignores the wishes of the people on the ground, and puts in a big monument, or comes up with regulations that are way beyond the purview and the latitude and the scope of authority that is given to this Congress. That is where the resentment comes up.

So I agree with the gentleman from Colorado (Mr. MCINNIS). It is an education thing. These chats should be brought out. We welcome what we hear. Every time we do one of these, we get a number of letters, some of them a little tough. But we appreciate people writing in.

Mr. MCINNIS. Mr. Speaker, I ask to incorporate into the RECORD the written documents that I have here.

If the gentleman from Utah (Mr. HANSEN) does not have any further comments at this point in time, Mr. Speaker, I would conclude by saying this, we are good neighbors. In the West, we feel very strongly about the good neighbor attitude. But give us an opportunity to be good neighbors. Give us an opportunity to work with you and let you be aware of how important multiple use is, of what the differences between water in the East and water in the West is.

□ 2319

We are here not in a confrontational mood. We are here in an attempt to build a coalition to let us continue to have the kind of life-styles that others enjoy, and that is a life-style that has come through hundreds of years of living here in the east, and in the west in the time we have out there. We want to be a good neighbor. We want the right to continue to use the land. We do not want anybody to abuse the land.

Mr. Speaker, I conclude tonight's night-side chat by expressing my appreciation to the gentleman from the State of Utah (Mr. HANSEN) for his participation, and submitting for the RECORD, as I mentioned earlier, the research data done by the Center for the New West:

GROWTH, OPEN SPACE AND WILDERNESS

COLORADO OPINION RESEARCH SHOWS SUPPORT FOR WILDERNESS DECLINES AS PUBLIC LEARNS MORE ABOUT RESTRICTIONS

(By Philip M. Burgess and Kara Steele)

Summary. An opinion survey of Colorado voters, conducted by Strategies West for Center for the New West, shows that public support for designation of additional wilderness areas is not unconditional and very much depends on the specific circumstances. Wilderness proposals that are the product of broad public input and that seek to balance preservation with multiple use of natural resources would seem to enjoy the strongest support. It is clear that using polling data that shows general support for wilderness areas to ''demonstrate'' support for any specific proposal is highly misleading and must not go unchallenged.

Background. The federal government owns 47% of the land in the 11 ''public lands states''—all located in the Western U.S.* In four states, the federal government owns more than half the land—Idaho, Nevada, Oregon and Utah. In Colorado, more than one-third of the land is owned by the Federal government.

Most of these federal land holdings in the West are managed by the U.S. Bureau of Land Management (BLM) and the U.S. Forest Service, making the BLM and the Forest service the de factor planning and zoning board for much of the rural West. Result: Issues that anywhere else in the nation would be state of local issues—like locating a road or bike path or building a water system or camping facilities—are federal issues in the West. Examples: BLM or Forest Service managers decide how many cows will graze, where they will graze and at what time of year—or where a pipeline or road must go.

Over the past decade Center-sponsored studies and forums, Congressional hearings and media reports have documented increasing dissatisfaction with ''one-size fits-all'' federal policies that guide the management of federal lands and the highly-intrusive administrative practices of federal land managers. A major concern is that land use decisions by federal authorities can have a strong bearing on jobs and economic opportunity in the small towns and rural areas adjacent to federal lands. Increasingly, Westerners and, to be fair, some federal land managers, have called for major reforms in federal land management policies—and especially for policies and practices that would allow greater decentralization of decision-making within the federal system and more local participation and administrative flexibility in this system of federal control.

The bottom line: Both Westerners and many outside the West are dissatisfied with the way the federal government managers its land holdings in the West—including national parks, wilderness and other federal lands—and the concern is highest among those most affected. These include tourists and other visitors to the West, farmers, ranchers and small business people who live and work in the rural West, and economic development professionals who struggle to make things work in the transition to America's New Economy.

In addition, there is growing concern in Congress about how President Clinton uses executive power—and especially the willingness of this executive branch to usurp and Constitution authority of Congress (violating the separation of powers among coequal branches of government) and the states (violating the principles of federalism). The concern came to a head in October when Western members of Congress initiated a resolution to block the Clinton administration from designating 570,000 acres near the Grand Canyon as a national monument and to restrict the administration's ability to lock up other land holdings without subjecting its proposals to legislative review.

These are initial moves of an increasingly assertive Western Congressional delegation determined to restrict the power of the president to withdraw millions of acres of public land from multiple use without public participation or comment by bikers, climbers, builders of camp sites and explorers for oil and gas and other natural resources, These are among the most effected individuals and groups whose access to the land is often restricted or prohibited.

These concerns, and the timing of these moves by Western members of Congress, reflect a backlash from President Clinton's 1996 election year designation of 1.7 million acres in Utah as the Escalante/Grand Staircase National Monument, a stealth decision without Congressional review and without broad consultation with state and local elected leaders or the public.

By contrast, when the process of restricting public use of the land includes broad intergovernmental consultation and public participation, good things happen. Example: October's designation of the Black Canyon National Park in Western Colorado. This designation of America's newest national park was supported by Sen. Ben Nighthorse Campbell, Rep. Scott McInnis and other members of Colorado's Congressional delegation and by most state and local elected leaders and the public in Colorado.

*The 11 public lands states, located in the lower 48, are Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

OMISSION FROM THE CONGRESSIONAL RECORD OF WEDNESDAY, MARCH 8, 2000

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PASCRELL (at the request of Mr. GEPHARDT) on account of official business in the district.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. EDDIE BERNICE JOHNSON of Texas (at the request of Mr. GEPHARDT) for today after 4:00 p.m. on account of official business.

Mr. SCHAFFER (at the request of Mr. ARMEY) for today on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. JACKSON-LEE of Texas) to revise and extend their remarks and include extraneous material:)

Mr. PALLONE, for 5 minutes, today.

Mr. LEVIN, for 5 minutes, today.

Mrs. MINK of Hawaii, for 5 minutes, today.

(The following Members (at the request of Mr. HANSEN) to revise and extend their remarks and include extraneous material:)

Mr. METCALF, for 5 minutes, today.

Mrs. EMERSON, for 5 minutes, March 14.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 935. An act to authorize research to promote the conversion of biomass into biobased industrial products, and for other purposes; to the Committee on Agriculture; in addition to the Committee on Science 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.

ADJOURNMENT

Mr. MCINNIS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 11 o'clock and 20 minutes p.m.), under its previous order, the House adjourned until Monday, March 13, 2000, at 2 p.m.

NOTICE OF PROPOSED RULEMAKING

U.S. CONGRESS,
OFFICE OF COMPLIANCE,
Washington, DC, February 16, 2000.

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

DEAR MR. SPEAKER: Pursuant to section 4(c)(4) of the Veterans Employment Opportunities Act of 1998 (''VEO'') (2 U.S.C. §1316a(4)) and section 304(b) of the Congressional Accountability Act of 1995 (2 U.S.C. §1384(b)), I am submitting on behalf of the Office of Compliance, U.S. Congress, this advance notice of proposed rulemaking for publication in the Congressional Record. This advance notice seeks comment on a number of regulatory issues arising under section 4(c) of VEO, which affords to covered employees of the legislative branch the rights and protections of selected provisions of veterans' preference law.

Very truly yours,

GLEN D. NAGER,
Chair of the Board.

OFFICE OF COMPLIANCE

The Veterans Employment Opportunities Act of 1998: Extension of Rights and Protections Relating to Veterans' Preference Under Title 5, United States Code, to Covered Employees of the Legislative Branch

ADVANCE NOTICE OF PROPOSED RULEMAKING

Summary: The Board of Directors of the Office of Compliance (''Board'') invites comments from employing office, covered employees, and other interested persons on matters arising from the issuance of regulations under section 4(c)(4) of the Veterans Employment Opportunities Act of 1998 (''VEO''), Pub. L. 105–339, 112 Stat. 3186, codified at 2 USC §1316a.

The provisions of section 4(c) will become effective on the effective date of the Board regulations authorized under section 4(c)(4). VEO §4(c)(6). Section 4(c)(4) of the VEO directs the Board to issue regulations to implement section 4. Section 304 of the Congressional Accountability Act of 1995 (''CAA''), Pub. L. 104–1, 109 Stat. 3, prescribes the procedure applicable to the issuance of substantive regulations by the Board. Upon initial review, the Board has concerns that a plain reading of VEO may yield regulations that are the same as the regulations of the executive branch yet provide veterans' preference rights and protections to no currently ''covered employee'' of the legislative branch. If that is the case, questions arise over the nature and scope of the Board's authority to modify the regulations in order to achieve a more effective implementation of veterans' preference rights and protections to ''covered employees.''

The Board issues this Advance Notice of Proposed Rulemaking (''ANPR'') to solicit comments from interested individuals and groups in order to encourage and obtain participation and information in the development of regulations.

Dates: Interested parties may submit comments within 30 days after the date of publication of this Advance Notice in the Congressional Record.

Addresses: Submit written comments (an original and 10 copies) to the Chair of the Board of Directors, Office of Compliance, Room LA 200, John Adams Building, 110 Second Street, S.E., Washington, DC 20540–1999. Those wishing to receive notification of receipt of comments are requested to include a self-addressed, stamped post card. Comments may also be transmitted by facsimile machine to (202) 426–1913. This is not a toll-free call. Copies of comments submitted by the public will be available for review at the Law Library Reading Room, Room LM–201, Law Library of Congress, James Madison Memorial Building, Washington, DC, Monday through Friday, between the hours of 9:30 a.m. and 4:00 p.m. For further information contact: Executive Director, Office of Compliance at (202) 724–9250. This notice is also available in the following formats: large print, Braille, audio tape, and electronic file on computer disk. Requests for this notice in an alternative format should be made to Mr. Rick Edwards, Director, Central Operations Department, Office of the Senate Sergeant at Arms, (202) 224–2705.

Background

The Veterans Employment Opportunity Act of 1998[1] strengthen[s] and broadens''[2] the rights and remedies available to military veterans who are entitled, under the Veterans' Preference Act of 1944[3] (and its amendments), to preferred consideration in appointment to the federal civil service of the executive branch and in retention during reductions in force (''RIFs''). In addition, and most relevant to this ANPR, VEO affords to ''covered employees'' of the legislative branch (as defined by section 101 of the CAA (2 USC §1301)) the rights and protections of selected provisions of veterans' preference law. VEO §4(c)(2). The selected statutory sections made applicable to such legislative branch employees by VEO may be summarized as follows.

A definitional section prescribes the categories of military veterans who are entitled to preference (''preference eligible''). 5 USC §2108. Generally, a veteran must be disabled or have served on active duty in the Armed Forces during certain specified time periods or in specified military campaigns to be entitled to preference. In addition, certain family members (mainly spouses, widow[er]s, and mothers) of preference eligible veterans are entitled to the same rights and protections.

In the appointment process, a preference eligible individual who is tested or otherwise numerically evaluated for a position in the competitive service is entitled to have either 5 or 10 points added to his/her score, depending on his or her military service, or disabling condition. 5 USC §3309. Where experience is a qualifying element for the job, a preference eligible individual is entitled to credit for having relevant experience in the military or in various civic activities. 5 USC §3311. Where physical requirements (age, height, weight) are a qualifying element, preference eligible individuals (including those who are disabled) may obtain a waiver of such requirements in certain circumstances. 5 USC §3312. For certain positions in the competitive service (guards, elevator operators, messengers, custodians), only preference eligible individuals can be considered for hiring, unless no one else is available. 5 USC §3310.

Finally, in prescribing retention rights during RIFs, the sections in subchapter I of chapter 35 of Title 5, USC, with a slightly modified definition of ''preference eligible,'' require that employing agencies give ''due effect'' to the following factors; (a) employment tenure (i.e., type of appointment); (b) veterans' preference; (c) length of service,

[1] Pub. L. 105–339 (Oct. 31, 1998).

[2] Sen. Rept. 105–340, 105 Cong., 2d Sess. at 19 (Sept. 21, 1998).

[3] Act of June 27, 1944, ch. 287, 58 Stat. 387, amended and codified in various provisions of Title 5, USC.

and, (d) performance ratings. 5 USC §§3501, 3502. Such considerations also apply where RIFs occur in connection with a transfer of agency functions from one agency to another. 5 USC §3503. In addition, where physical requirements (age, height, weight) are a qualifying element for retention, preference eligible individuals (including those who are disabled) may obtain a waiver of such requirements in certain circumstances. 5 USC §3504.

Section 4(c)(4)(A) of the VEO authorizes the Board of Directors of the Office of Compliance established under the CAA to issue regulations to implement section 4(c) of the VEO pursuant to the rulemaking procedures of section 304 of the CAA, 2 USC §1384. Pursuant to that authority, the Board invites comments before promulgating proposed rules under section 4 of the VEO.

Section 4(c)(4)(B) of the VEO specifies that these regulations ''shall be the same as substantive regulations (applicable with respect to the executive branch) promulgated to implement . . . [the referenced statutory provisions] . . . except to the extent that the Board may determine, for good cause shown and stated together with the regulation, that a modification of such regulations would be more effective for the implementation of the rights and protections under this section.'' Section 4(c)(4)(C) further states that the ''regulations issued under subparagraph (A) shall be consistent with section 225 of the Congressional Accountability Act of 1995 (2 USC §1361).''

Interpretative issues

The Board has identified and reviewed the regulations issued by the Office of Personnel Management (OPM) to implement the relevant provisions of the veterans' preference laws. These regulations are integrated into the body of personnel regulations in Title 5 of the Code of Federal Regulations (CFR) issued by OPM under its authority to oversee and regulate civilian employment in the executive branch. See 5 USC §§1103, 1104, 1301, 1302. The Board's review has raised a number of interpretative issues concerning the identity of legislative branch employees affected by the statute and regulations; potential legal and factual bases, if any, for modification of the regulations; and the scope of the Board's statutory authority to promulgate certain of the regulations in place in the executive branch. Before discussing those issues, the Board summarizes below the pertinent executive branch regulations which implement the statutory sections of veterans' preference law made applicable to covered legislative branch employees by VEO.

5 CFR Part 211 implements the definitional section, 5 USC §2108, declaring the requirements that a military veteran or his family member must meet to be considered ''preference eligible.''

5 USC §332.401 and §337.101 implement 5 USC §3309 which, in the appointment process, requires that a preference eligible individual who is tested or otherwise numerically evaluated for a position in the competitive service is entitled to have either 5 or 10 points added in his/her score.

5 CFR §337.101 also implements 5 USC §3311, which provides that, where experience is a qualifying element for the job, a preference eligible individual is entitled to credit for having relevant experience in the military or in various civic activities.

Subpart D of Part 330, 5 CFR, implements 5 USC §3310, which restricts to preference eligible individuals the positions of guards, elevator operators, messengers, and custodians in the competitive service.

5 CFR §339.204 and §339.306 implement 5 USC §3312, which provides that, where physical requirements (age, height, weight) are a qualifying element for an examination or appointment in the competitive service, preference eligible individuals (including those who are disabled) may obtain a waiver of such requirements in certain circumstances.

Finally, Part 351 of 5 CFR implements those provisions of subchapter I of chapter 35 of 5 USC, which prescribed retention rights during RIFs, including those instances where an agency function is transferred to another agency.

First. The statutory rights and protections that are applicable under VEO envision that veterans' preference is to be accorded in appointments to the ''competitive service.'' This presents an interpretative issue for the Board in proposing regulations that ''are the same'' as those in the executive branch because there is a substantial question whether any covered employee, as defined by VEO §4(c)(1), encumbers a position in the ''competitive service.'' The ''competitive service,'' as the term is used in the relevant statutes, is not a generic term descriptive of any personnel system in which applicants vie for appointment. Rather, the competitive service is an integral, specifically defined component of the federal civil service system, in which, for over a century, appointment to employment (mainly in the executive branch) has been determined through competitive examinations.

In the competitive service, Congress has prescribed that the ''selection and advancement shall be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition.'' 5 USC §2301(b)(1). Toward this end, Congress gave the President the authority to prescribe rules ''which shall provide, as nearly as conditions of good administration warrant,for * * * open, competitive examinations for testing applicants for appointment in the *competitive service*. * * *'' 5 USC §3304(a)(1) (emphasis supplied). In addition, OPM has been granted authority, ''subject to rules prescribed by the President under this title for the administration of the competitive service, [to] prescribe rules for, control, supervise, and preserve the records of, examinations for the competitive service.'' 5 USC §1302(a).

In this setting, the ''competitive service'' has a specific meaning. Congress has enacted a three-fold definition: First, the competitive service consists of ''all civil service positions in the *executive branch*,'' with exceptions for (a) positions specifically excepted from the competitive service by statute (known as the excepted service[4]); (b) positions requiring Senate confirmation, and (c) positions in the Senior Executive Service.[5] 5 USC §2102(a)(1)(A)–(C) (emphasis added). Second, the competitive service includes ''civil positions not in the executive branch which are specifically included in the competitive service by statute.'' 5 USC §2102(a)(2). Third, the competitive service encompasses those ''positions in the government of the District of Columbia which are specifically included in the competitive service by statute.'' 5 USC §2102(a)(3).

Arguably, the Board should take these statutory definitions into account in promulgating regulations. Under VEO, the regulations issued by the Board must be consistent with section 225 of the CAA (2 USC §1361), which in part requires as a rule of construction that, except where inconsistent with definitions and exemptions provided in the CAA, the definitions and exemptions in the laws made applicable by the CAA shall also apply. Applying this rule of construction to the foregoing definitions arguably yields the following conclusions. The first definition may not be relevant because legislative branch employees are not part of the executive branch. Similarly, the third definition may not be relevant because it pertains to employees of the government of the District of Columbia. In contrast, the second definition is arguably relevant because it includes ''civil positions not in the executive branch,'' within which category falls the legislative branch (and the judicial branch). However, upon an initial review of those legislative offices in which ''covered employees'' as defined by VEO can be employed,[6] it may be that no ''covered employee'' in the legislative branch satisfies the qualification in the second definition that the job position be ''specifically included in the competitive service by statute.'' Accordingly, insofar as the state authorizes the board to propose substantive regulations that are the same as the regulations of the executive branch, the Board could end up proposing regulations that apply to no one.

On the other hand, VEO mirrors the rulemaking provisions of the CAA in directing the Board upon good cause shown to modify executive branch regulations if it would be more ''effective for the implementation of rights and protections'' made applicable to covered employees.[7] Under this approach, the statute may authorize proposing modifications of the executive branch regulations to take account of the void in competitive service positions for covered employees. In other words, if the regulations are essentially ineffective because in practice they afford rights and protections to no one, should the Board authorize modifications that make them effective by applying the rights and protections of veterans' preference laws to some arguably analogous employees? If so, as a factual and legal matter, what modifications to the regulations does the statute authorize?

Second. While the applicable statutory appointment provisions (5 USC §§3309–3312) are directed with particularity to the competitive service, the applicable statutory retention provisions (5 USC chapter 35, subchapter

[4] Generally, these are positions that are excepted by law, by executive order, or by the action of OPM placing a position or group of positions in what are known as excepted service Schedules A, B, or C. For example, certain entire agencies such as the Postal Service, the Federal Bureau of Investigation, and the Central Intelligence Agency are excepted by law. In other cases, certain jobs or classes of jobs in an agency are excepted by OPM. 5 CFR Part 213. This includes attorneys, chaplains, student trainees, and others.

[5] These generally are high-level, managerial positions in the executive department whose appointment does not require Senate confirmation. See 5 USC §3123(a)(2), which defines the term ''Senior Executive Service position.''

[6] The definition of ''covered employee'' under section VEO §4(c)(1) has the same meaning as the term under section 101 of the CAA, 2 USC §1302, which includes any employee of the House of Representatives, the Senate, the Capitol Guide Service, the Capitol Police, the Congressional Budget Office, the Office of the Architect of the Capitol, the Office of the Attending Physician, the Office of Compliance, or the Office of Technology Assessment. Under VEO §4(c)(5), the following employees are excluded from the term ''covered employee'': (A) presidential appointees confirmed by the Senate, (B) employees appointed by a Member of Congress or by a committee or subcommittee of either House of Congress, and (C) employees holding positions the duties of which are equivalent to those in Senior Executive Service.

[7] Compare VEO §4(c)(3)(B) with CAA §§202(d)(2), 203(c)(2), 204(c)(2), 205(c)(2), 206(c)(2), 210(e)(2), 215(d)(2), 220(d)(2)(A).

I) with one exception are not. Section 3501(b) states that subchapter I ''applies to each employee in or under an Executive agency'' without singling out the competitive service for specific coverage. Only §3504, which provides for waiver of physical requirements (including age, height, weight) for job retention purposes, is directed specifically to competitive service positions. Nonetheless, OPM has written major portions of the implementing regulations (found principally in 5 CFR Part 351) in terms of the competitive service and the excepted service. See, e.g., 5 CFR §351.501 (order of retention for competitive service), §351.502 (order of retention for excepted service). Were the Board simply to propose regulations that are the same as the executive branch's without modifications, there may not be any covered employees in the legislative branch who are in the competitive service or the excepted service, as defined by statute and regulation. Therefore, once again the issue of whether the statute authorizes a modification of these regulations arises.

Third. A survey of the regulations indicates that some of the rules promulgated by OPM[8] derive not from the statutory sections concerning veterans' preference that have been made applicable to the legislative branch through VEO but from OPM's overarching statutory authority to regulate and supervise civilian employment policies and practices in the executive branch pursuant to 5 USC §§1302–04. This latter supervisory authority arguably has not been bestowed upon the Board with respect to personnel management in the legislative branch. Therefore, a question is presented whether the Board's authority over veterans' preference is coextensive with OPM's authority to regulate personnel management in the executive branch. The Board must identify what parts of the veterans' preference regulations are an exercise of OPM's supervisory authority that arguably has not been bestowed upon the Board with respect to personnel management in the legislative branch, or determine that the statute authorizes the Board to exercise authority coextensive with OPM's authority to promulgate regulations governing the statutory sections made applicable through VEO.

Fourth. There is some indication that the Senate Committee on Veterans' Affairs was aware of the problem of applying the rights and protections of veterans' preference, including the regulations, to the legislative branch. The Senate Committee Report that accompanied the VEO bill included the following comment: ''The Committee notes that the requirement that veterans' preference principles be extended to the legislative and judicial branches does *not* mandate the creation of civil service-type evaluation or scoring systems by these hiring entities. *It does require, however, that they create systems that are consistent with the underlying principles of veterans' preference laws.*''[9]

But in enacting the legislation Congress took no further steps to codify this precatory statement nor did it (or the Committee) provide any explanation of the intent of this highly general comment.[10] Therefore, the question is presented whether the statute requires the creation of ''systems that are consistent with the underlying principles of veterans' preference laws''? If so, how is this to be effectuated? If not, what effect if any does this Committee comment have?

Fifth. By virtue of the selectivity with which Congress made veterans' preference laws applicable, there are regulations relating to veterans' preferences in Title 5 CFR that are not being considered because they are linked to statutory provisions not made applicable by VEO. Examples include regulations in Part 302 pertaining to the excepted service,[11] which were promulgated to implement 5 USC §3320; those regulations in Part 332 that implement 5 USC §3314 and §3315, which afford rights to preference eligible individuals who either have resigned or have been separated or furloughed without delinquency or misconduct; and those regulations in Subpart D of Part 315 that implement 5 USC §3316, which addresses the reinstatement rights of preference eligible individuals. The task of promulgating regulations that are the ''same'' as those of the executive branch will entail in part identifying and excluding those whose statutory underpinning has not been made applicable by VEO to the legislative branch.

Request for comment

In order to promulgate regulations that properly fulfill the directions and intent of these statutory provisions, especially in light of the foregoing analysis, the Board needs comprehensive information and comment on a variety of topics. The Board has determined that, before publishing proposed regulations for notice and comment, it will provide all interested parties and persons with this opportunity to submit comments, with supporting data, authorities and argument, as to the content of and bases for any proposed regulations. The Board wishes to emphasize, as it did in the development of the regulations issued to implement sections 202, 203, 204, 205, and 220 of the CAA, that commentors who propose a modification of the regulations promulgated by OPM for the executive branch, based upon an assertion of ''good cause,'' should provide specific and detailed information and the rationale necessary to meet the statutory requirements for good cause to depart from the executive branch's regulations. It is not enough for commentors simply to propose a revision to the executive branch's regulations or to request guidance on an issue; rather, if commentors desire a change in the executive branch's regulations, they must explain the legal and factual basis for the suggested change. The Board must have these explanations and information if it is to be able to evaluate proposed regulations and make proposed regulatory changes. Failure to provide such information and authorities will greatly impede, if not prevent, adoption of proposals suggested by commentors.

So that it may make more fully informed decisions regarding the promulgation and issuance of regulations, in addition to inviting and encouraging comments on all relevant matters, the Board specifically requests comments on the following issues:

(1) What positions, if any, of the legislative branch encumbered by ''covered employees'' (as defined by §4(c)(1) of VEO) fall within the meaning of the ''competitive service'' as the latter term is used in 5 USC §§3309–3312?

(2) In the absence of any such ''competitive service'' positions in the legislative branch, what, if any, positions held by ''covered employees'' are subject to a merit-based system of appointment (which may include examinations, testing, evaluation, scoring and such other elements that are common to the ''competitive service'' of the executive branch)?

(3) Does VEO authorize the Board to extend the rights and protections of veterans' preference for purposes of appointment to those positions identified in (2) above notwithstanding they are not technically ''competitive service'' positions?

(4) In order to provide for effective implementation of veterans' preference rights, could the Board, under the ''good cause'' provision of §4(c)(4)(B) and VEO, modify the most relevant substantive regulations of the executive branch pertaining to veterans' preference in the appointment of ''covered employees'' so as to make them applicable to the legislative branch without reference to the ''competitive service''?

(5) How would the rights and protections of subchapter I of chapter 35, Title 5 USC (pertaining to retention during RIFs), be applied to ''covered employees'' (as defined by §4(c)(1) of VEO)?

(6) Does VEO authorize the Board to extend the rights and protections of veterans' preference for purposes of retention during reductions in force to ''covered employees'' holding positions that are not technically within the ''competitive service'' or the ''excepted service''?

(7) In order to provide for effective implementation of veterans' preference rights, could the Board, under the ''good cause'' provision of §4(c)(4)(B) of VEO, modify the most relevant substantive regulations of the executive branch pertaining to veterans' preference in the retention of ''covered employees'' during reductions in force so as to make them applicable to the legislative branch without reference to the ''competitive service'' or the ''excepted service''?

(8) In view of the fact that VEO does not explicitly grant the Board the authority exercised by OPM under 5 USC §§1103, 1104, 1301 and 1302 to execute, administer, and enforce the federal civil service system, does the Board have the authority to propose regulations that would vest the Board with responsibilities similar to OPM's over employment practices involving covered employees in the legislative branch?

(9) Is the Board empowered by the statute to give effect to the comment in the legislative history that employing offices of the legislative branch should ''create systems that are consistent with the underlying principles of veterans' preference laws,'' as discussed by the Senate Report accompanying the bill enacted as VEO (Sen. Rept. 105–340, 105th Cong., 2d Sess., at 17 (Sept. 21, 1998)? If so, how should such effect be given?

(10) Under VEO, what steps, if any, must employing offices of the legislative branch take to ''create systems that are consistent with the underlying principles of veterans' preference laws,'' as discussed by the Senate Report accompanying the bill enacted as VEO (Sen. Rept. 105–340 (105th Cong., 2d Sess. Sept. 21, 1998), at 17)?

[8] See, e.g. 5 CFR §351.205 (''The Office of Personnel Management may establish further guidance and instructions for planning preparation, conduct and review of reduction in force through the Federal Personnel Manual System. OPM may examine an agency's preparations for reduction in force at any stage.'').

[9] Sen. Rept. 105–340, 105 Cong., 2d Sess. at 17 (Sept. 21, 1998).

[10] Compare Administrative Office of the United States Courts Personnel Act of 1990, Pub. L. 101–474, 104 Stat. 1097, §3. Individuals in this office of the judicial branch are afforded the right to veterans' preference ''in a manner and to an extent consistent with preference accorded to preference eligibles in the executive branch.'' §3(a)(11). However, the Congress also empowered the Director of the Administrative Office to establish by regulation a personnel management system that parallels many of the features of the executive branch's personnel system regulated by OPM. VEO contains no comparable provisions giving similar powers to the Board or any other legislative branch entity.

[11] For a description of the ''excepted service,'' see note 4 infra.

(11) With respect to positions restricted to preference eligible individuals under 5 USC §3310, namely guards, elevator operators, messengers, and custodians, the Board seeks information and comment on the following issues and questions:

(a) The identity, in the legislative branch, of guard, elevator operator, messenger, and custodian positions within the meaning of these terms under 5 USC §3310.

(b) The identity of covered employing offices responsible for personnel decisions affecting employees who fill positions of guard, elevator operator, messenger, and custodian within the meaning of 5 USC §3310 and the implementing regulations.

(c) Would police officers and other employees of the United States Capitol Police be considered ''guards'' under the application of the rights and protections of this section to covered employees under VEO?

(d) Whether the current methods of hiring include an entrance examination within the meaning of 5 CFR §330.401 and, if not, whether the affected employing offices believe that the statute mandates the creation of such an examination and/or allows such an examination to be required of the employing offices?

(e) What changes, if any, in the regulations are required to effectuate the rights and protections of 5 USC §3310 as applied by VEO?

(12) Which executive branch regulations, if any, should not be adopted because they are promulgated to implement inapplicable statutory provisions of veterans' preference law or are otherwise inapplicable to the legislative branch?

(13) What modification, if any, of the executive branch regulations would make them more effective for the implementation of the rights and protections made applicable under VEO as provided by VEO §4(c)(4)(B)?

Signed at Washington, DC, on this 16th day of February, 2000.

GLEN D. NAGER,
Chair of the Board,
Office of Compliance.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

6520. A letter from the Under Secretary, Research Education, and Economics, Department of Agriculture, transmitting the Department's final rule—Stakeholder Input Requirements for Recipients of Agricultural Research, Education, and Extension Formula Funds (RIN: 0584–AA23) received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

6521. A letter from the Under Secretary, Acquisition and Technology, Department of Defense, transmitting the annual report detailing test and evaluation activities of the Foreign Comparative Testing Program during FY 1999, pursuant to 10 U.S.C. 2350a(g); to the Committee on Armed Services.

6522. A letter from the Assistant Secretary of Defense, Health Affairs, Department of Defense, transmitting Final Report Chiropractic Health Care Demonstration Program; to the Committee on Armed Services.

6523. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting the 2000 ''International Narcotics Control Strategy Report,'' pursuant to 22 U.S.C. 2291(b)(2); to the Committee on International Relations.

6524. A letter from the Acting Deputy Associate Administrator for Acquisition Policy, Office of Governmentwide Policy, GSA, Department of Defense, transmitting the Department's final rule—Federal Acquisition Regulation; Foreign Acquisition (Part 25 Rewrite) [FAC 97–15; FAR Case 97–024; Item II] (RIN: 9000–AH30) received January 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

6525. A letter from the Director, Executive Office of the President, Office of Administration, transmitting the Integrity Act reports for each of the Executive Offices of the President, as required by the Federal Managers' Financial Integrity Act; to the Committee on Government Reform.

6526. A letter from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Atlantic Surf Clam and Ocean Quahog Fishery; Suspension of Minimum Surf Clam Size for 2000 [I.D. 122299B] received January 21, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

6527. A letter from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Pacific Yellow Tuna Fisheries; Closure of U.S. Purse Seine Fishery for Yellowfin Tuna in the Eastern Pacific Ocean [Docket No. 991207319–9319–01; I.D. 120899A] received January 21, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

6528. A letter from the Acting Director, Office of Sustainable Fisheries, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Exclusive Economic Zone Off Alaska; Closures of Specified Groundfish Fisheries in the Gulf of Alaska [Docket No. 991223348–9348–01; I.D. 122399A] received January 21, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

6529. A letter from the Chief Justice, Supreme Court of the United States, transmitting a copy of the Report of the Proceedings of the Judicial Conference of the United States, held in Washington D.C., on September 15, 1999, pursuant to 28 U.S.C. 331; to the Committee on the Judiciary.

6530. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Establishment of Class E Airspace; Garrison, ND [Airspace Docket No. 99–AGL–51] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6531. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Burlington, VT [Airspace Docket No. 99–ANE–93] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6532. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Burlington, VT [Airspace Docket No. 99–ANE–94] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6533. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; O'Neill, NE [Airspace Docket No. 99–ACE–55] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6534. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Grand Island, NE [Airspace Docket No. 99–ACE–56] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6535. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Ord, NE [Airspace Docket No. 00–ACE–2] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6536. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Remove Class D and Class E Airspace; Kansas City, Richards-Gebaur Airport, MO [Airspace Docket No. 00–ACE–4] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6537. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Creston, IA [Airspace Docket No. 00–ACE–1] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6538. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Amendment to Class E Airspace; Monticello, IA [Airspace Docket No. 00–ACE–5] received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6539. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 767 Series Airplanes [Docket No. 97–NM–186–AD; Amendment 39–11468; AD 99–26–09] (RIN: 2120–AA64) received February 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6540. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model MD–11 Series Airplanes [Docket No. 99–NM–262–AD; Amendment 39–11463; AD 99–26–03] (RIN: 2120–AA64) received February 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6541. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 737–100, –200, and –200C Series Airplanes [Docket No. 98–NM–189–AD; Amendment 39–11466; AD 99–26–07] (RIN: 2120–AA64) received February 11, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

6542. A letter from the Deputy Executive Secretary, Department of Health and Human Services, transmitting the Department's final rule—Tribal Temporary Assistance for Needy Families Program (Tribal TANF) and Native Employment Works (NEW) Program (RIN: 0970–AB78) received February 24, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

6543. A letter from the Chief, Regulations Unit, Internal Revenue Service, transmitting

the Service's final rule—Comments on Items for Year 2000 Published Guidance Priority List [Notice 2000–10] received January 21, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

REPORTED BILL SEQUENTIALLY REFERRED

Pursuant to clause 5 of rule X the following action was taken by the Speaker:

H.R. 3244. Referred to the Committee on Ways and Means for a period ending not later than March 24, 2000, for consideration of such provisions of the bill and amendment recommended by the Committee on International Relations as fall within the jurisdiction of that committee pursuant to clause 1(s), rule X.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. FRANKS of New Jersey:

H.R. 3871. A bill to establish a Federal Internet Crimes Against Children computer training facility; to the Committee on the Judiciary.

By Mrs. JOHNSON of Connecticut (for herself, Mrs. THURMAN, and Mr. SHAYS):

H.R. 3872. A bill to amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long-term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a credit for individuals with long-term care needs; to the Committee on Ways and Means.

By Mr. KILDEE (for himself, Mr. SCOTT, and Mrs. MCCARTHY of New York):

H.R. 3873. A bill to assist local educational agencies in financing and establishing alternative education systems, and for other purposes; to the Committee on Education and the Workforce.

By Mr. RANGEL (for himself, Mr. GEPHARDT, Mr. BONIOR, Mr. MATSUI, Mr. COYNE, Mr. NEAL of Massachusetts, Mr. OBEY, Mr. LAFALCE, Mrs. MINK of Hawaii, Mr. SKELTON, Mr. STENHOLM, Mr. ACKERMAN, Mr. SPRATT, Mr. EVANS, Mr. WISE, Mr. SAWYER, Mr. SERRANO, Mr. ABERCROMBIE, Mr. ENGEL, Ms. DELAURO, Mr. NADLER, Mr. HINCHEY, Mr. BROWN of Ohio, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. STUPAK, Mr. WYNN, Mr. FORBES, Mr. KIND, Mr. STRICKLAND, Mr. MCGOVERN, Mr. TURNER, Mr. BOSWELL, Mr. HINOJOSA, Ms. SANCHEZ, Mr. SANDLIN, Mr. WU, Mr. HOLT, Mrs. CAPPS, Mr. MEEKS of New York, Mr. LARSON, Ms. BERKLEY, Mrs. NAPOLITANO, Mr. PHELPS, Mr. GONZALEZ, Mr. INSLEE, and Mr. UDALL of Colorado):

H.R. 3874. A bill to amend the Internal Revenue Code of 1986 to provide tax relief for small businesses, and for other purposes; to the Committee on Ways and Means.

By Mr. COLLINS (for himself, Mr. TANNER, Mr. HAYWORTH, Mr. LEWIS of Georgia, Mrs. JOHNSON of Connecticut, and Mrs. THURMAN):

H.R. 3875. 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. COYNE:

H.R. 3876. A bill to suspend temporarily the duty on Baytron P; to the Committee on Ways and Means.

By Mr. COYNE:

H.R. 3877. A bill to suspend temporarily the duty on dimethyl dicarbonate; to the Committee on Ways and Means.

By Mr. GEJDENSON:

H.R. 3878. A bill to authorize the Secretary of the Army to convey land to the town of Thompson, Connecticut, for fire fighting and emergency services purposes; to the Committee on Transportation and Infrastructure.

By Mr. GEJDENSON (for himself, Mr. MEEKS of New York, Mr. TOWNS, Mr. HALL of Ohio, Mr. MCDERMOTT, Mr. SNYDER, Ms. LEE, Ms. MILLENDER-MCDONALD, and Mr. WEXLER):

H.R. 3879. A bill to support the Government of the Republic of Sierra Leone in its peacebuilding efforts, and for other purposes; to the Committee on International Relations, 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. GRAHAM (for himself, Mr. GEORGE MILLER of California, and Mr. KILDEE):

H.R. 3880. A bill to increase the amount of student loans that may be forgiven for service as a teacher in a school with a high concentration of low-income students; to the Committee on Education and the Workforce.

By Mr. GRAHAM:

H.R. 3881. A bill to amend the Internal Revenue Code of 1986 to repeal the 1993 4.3-cent increases in motor fuel taxes; to the Committee on Ways and Means.

By Mr. INSLEE (for himself, Mr. DICKS, Mr. METCALF, Mr. SMITH of Washington, Mr. BAIRD, and Mr. MCDERMOTT):

H.R. 3882. A bill to require the Secretary of the Army to conduct studies and to carry out ecosystem restoration and other protective measures within Puget Sound, Washington, and adjacent waters, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Resources, 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. KUCINICH (for himself, Mr. METCALF, Mr. HINCHEY, Mr. CONYERS, Mr. SANDERS, Ms. WOOLSEY, and Ms. LEE):

H.R. 3883. A bill to amend the Federal Food, Drug, and Cosmetic Act with respect to the safety of genetically engineered foods; to the Committee on Commerce.

By Mr. LAFALCE (for himself, Mr. KANJORSKI, Mr. MALONEY of Connecticut, Ms. HOOLEY of Oregon, Mr. WEYGAND, Ms. LEE, Mr. FORBES, Mr. GUTIERREZ, Mr. SANDLIN, Mr. ROMERO-BARCELO, and Mrs. CHRISTENSEN):

H.R. 3884. A bill to amend section 203 of the National Housing Act to provide for 1 percent downpayments for FHA mortgage loans for teachers and public safety officers to buy homes within the jurisdictions of their employing agencies; to the Committee on Banking and Financial Services.

By Mr. LAHOOD (for himself and Mr. RUSH):

H.R. 3885. A bill to amend the Public Health Service Act to revise and extend the programs relating to organ procurement and transplantation; to the Committee on Commerce.

By Mr. LEACH (for himself, Mr. LAFALCE, Mrs. ROUKEMA, and Mr. VENTO):

H.R. 3886. A bill to combat international money laudering, and for other purposes; to the Committee on Banking and Financial Services.

By Mr. LEVIN (for himself, Mr. FOLEY, Mr. PALLONE, Mr. LEACH, Mr. MORAN of Virginia, Mr. BONIOR, and Ms. BERKLEY):

H.R. 3887. A bill to promote primary and secondary health promotion and disease prevention services and activities among the elderly, to amend title XVIII of the Social Security Act to add preventive benefits, and for other purposes; to the Committee on Commerce, and in addition to the Committees on Ways and Means, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MALONEY of New York:

H.R. 3888. A bill to amend the Federal Election Campaign Act of 1971 to require the disclosure of certain information by persons conducting phone banks during campaigns for election for Federal office, and for other purposes; to the Committee on House Administration.

By Mrs. MCCARTHY of New York (for herself and Mr. GILMAN):

H.R. 3889. A bill to provide for the construction and renovation of child care facilities, and for other purposes; to the Committee on Banking and Financial Services.

By Mrs. MINK of Hawaii:

H.R. 3890. A bill to amend title II of the Social Security Act to provide that a monthly insurance benefit thereunder shall be paid for the month in which the recipient dies if the recipient dies after the first 15 days of such month, and for other purposes; to the Committee on Ways and Means.

By Mrs. MORELLA (for herself, Ms. PELOSI, Mrs. KELLY, Mrs. MALONEY of New York, Mr. BOEHLERT, and Mr. GREENWOOD):

H.R. 3891. A bill to amend the Public Health Service Act with respect to facilitating the development of microbicides to prevent the transmission of sexually transmitted diseases; to the Committee on Commerce.

By Mr. PALLONE:

H.R. 3892. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 to transfer to a Commission on Dredge Material Policy the authority to issue permits for transportation of dredged material for the purpose of dumping it into ocean waters; to the Committee on Transportation and Infrastructure.

By Mr. PALLONE:

H.R. 3893. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 to restrict ocean dumping at the site off the coast of New Jersey known as the ''Historic Area Remediation Site'', to dumping of dredged material having levels of contaminants that do not exceed background ambient contamination levels; to the Committee on Transportation and Infrastructure.

By Mr. PALLONE:

H.R. 3894. A bill to amend the Marine Protection, Research, and Sanctuaries Act of 1972 to restrict ocean dumping at the site off the coast of New Jersey known as the ''Historic Area Remediation Site'', to dumping of dredged material from States that have developed and made commercially available alternative uses for dredged material, and for

other purposes; to the Committee on Transportation and Infrastructure.

By Mr. PASCRELL (for himself, Mrs. ROUKEMA, Mr. HOLT, Mr. ANDREWS, Mr. FRANKS of New Jersey, Mr. KENNEDY of Rhode Island, Mr. FRELINGHUYSEN, Mrs. MCCARTHY of New York, Mr. PALLONE, Mr. WYNN, and Mr. ROTHMAN):

H.R. 3895. A bill to provide for disclosure of fire safety standards and measures with respect to campus buildings, and for other purposes; to the Committee on Education and the Workforce.

By Mr. RAMSTAD (for himself, Mr. DAVIS of Virginia, Mr. EHRLICH, Mr. MORAN of Virginia, Mr. ROTHMAN, Ms. SANCHEZ, Mr. SHERMAN, Mr. STRICKLAND, and Mr. TERRY):

H.R. 3896. A bill to amend title I of the Omnibus Crime Control and Safe Streets Act of 1968 to provide standards and procedures to guide both State and local law enforcement agencies and law enforcement officers during internal investigations, interrogation of law enforcement officers, and administrative disciplinary hearings, to ensure accountability of law enforcement officers, to guarantee the due process rights of law enforcement officers, and to require States to enact law enforcement discipline, accountability, and due process laws; to the Committee on the Judiciary.

By Mr. REYES (for himself, Mr. CUMMINGS, Mr. HINOJOSA, Ms. ROYBAL-ALLARD, Mr. WYNN, Mrs. NAPOLITANO, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. RODRIGUEZ, Mr. GUTIERREZ, Mr. MARTINEZ, Mr. ROMERO-BARCELO, Mr. BECERRA, Mr. SERRANO, Mr. GONZALEZ, Mr. CROWLEY, and Ms. WATERS):

H.R. 3897. A bill to provide for digital empowerment, and for other purposes; to the Committee on Education and the Workforce, and in addition to the Committees on Commerce, Banking and Financial Services, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ROHRABACHER (for himself, Mr. SENSENBRENNER, Mr. HALL of Texas, Mr. GORDON, Mr. WELDON of Florida, Mr. CALVERT, Mr. BARTLETT of Maryland, Mr. LUCAS of Oklahoma, Mr. COOK, and Ms. JACKSON-LEE of Texas):

H.R. 3898. A bill to amend the Internal Revenue Code of 1986 to exclude from Federal taxation certain income derived from the manufacture of products and provision of services in outer space; to the Committee on Ways and Means.

By Mrs. ROUKEMA (for herself, Mr. DREIER, Mr. ROYCE, Mr. METCALF, Mr. LAFALCE, Mr. VENTO, Mr. BENTSEN, and Mr. KANJORSKI):

H.R. 3899. A bill to merge the deposit insurance funds at the Federal Deposit Insurance Corporation; to the Committee on Banking and Financial Services.

By Mrs. ROUKEMA (for herself, Mr. LEACH, Mr. MCCOLLUM, Mr. BEREUTER, Mr. BAKER, Mr. BACHUS, Mr. CASTLE, Mr. KING, Mrs. KELLY, Mr. PAUL, Mr. METCALF, Mr. LUCAS of Oklahoma, Mr. ENGLISH, Mr. SWEENEY, Mr. HILL of Montana, Mr. JONES of North Carolina, Mr. SESSIONS, Mr. TERRY, and Mr. MANZULLO):

H.R. 3900. A bill to repeal the authority of the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System to impose examination fees on State depository institutions; to the Committee on Banking and Financial Services.

By Ms. SCHAKOWSKY:

H.R. 3901. A bill to amend the Truth in Lending Act, the Revised Statutes of the United States, the Home Mortgage Disclosure Act of 1975, the Home Ownership and Equity Protection Act of 1994 to protect consumers from predatory lending practices, and for other purposes; to the Committee on Banking and Financial Services.

By Mr. TRAFICANT:

H.R. 3902. A bill to impose a civil penalty on any energy-producing company that implements an unreasonable price increase for crude oil, residual fuel oil, or refined petroleum products; to the Committee on Commerce.

By Mr. DEUTSCH (for himself, Mr. ACKERMAN, Mr. ANDREWS, Mr. BAKER, Mr. BERMAN, Mrs. BONO, Mr. BROWN of Ohio, Mr. CANNON, Mr. CHABOT, Mr. DIAZ-BALART, Mr. DOOLITTLE, Mr. FORBES, Mr. GONZALEZ, Mr. HINCHEY, Mr. HOEFFEL, Mr. JEFFERSON, Mr. KING, Mrs. LOWEY, Mr. MCINTOSH, Mr. MCNULTY, Mr. MARTINEZ, Mr. PAYNE, Mr. ROGAN, Mr. ROHRABACHER, Mr. ROYCE, Mr. SANDLIN, Mr. SCHAFFER, Mr. STARK, Mr. TANCREDO, Mr. WEXLER, and Mr. WYNN):

H. Con. Res. 272. Concurrent resolution commending the people of Taiwan for reaffirming, in their upcoming presidential elections, their dedication to democratic ideals, and for other purposes; to the Committee on International Relations.

By Mr. GEJDENSON (for himself, Mr. GILMAN, Mr. SANDERS, Mr. LARSON, Mr. HINOJOSA, Mr. CLEMENT, Mr. GILCHREST, Mr. MINGE, Ms. DANNER, Mr. BARCIA, Mr. BURR of North Carolina, and Mr. WALSH):

H. Con. Res. 273. Concurrent resolution expressing the sense of Congress concerning drawdowns of the Strategic Petroleum Reserve; to the Committee on Commerce.

By Mr. KLINK (for himself, Mr. BALDACCI, Mr. MURTHA, Mr. HOLDEN, Mr. COYNE, Mr. BRADY of Pennsylvania, Mr. GEJDENSON, Mr. WYNN, Mr. OLVER, Mr. SANDERS, Mr. WEYGAND, and Mr. MALONEY of Connecticut):

H. Con. Res. 274. Concurrent resolution expressing the sense of the Congress concerning drawdowns of the Strategic Petroleum Reserve; to the Committee on Commerce.

By Mr. WEXLER (for himself, Mr. PRICE of North Carolina, Mr. ROHRABACHER, Mr. KUCINICH, and Mr. MEEKS of New York):

H. Con. Res. 275. Concurrent resolution expressing the sense of the Congress with regard to Iraq's failure to release prisoners of war from Kuwait and nine other nations in violation of international agreements; to the Committee on International Relations.

By Mr. GEKAS (for himself, Mr. BENTSEN, Mr. CALLAHAN, Mrs. MORELLA, Mr. NETHERCUTT, Ms. PELOSI, and Mr. PORTER):

H. Res. 437. A resolution to express the sense of the House of Representatives that the Federal investment in biomedical research should be increased by $2,700,000,000 in fiscal year 2001; to the Committee on Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 3 of rule XII,

Mr. YOUNG of Alaska introduced a bill (H.R. 3903) to deem the vessel M/V MIST COVE to be less than 100 gross tons, as measured under chapter 145 of title 46, United States Code; which was referred to the Committee on Transportation and Infrastructure.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 3: Mrs. CHENOWETH-HAGE.
H.R. 27: Mr. MANZULLO.
H.R. 40: Mr. TRAFICANT.
H.R. 72: Mr. MICA.
H.R. 82: Mr. SAXTON and Mr. BARTLETT of Maryland.
H.R. 86: Mr. BUYER.
H.R. 90: Mr. GEJDENSON.
H.R. 107: Mr. VITTER.
H.R. 303: Mr. DOYLE, Mr. DOOLEY of California, Mr. SHAYS, Mr. ISAKSON, and Mr. HINOJOSA.
H.R. 363: Mr. FOLEY, Mr. PASTOR, Mr. STRICKLAND, and Ms. ESHOO.
H.R. 373: Mr. SESSIONS.
H.R. 488: Mr. FORD and Ms. CARSON.
H.R. 515: Ms. RIVERS.
H.R. 519: Mr. WHITFIELD.
H.R. 618: Mr. BACHUS.
H.R. 623: Mr. SHADEGG.
H.R. 664: Mr. MOAKLEY.
H.R. 701: Mr. SYNDER and Mr. GOODLING.
H.R. 780: Mr. MCHUGH, Ms. CARSON, and Mr. BISHOP.
H.R. 802: Mr. BOSWELL, Mr. BAIRD, Mr. YOUNG of Florida, Mr. FLETCHER, Mr. REYES, Mr. WYNN, Ms. BERKLEY, and Mrs. MINK of Hawaii.
H.R. 809: Mr. FORBES.
H.R. 816: Mr. ROTHMAN and Mrs. MALONEY of New York.
H.R. 827: Mr. BAIRD.
H.R. 829: Ms. WOOLSEY.
H.R. 852: Mr. MINGE.
H.R. 864: Mr. DEAL of Georgia, Mr. BARR of Georgia, Mr. SMITH of Texas, and Ms. GRANGER.
H.R. 865: Mr. ABERCROMBIE.
H.R. 870: Mr. HILLEARY.
H.R. 896: Mr. NUSSLE and Mr. SESSIONS.
H.R. 937: Mr. GOODLING.
H.R. 979: Mrs. JONES of Ohio, Mr. BOSWELL, Mr. DEFAZIO, and Mr. SMITH of Washington.
H.R. 997: Mr. SESSIONS.
H.R. 1016: Mr. HERGER, Mr. COBURN, Mr. TANCREDO, Mr. PAUL, Mr. TOOMEY, Mr. PITTS, Mr. TERRY, and Mr. BARTLETT of Maryland.
H.R. 1020: Mr. ANDREWS and Mr. SISISKY.
H.R. 1021: Mr. CONYERS.
H.R. 1041: Mr. ROGAN.
H.R. 1046: Ms. DELAURO.
H.R. 1071: Mr. UDALL of New Mexico.
H.R. 1093: Mr. RYAN of Wisconsin.
H.R. 1102: Mr. TERRY and Mr. FORD.
H.R. 1194: Mr. FROST.
H.R. 1221: Mr. LAHOOD.
H.R. 1315: Mr. KUYKENDALL.
H.R. 1349: Mr. DEFAZIO.
H.R. 1352: Mr. HOLT.
H.R. 1367: Mr. BOSWELL.
H.R. 1413: Mr. SAM JOHNSON of Texas.
H.R. 1422: Ms. STABENOW and Mr. OBERSTAR.
H.R. 1505: Mr. GREENWOOD and Mr. HOLDEN.
H.R. 1509: Mr. NORWOOD, Mrs. FOWLER, Ms. MCKINNEY, Mr. LEWIS or Georgia, Mr. TAYLOR of Mississippi, Mr. LEACH, and Ms. LOFGREN.
H.R. 1621: Mr. REYES and Mr. TAYLOR of Mississippi.

H.R. 1650: Ms. BERKLEY.
H.R. 1728: Mr. ANDREWS.
H.R. 1795: Mr. CUMMINGS and Mr. LEACH.
H.R. 1870: Mr. MCNULTY, Mr. KENNEDY of Rhode Island, Mrs. MYRICK, and Ms. GRANGER.
H.R. 1926: Mr. TRAFICANT.
H.R. 2000: Mr. PICKETT, Mr. JENKINS, Mr. WHITFIELD, and Mr. DOOLITTLE.
H.R. 2059: Mr. FILNER.
H.R. 2088: Mr. ISAKSON.
H.R. 2100: Mr. FRANK of Massachusetts and Mr. PRICE of North Carolina.
H.R. 2101: Mr. UPTON.
H.R. 2121: Mr. CANNON.
H.R. 2129: Mr. ROGAN, Mr. BISHOP, Mr. SHOWS, Mr. OXLEY, Mr. HILLEARY, Ms. MCKINNEY, and Mr. OSE.
H.R. 2267: Mr. OBEY and Mr. PETRI.
H.R. 2362: Mr. OXLEY.
H.R. 2372: Mr. RADANOVICH.
H.R. 2409: Mr. OBERSTAR.
H.R. 2459: Mr. REYES, Ms. MILLENDER-MCDONALD, and Mr. MCGOVERN.
H.R. 2550: Mr. OSE.
H.R. 2594: Mr. ROTHMAN.
H.R. 2631: Mr. CLYBURN, Mrs. THURMAN, Mr. DEFAZIO, and Mr. UDALL of Colorado.
H.R. 2660: Mr. HASTINGS of Florida.
H.R. 2697: Mr. ROMERO-BARCELÓ.
H.R. 2738: Mr. BLUMENAUER.
H.R. 2765: Ms. LOFGREN, Mr. FORBES, Mr. HOEFFEL, Mr. WEXLER, and Mrs. MORELLA.
H.R. 2812: Mr. HILLIARD, Mr. EVANS, Mrs. MEEK of Florida, Ms. SLAUGHTER, Mr. OBERSTAR, Mrs. JONES of Ohio, Mr. OWENS, Mr. RANGEL, Mr. STRICKLAND, Mr. JACKSON of Illinois, Mr. STUPAK, and Ms. CARSON.
H.R. 2817: Mr. PRICE of North Carolina and Mr. LUCAS of Kentucky.
H.R. 2836: Mr. BAKER.
H.R. 2867: Mr. TANCREDO and Mr. SOUDER.
H.R. 2870: Mr. RAHALL.
H.R. 2892: Ms. DELAURO.
H.R. 2894: Mr. UPTON.
H.R. 2915: Mr. EVANS and Mr. GORDON.
H.R. 2919: Mr. SOUDER.
H.R. 2934: Mr. KUCINICH, Mr. CONYERS, Mr. JEFFERSON, Mr. CLEMENT, Ms. MILLENDER-MCDONALD, Mrs. CLAYTON, Mrs. THURMAN, Mrs. TAUSCHER, Ms. LEE, Ms. LOFGREN, Mr. STARK, Mr. PAYNE, Mr. BOUCHER, and Mr. HINCHEY.
H.R. 2965: Mr. DIXON.
H.R. 2966: Mr. HINOJOSA.
H.R. 2973: Mr. MCHUGH.
H.R. 2991: Mr. HAYWORTH and Mr. JENKINS.
H.R. 3008: Mr. HINCHEY, Ms. MCKINNEY, and Ms. DELAURO.
H.R. 3054: Mr. BLUMENAUER, Mr. MORAN of Virginia, Mr. BONIOR, and Mr. MCGOVERN.
H.R. 3071: Mrs. CLAYTON.
H.R. 3083: Mr. MALONEY of Connecticut and Mr. ROMERO-BARCELO.
H.R. 3091: Mr. CONYERS.
H.R. 3174: Mr. BARR of Georgia, Mr. KOLBE, and Mr. WAMP.
H.R. 3193: Mr. LATHAM.
H.R. 3195: Mr. FILNER, Mr. GILCHREST, Mr. DIXON, and Mr. CLEMENT.
H.R. 3202: Mr. SMITH of New Jersey.
H.R. 3210: Ms. MCKINNEY.
H.R. 3249: Mr. FILNER and Mr. WAXMAN.
H.R. 3273: Ms. LOFGREN, Mr. FROST, Mr. ABERCROMBIE, and Mr. MCGOVERN.
H.R. 3294: Mr. RILEY.
H.R. 3301: Mr. QUINN, Ms. MCKINNEY, and Mrs. ROUKEMA.
H.R. 3320: Mr. GOODLING.
H.R. 3328: Mr. GEJDENSON.
H.R. 3375: Mr. LAMPSON, Mr. ETHERIDGE, Mr. BARRETT of Wisconsin, Ms. STABENOW, and Ms. JACKSON-LEE of Texas.
H.R. 3396: Mr. KUYKENDALL, Mr. ROGAN, Mr. BERMAN, Mr. DOOLITTLE, Mr. DREIER, and Mrs. BONO.
H.R. 3460: Mr. BURTON of Indiana.
H.R. 3508: Ms. HOOLEY of Oregon, and Mr. PAYNE.
H.R. 3514: Ms. PRYCE of Ohio, Mr. DIAZ-BALART, Mr. KENNEDY of Rhode Island, Mr. BROWN of Ohio, Ms. CARSON, and Mr. TIERNEY.
H.R. 3519: Ms. CARSON.
H.R. 3543: Ms. CARSON, Mr. ETHERIDGE, and Ms. STABENOW.
H.R. 3546: Mr. FRANK of Massachusetts, Mr. HOEFFEL, Mr. MEEKS of New York. Mr. TIERNEY, Mr. CUMMINGS, Mr. DELAHUNT, Ms. LEE, Ms. HOOLEY of Oregon, Mrs. MORELLA, Mr. MARKEY, Ms. LOFGREN, Mr. KUCINICH, Mr. INSLEE, Mr. EVANS, Mr. LIPINSKI, Ms. DEGETTE, Mr. GILMAN, Mr. GOODLING, Mr. RANGEL, Ms. MILLENDER-MCDONALD, Ms. MCKINNEY, Mr. HINCHEY, and Mr. KUYKENDALL.
H.R. 3573: Mr. THUNE, Mr. HINOJOSA, Mr. MCNULTY, Mr. COLLINS, Mr. HYDE, Mr. BAIRD, and Mr. KILDEE.
H.R. 3575: Mr. GORDON, Mr. MCGOVERN, Mr. SMITH of Washington, Mr. BARRETT of Wisconsin, and Mr. DUNCAN.
H.R. 3582: Mr. GOODLING.
H.R. 3593: Mr. EWING, Mr. CONDIT, Mr. BARRETT of Nebraska, and Mr. THOMPSON of California.
H.R. 3594: Mrs. EMERSON, Mr. INSLEE, Mr. TAUZIN, Mr. MCCOLLUM, Mr. FRELINGHUYSEN, Mr. BOEHNER, Mr. SIMPSON, Ms. CARSON, Mr. CONDIT, Mr. MINGE, Mr. SPRATT, and Mr. KIND.
H.R. 3613: Mr. BALDACCI, Mr. GONZALEZ, and Mr. GUTIERREZ.
H.R. 3626: Mr. HAYWORTH.
H.R. 3629: Mr. THUNE.
H.R. 3634: Mr. CAPUANO, Ms. DEGETTE, Ms. CARSON, and Mrs. MEEK of Florida.
H.R. 3639: Ms. JACKSON-LEE of Texas, Mr. ABERCROMBIE, Mr. SISISKY, Mr. KANJORSKI, and Mr. GEJDENSON.
H.R. 3644: Mr. MALONEY of Connecticut and Mr. MCGOVERN.
H.R. 3655: Ms. CARSON, Ms. LOFGREN, Mr. STENHOLM, and Mr. PAYNE.
H.R. 3660: Mr. BATEMAN, Mr. SMITH of Michigan, Mr. LUCAS of Kentucky, Mr. HAYWORTH, and Mr. LATHAM.
H.R. 3692: Mr. CALVERT.
H.R. 3694: Mr. MCNULTY.
H.R. 3695: Mr. NUSSLE, Mr. HOEKSTRA, Mr. SESSIONS, and Mr. SALMON.
H.R. 3698: Mr. WAXMAN, Mr. SCOTT, Ms. DEGETTE, Mr. LEWIS of Kentucky, Mr. HILLEARY, and Mr. RAHALL.
H.R. 3700: Mr. MCHUGH, Mr. HINCHEY, and Mr. LIPINSKI.
H.R. 3702: Ms. EDDIE BERNICE JOHNSON of Texas.
H.R. 3709: Mr. COOK, Mr. DEFAZIO and Ms. MILLENDER-MCDONALD.
H.R. 3710: Mr. BONIOR, Mr. MARKEY, Mr. REYES, Mr. MURTHA, Mr. DELAHUNT, Mr. HOEFFEL, and Mr. WHITFIELD.
H.R. 3732: Ms. BALDWIN and Mr. FRANK of Massachusetts.
H.R. 3767: Mr. GALLEGLY.
H.R. 3807: Ms. PELOSI and Mr. WEINER.
H.R. 3809: Mr. BALDACCI.
H.R. 3825: Mr. LEACH.
H.R. 3842: Mr. BALDACCI, Mr. CARDIN, and Mr. FATTAH.
H.R. 3844: Mr. COLLINS, Mr. DREIER, Mr. HERGER, Mr. BILBRAY, Mr. ROHRABACHER, Mrs. CHENOWETH-HAGE, Mr. MCKEON, Mr. BARTLETT of Maryland, Mrs. BONO, Mr. MCHUGH, and Mr. CALVERT.
H.J. Res. 90: Mr. NORWOOD.
H. Con. Res. 115: Mr. BENTSEN and Mr. HOYER.
H. Con. Res. 119: Mr. BILIRAKIS.
H. Con. Res. 225: Mr. FROST, Mr. NEAL of Massachusetts, Mr. FRANK of Massachusetts, Ms. LOFGREN, Mr. ROMERO-BARCELO, Mr. ANDREWS, Mr. GUTIERREZ, Mr. ROTHMAN, Mr. RAHALL, Mr. ROHRABACHER, and Mr. BAIRD.
H. Con. Res. 250: Mr. RANGEL and Mr. WATT of North Carolina.
H. Con. Res. 253: Mr. WELDON of Florida, Mr. CHABOT, Mr. PAUL, Mrs. CHENOWETH-HAGE, Mr. TOOMEY, Mr. SANFORD, Mr. SHADEGG, Mr. DICKEY, Mr. SMITH of Michigan, Mr. SAM JOHNSON of Texas, Mr. SUNUNU, Mr. LARGENT, Mr. COBURN, Mr. BURTON of Indiana, and Mr. SOUDER.
H. Con. Res. 254: Mr. GIBBONS, Mr. CANNON, Mr. WALDEN of Oregon, Mr. STUMP, Mr. THUNE, and Mr. HAYWORTH.
H. Con. Res. 261: Ms. EDDIE BERNICE JOHNSON of Texas.
H. Con. Res. 265: Mr. GILMAN.
H. Con. Res. 267: Mr. NADLER.
H. Res. 107: Mr. ACKERMAN, Mr. MCDERMOTT, and Mr. HILLIARD.
H. Res. 187: Mr. FORBES.
H. Res. 213: Mr. BUYER, Ms. DELAURO, and Mrs. THURMAN.
H. Res. 397: Ms. CARSON and Mr. DOOLEY of California.
H. Res. 429: Mr. BONIOR, Mr. ROMERO-BARCELO, Mr. ROGAN, Mr. BILBRAY, Mr. FALEOMAVAEGA, Ms. LEE, and Mr. WYNN.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3575: Mr. FRANK of Massachusetts.
H.J. Res. 89: Mr. ROHRABACHER.
H.J. Res. 90: Mr. ROHRABACHER.
H. Res. 396: Mr. BERMAN.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members added their names to the following discharge petitions:

Petition 8, by Mr. STARK on House Resolution 372: Ronnie Shows, Shelley Berkley, and Frank Mascara.

EXTENSIONS OF REMARKS

A PROCLAMATION HONORING NANCY CHILES DIX

HON. ROBERT W. NEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. NEY. Mr. Speaker, I commend the following article to my colleagues:

Nancy Chiles Dix has spent her life serving people. As a member of the Ohio State Senate, she worked tirelessly in Columbus to represent the people of our area with honor. For years, Nancy has also been an avid supporter of the Republican party, always willing to put forth the extra effort to support the party and its candidates.

Additionally, Nancy devotes her time to supporting increased cancer research and educating our young people. She was recently honored at the John A. Alford Memorial Dinner for her commitment and support of cancer research and named the President of the Par Excellence Learning Center in Newark, OH.

Over the years, Nancy has proven herself to be a great friend not only to myself but to our entire area.

Mr. Speaker, I ask that my colleagues join me in honoring Nancy Chiles Dix. Her lifelong service and commitment are to be commended. I am proud to call her a constituent and a friend.

INTRODUCTION OF H. CON. RES. 259—EXPRESSING THE CONCERN OF CONGRESS REGARDING HUMAN RIGHTS VIOLATIONS BASED ON SEXUAL ORIENTATION

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. LANTOS. Mr. Speaker, with the support of 30 of our colleagues—including both Republicans and Democrats—I introduced House Concurrent Resolution 259, a bill decrying human rights violations based on sexual orientation and gender identity. I did this, Mr. Speaker, because I believe very strongly that we in the Congress must send a strong message that—no matter what any of our colleague's views may be on the question of the lifestyle of gays and lesbians—that gay, lesbian, bisexual and transgender people must be treated with dignity and respect, not with hatred and violence.

All around the world, Mr. Speaker, unacceptable violations of human rights have taken place against individuals solely on the basis of their real or perceived sexual orientation. These ongoing persecutions against gay people include arbitrary arrests, rape, torture, imprisonment, extortion, and even execution.

The scope of these humans rights violations is staggering, and for the victims there are few avenues for relief. Mr. Speaker, some states create an atmosphere of impunity for rapists and murderers by failing to prosecute or investigate violence targeted at individuals because of their sexual orientation. These abuses are not only sanctioned by some states, often, they are perpetrated by agents of the state.

Mr. Speaker, in Afghanistan, men convicted of sodomy by Taliban Shari'a courts are placed next to standing walls by Taliban officials and subsequently executed as the walls are toppled upon them, and they are buried under the rubble. Police in countries such as Turkey, Albania, and Russia, among others, routinely commit human rights abuses such as extortion, entrapment, and even physical assaults.

In Brazil, a lesbian couple was tortured and sexually assaulted by civil police. Despite the existence of a medical report and eye-witness testimony, their case remains unprosecuted. Many of us in the Congress protested when, in Zimbabwe, members of "Gays and Lesbians of Zimbabwe" were threatened and brutally assaulted for forming an organization to advocate for social and political rights. In Uganda, the president ordered police to arrest all homosexuals, and the punishment for conviction of homosexual activity is life in prison.

Mr. Speaker, around the world, individuals are targeted and their basic human rights are denied because of their sexual orientation. The number and frequency of such grievous crimes against individuals cannot be ignored. Violence against individuals for their real, or perceived, sexual orientation violates the most basic human rights this Congress has worked to protect and defend.

H. Con. Res. 259 puts the United States on record against such horrible human rights violations. As a civilized country, we must speak out against and condemn these crimes. Our resolution notes the violence against gay people in countries as wide ranging as Saudi Arabia, Mexico, China, El Salvador, and other countries. By calling attention to this unprovoked and indefensible violence, this resolution will broaden awareness of human rights violations based on sexual orientation.

H. Con. Res. 259 reaffirms that human rights norms defined in international conventions include protection from violence and abuse on the basis of sexual identity, but it does not seek to establish a special category of human rights related to sexual orientation or gender identity. Furthermore it commends relevant governmental and non-governmental organizations (such as Amnesty, Human Rights Watch, and the International Gay and Lesbian Human Rights Commission) for documenting the ongoing abuse of human rights on the basis of sexual orientation. Our resolution condemns all human rights violations based on sexual orientation and recognizes that such violations should be equally punished, without discrimination.

This legislation is endorsed by a broad coalition of international human rights groups, gay rights groups, and faith-based organizations, among others. They include: Amnesty International, International Gay and Lesbian Human Rights Commission, Human Rights Watch, National Gay and Lesbian Taskforce, Human Rights Campaign, Log-Cabin Republicans, Liberty Education Fund, National Council of the Churches of Christ in the USA, Equal Partners in Faith, the United Church of Christ, the National Organization of Women (NOW), NOW Legal Defense and Education Fund, and the Anti-Defamation League.

Mr. Speaker, the protection of gender identity is not a special right or privilege, but it should be fully acknowledged in international human rights norms. I ask that my colleagues join with me in wholeheartedly embracing and supporting basic human rights for all people, no matter what their sexual orientation might be. It is the only decent thing to do.

Mr. Speaker, I ask that the text of H. Con. Res. 259 be included in the RECORD.

HOUSE CONCURRENT RESOLUTION 259

Expressing the concern of Congress regarding human rights violations against lesbians, gay men, bisexuals, and transgendered individuals around the world.

Whereas treaties, conventions, and declarations to which the United States are a party address government obligations to combat human rights violations, and the overall goals and standards of these treaties, conventions, and declarations in promoting human rights of all individuals have been found to be consistent with, and in support of, the aspirations of the United States at home and globally, as well as consistent with the Constitution of the United States;

Whereas articles 3 and 5 of the 1948 Universal Declaration of Human Rights, articles 6 and 7 of the 1966 International Covenant on Civil and Political Rights, and the 1984 Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, guarantee all individuals the right to life, liberty, and security of person, and guarantee that no one shall be subjected to torture or to cruel, inhuman, or degrading treatment or punishment;

Whereas the fundamental human right not to be arbitrarily deprived of life is violated when those convicted of homosexual acts in Afghanistan are sentenced to be executed and are crushed by having walls toppled over them, and there remain a number of other countries around the world that call for the possible execution of those convicted of homosexual acts, including Saudi Arabia, Yemen, Kuwait, Mauritania, and Iran;

Whereas the fundamental right not to be subjected to torture or other cruel, inhuman, or degrading treatment is violated when gay men, lesbians, bisexuals and transgendered individuals are subjected to severe beatings while in police custody in Turkey and Albania, and individuals in these groups are also routinely the victims of human rights abuses, such as extortion, entrapment, physical assaults, and rape, committed by the police in Mexico, Argentina, and Russia, among other countries;

Whereas a number of lesbians, gay men, bisexuals, and transgendered individuals are targeted and tortured or killed by paramilitary groups in Colombia and El Salvador, which operate in collusion with the military, police, and other government officials;

Whereas articles 2 and 7 of the Universal Declaration of Human Rights and articles 2, 14, and 26 of the International Covenant on Civil and Political Rights guarantee all individuals freedom from arbitrary discrimination and equal protection before the law;

Whereas in many countries arbitrary detention or cruel, inhuman, or degrading treatment or conditions in detention directly result from the application of penal laws criminalizing same sex behavior between consenting adults, such as a 5-year sentence for private same sex behavior between consenting adults in Romania, and some of those individuals who have been convicted in Romania report torture, including rape, in prison, and all are unable to seek redress for abuses in detention;

Whereas in Pakistan and Saudi Arabia the sentence for same sex behavior between consenting adults includes ''flogging'' and in Singapore and Uganda the sentence for same sex behavior between consenting adults can extend to life in prison;

Whereas many governments, on the basis of vague laws, may target and persecute lesbians, gay men, bisexuals, and transgendered individuals: in the People's Republic of China individuals in these groups are imprisoned under laws against ''hooliganism'', in Argentina, individuals in these groups are imprisoned under the laws against ''vagrants and crooks'', and the vagueness of these laws makes it difficult to monitor governmental persecution;

Whereas articles 19 and 20 of the Universal Declaration of Human Rights and articles 19 and 22 of the International Covenant on Civil and Political Rights guarantee all individuals freedom of expression and freedom of association;

Whereas the fundamental rights of freedom of expression and association are violated when governments deny the right of lesbians, gay men, bisexuals, and transgendered individuals to form organizations or advocate for rights, such as in Zimbabwe where members of Gays and Lesbians of Zimbabwe (GALZ) have been threatened and brutally assaulted;

Whereas in some countries agents of the government are directing or are complicitous in abuses committed on the basis of sexual orientation and gender identity and investigations and prosecution of those agents for violations often do not occur;

Whereas due to failure by governments to investigate and prosecute human rights violations based on sexual orientation and gender identity, private individuals feel encouraged to violently attack lesbians, gay men, bisexuals, and transgendered individuals with impunity, contributing to the atmosphere of fear and intimidation;

Whereas lesbians and bisexual women who suffer human rights violations are often abused because of their sexual orientation while their gender often incites, compounds, and aggravates this abuse, and, moreover, since their gender is not recognized as a factor, their abuse often goes unrecorded;

Whereas violations of internationally recognized human rights norms are to be considered crimes regardless of the status of the victims and are to be punished without discrimination;

Whereas fundamental access to legal protection from violations of internationally recognized human rights norms is often unavailable to the victims;

Whereas lesbians and bisexual women face additional obstacles in these countries when seeking assistance from police, judges, and other officials due to pervasive gender bias;

Whereas the preceding clauses constitute only a few examples of the violations suffered by lesbians, gay men, bisexuals and transgendered individuals, the full range and extent of such violations are not known because governments create an atmosphere of immunity for those perpetrating such human rights violations and prevent victims from seeking effective protection and just redress and thus their suffering remains undocumented and unremedied; and

Whereas many nongovernmental human rights organizations, including Amnesty International, Human Rights Watch, and the International Gay and Lesbian Human Rights Commission, as well as the United States Department of State and the United Nations, have documented, and are continuing to document, the ongoing violations of the human rights of lesbians, gay men, bisexuals, and transgendered individuals: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That Congress—

(1) condemns all violations of internationally recognized human rights norms based on the real or perceived sexual orientation or gender identity of an individual, and commends nongovernmental human rights organizations, including Amnesty International, Human Rights Watch, and the International Gay and Lesbian Human Rights Commission, as well as the United States Department of State and the United Nations, for documenting the ongoing abuse of human rights on the basis of sexual orientation and gender identity; and

(2)(A) recognizes that human rights violations abroad based on sexual orientation and gender identity should be equally punished without discrimination and equally classified as crimes, regardless of the status of the victims and that such violations should be given the same consideration and concern as human rights violations based on other grounds in the formulation of policies to protect and promote human rights globally; and

(B) further recognizes that the protection of sexual orientation and gender identity is not a special category of human rights, but it is fully embedded in the overall human rights norms defined in international conventions.

REGIONAL PARTIES WIN IN INDIA; INDIA'S DISINTEGRATION APPEARS CLOSER

HON. JOHN T. DOOLITTLE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. DOOLITTLE. Mr. Speaker, recently regional parties won elections in two states in India. Neither the ruling BJP nor the opposition Congress Party was able to pull off a complete victory.

These results only increase the instability that already plagues India. To retain control of the government, the BJP had to assemble a coalition of 24 parties. Clearly, the days when a national party could dominate India's government are gone.

While the political instability increases, there are 17 independence movements within India's borders. Many experts on the situation in South Asia have predicted the disintegration of India. From these results it looks like that disintegration is closer.

America is a country founded on the idea of freedom. I urge President Clinton to raise the issue of freeing the political prisoners during his upcoming visit to India. I also urge him to bring up the question of self-determination. It is time to speak out for freedom.

TRIBUTE TO SUSAN SKERKER

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. DINGELL. Mr. Speaker, today I rise in honor and congratulate a good friend as she marks the end of her journey with Ford Motor Company in Dearborn, Michigan.

Twenty-seven years ago, Susan Skerker embarked upon a career in the auto industry that would lead her down many paths and face-to-face with many challenges, not least of which was helping to steer Ford through an ever-changing global market place.

Susan has distinguished herself as a leader in the auto industry and as such has led one of Ford's major corporate headquarters staffs. She has served as the Director of the Worldwide Government Affairs Public Policy office and worked closely with those of us in Michigan who know why Detroit is called Motor City.

On behalf of my colleagues in the Michigan Congressional delegation, I am pleased to recognize Susan and acknowledge that her efforts on behalf of the company and the industry are thought of most highly. Susan has been a true friend, one I could trust to give me good advice about everything from air bags to global warming. Her knowledge and insight have been invaluable to me in representing the 16th Congressional District in the House of Representatives.

Mr. Speaker, as Susan's family and friends gather to celebrate her many accomplishments and the closing of this chapter of her life, I wanted to share with my colleagues just how much Susan's service and friendship have meant to me.

One leg of Susan's journey has come to an end, but around the bend a new one awaits. I wish Susan every happiness and continued success in all she does.

TRIBUTE TO JOSEPH PARISI, SR.

HON. BILL PASCRELL, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. PASCRELL. Mr. Speaker, I would like to call to your attention the deeds of a person I am proud to call my friend, Joseph Parisi, Sr., of Englewood Cliffs, New Jersey, who is being feted today because of his many years of service and leadership. It is only fitting that we

gathered here in his honor, for he epitomizes a strong spirit of caring and generosity.

Joe Parisi is a graduate of Memorial High School in North Bergen. Joe also attended Fork Union Military Academy and studied at the Panzer College of Physical Education and Hygiene.

Joe has always been an active and involved leader in his community. He was the co-founder and chairman of the Witte Scholarship Fund, a scholarship designed to benefit the children of law enforcement officers throughout the Bergen County. Furthering his belief in civic participation, Joe is also a past trustee of the Bergen Community College Foundation, which helps provide private funding for the development of college facilities.

Joe's career took off in 1948 when he became an apprentice insurance agent with Fred Otterstedt. It was the small steps in the beginning of his career that taught him the fundamentals that would make him the leader he is today. By 1955, Joe has become the owner and CEO of the Otterstedt Insurance Agency in Englewood Cliffs.

As a leader in the business community, Joseph Parisi is the Director of the IFA Insurance Company and a past member or president of many other councils and associations. He is a past member of the Producer Council of the Maryland Casualty Insurance Group, the Jonathan Trumbull Association of the Hartford Insurance Company, the New Jersey Independent Insurance Agents Legislative Committee, the Council of Circle Agents of the Continental Insurance Companies and the Crum and Forster Insurance Company's Agency Council. Mr. Parisi is also the past President of the Hudson County Insurance Agents Association.

Joseph Parisi has continually touched the lives of the people around him. Former New Jersey Governor Jim Florio appointed him as a commissioner of the New Jersey Quincentennial Columbus Day Celebration. Joe is a past trustee of the Bergen County 200 Club. He is also the Second Vice President of the Bergen County League of Municipalities. In addition, Joe is a past president of the Bergen County Democratic Mayor's Association and served as chair of the Bergen County Democratic Organization for five years. He is also a member of the Lions Club, VFW, UNICO, Knights of Columbus and UNITI.

Known for a questioning mind and an ability to get things done, Joseph Parisi was elected Mayor of the Borough of Englewood Cliffs in 1976. For the four years prior, Joe served as a member of the Englewood Cliffs Borough Council. In addition to these roles, Joe also served as Police Commissioner while on the Council. As a former mayor in New Jersey, Mr. Speaker, I can say that I can think of no elected official who works harder or cares more about his constituents. Perhaps the greatest tribute to Joe Parisi is the unwavering faith of voters of Englewood Cliffs. They have demonstrated this by electing him time and again.

Mr. Speaker, I ask that you join me, our colleagues, Joe's family, friends and the State of New Jersey in recognizing the outstanding and invaluable service to the community of Joseph Parisi, Sr.

TRIBUTE TO ROBERT A. HOOVER

HON. HELEN CHENOWETH-HAGE

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mrs. CHENOWETH-HAGE. Mr. Speaker, last month the security of the United States Congress' legislative web site, Thomas, was breached by individuals commonly known as computer ''hackers.'' Although little harm was done, the cyberattack illustrates the vulnerability of our nation's computer systems.

The simple fact is, computer viruses have attacked business and government information systems, as well as personal home computers. To complicate matters even further, innocent individuals continue to be exploited when their web-based credit card and account information are used for illegal purposes.

To combat cyberattacks, the Republican-led Congress is working diligently to explore ways to enhance computer security. Additionally, the Clinton administration has created a panel to review American cyberspace security.

In fact, one of the experts selected to serve on the panel as an advisor to President Clinton is Dr. Bob Hoover, President of the University of Idaho. Mr. Speaker, it is a true honor to congratulate Bob today on such a well-deserved accomplishment. I must say, Bob is well qualified for this position, and I know he will represent the State of Idaho, and the nation very, very well.

When Bob became the 15th president of the University of Idaho in July 1996, he brought with him 25 years of experience as teacher, researcher and administrator in higher education. His nearly four years of experience at the University of Idaho have seen a period of unparalleled accomplishment.

Perhaps his greatest successes, however, have been in the areas of collaboration with various colleges and universities and with the private sector. In northern Idaho, for instance, Bob has been instrumental in the formation of the North Idaho Center for Higher Education, a partnership between the University of Idaho, North Idaho College, Lewis Clark State College, and Idaho State University. Additionally, he is working with the College of Southern Idaho, Idaho State University and Boise State University to expand and strengthen higher education. Even further, in southwestern Idaho he has worked with the University of Idaho Foundation to purchase land in Boise for the construction of a major facility that will allow the university to expand its efforts with Boise State University and Idaho State University.

In addition to these efforts, Bob has developed and implemented the University of Idaho Strategic Plan to help guide the school in meeting new goals in teaching, research and outreach. Also, he has been instrumental in the creation of the Inland Northwest Research Alliance, which is now a partner with Bechtel B&W Idaho in the management of the Idaho National Engineering and Environmental Laboratory.

Without a doubt, Bob's efforts to develop research strength at the University of Idaho has elevated the institution to one of the leading centers of teaching and research, especially in the critical area of computer network security. In fact, in recognition of University of Idaho's expertise in this field, the National Security Agency has designated it as one of the seven national centers of excellence in information security.

Just as important, though, I'm pleased to call Bob a friend, and I look forward to working with him in the future to enhance the quality of life in Idaho. Mr. Speaker, I know my colleagues will join me in honoring Dr. Bob Hoover for his long-standing commitment to the State of Idaho and the Nation.

TRIBUTE TO JACK P. KOSZDIN

HON. HOWARD L. BERMAN

OF CALIFORNIA

HON. BRAD SHERMAN

OF CALIFORNIA

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. BERMAN. Mr. Speaker, my colleagues, Mr. SHERMAN and Mr. WAXMAN, and I rise today to pay tribute to Jack P. Koszdin, who will be honored on March 26, 2000, by the Democratic Party of the San Fernando Valley (DPSFV). Because of his public service and outstanding achievements he will be recognized on the occasion of DPSFV's annual Greenberg Memorial Award Luncheon.

Jack Koszdin has been a stalwart member of the Democratic Party for over thirty years. As chairman of the DPSFV Leadership Council he has proven himself to be a savvy strategist and a potent rainmaker. Because of his love of politics and representational democracy, he has worked tirelessly on behalf of numerous local, state, and federal candidates and made a real difference in many of their contests.

Like us, Jack has been a long-time active supporter of labor. As a currently practicing attorney he fights daily in the trenches for workers and other litigants on a case by case basis. Since 1995, he has been a senior partner with Koszdin, Fields & Sherry, in Van Nuys. Prior to this he was a sole practitioner for eighteen years. One of us, HOWARD BERMAN, had the privilege of practicing law with him for nearly six years. Jack is one of the most skilled and knowledgeable practitioners in the field of workers' compensation in the entire country. He is a great teacher with a huge heart and wonderful sense of humor.

He began his prodigious law career in 1956 as a senior partner with Levy, Koszdin and Woods after he graduated from the UCLA school of law. He distinguished himself in law school by being elected class president in 1954. He now counts teaching at UCLA and serving as a Law Professor at the University of West Los Angeles among his many accomplishments.

Jack has held numerous prestigious judicial positions including Judge Pro Tem for the Workers' Compensation Appeals Board, Municipal Judge Pro Tem for the San Fernando Valley and Vice Chairman of the Building Rehabilitation Appeals Board. He now participates in the State Insurance Commissioner

Study of Workers' Compensation and medical benefits. In addition, Jack has been co-host of the Union Voice Radio Program and has been a legal advisor to the Valley Labor Political Education Counsel. Furthermore, he has amassed an impressive community service record which includes active membership on both the Red Cross and Cerebral Palsy Association's Board of Directors. He has assumed leadership roles in organizations such as the Men's Guild, San Fernando Valley Child Guidance Clinic where he served as President.

It is our distinct pleasure to ask our colleagues to join with us in saluting Jack Koszdin for his outstanding achievements, and to congratulate him for receiving the prestigious honors granted him by DPSFV.

TRIBUTE TO MRS. MOZELL H.W. ISAAC

HON. JAMES E. CLYBURN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. CLYBURN. Mr. Speaker, I rise today to pay tribute to Mrs. Mozell H.W. Isaac, who celebrated her 70th birthday on March 4, 2000.

A life-long resident of Lee County, South Carolina, Mrs. Isaac has served her community for over fifty years in numerous ways. Through the Clemson Extension Service, the public school system and other civic, religious, and fraternal organizations, Mozell H.W. Isaac has been an advocate for Lee County and its residents. Mrs. Mozell H.W. Isaac was not only an active citizen in the community, but also a mother of four, all of whom maintained close ties with the community and its affairs. One of her sons served two terms on the County Council, another works with youth correction programs in New York, one daughter works with the Guardian Ad Litem program for the county, and another is a paralegal in Columbia. She also is the proud grandmother of six grandchildren and two great-grandchildren.

Mr. Speaker, I ask you and my colleagues to join me today in paying tribute to an individual who has been a lifelong public servant, and shown tireless dedication to her community. I wish Mrs. Mozell H.W. Isaac a Happy 70th Birthday and many more returns.

IN HONOR OF MR. JAMES BERGIN

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mrs. MALONEY of New York. Mr. Speaker, I rise today to pay special tribute to James Bergin. Mr. Bergin is an honorable citizen who has worked tirelessly to improve the quality of life for countless New Yorkers.

Mr. Bergin is an invaluable community leader of the Upper East Side. While Mr. Bergin seeks no praise for himself for what he does, he deserves our gratitude for his years of service to the community. James Bergin has distributed over one million pounds of government surplus food to the poor in his community and has found apartments for veterans and seniors in difficult times.

Mr. Bergin has participated in efforts to reduce crime in his neighborhood through Community Patrol programs, on foot and in his wheelchair. He has met with gangs and succeeded in significantly reducing gang activities in his neighborhood.

Among Mr. Bergin's many contributions to the health and well-being of New York City residents, Mr. Bergin has solicited funds from local store owners to give 15 scholarships to children to continue their education. He has solicited city funds to build two playgrounds for children, one for ages two to five and one for ages six to eleven.

Mr. Bergin's efforts to solicit money for charitable causes is never ending. He has an annual holiday party for children in low income neighborhoods and makes sure they all have a present to open and an opportunity to visit Santa and enjoy ice cream soda and Christmas candy.

Mr. Bergin recently filmed a video on the proper way to handle a 911 call that involves armed intruders in residences. Mr. Bergin was asked to sign a release for possible distribution of his video. Mr. Bergin has attended every Manhattan North Community Picnic and interacted with the Manhattan North Community. Mr. Bergin's work in the community has helped in reducing drug traffic by 30% on the Upper East Side of Manhattan.

Mr. Speaker, I salute the life and work of Mr. James Bergin and I ask my fellow Members of Congress to join me in recognizing Mr. Bergin's contributions to the New York community.

TUNISIA INDEPENDENCE

HON. EARL F. HILLIARD

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. HILLIARD. Mr. Speaker, I rise today to congratulate the Government and the people of Tunisia on the occasion of their 44th Anniversary of Independence. While Tunisia gained its independence from France just 43 years ago, the country has a rich and treasured history, dating back to ancient Carthage.

Last year I had an opportunity to visit Tunisia, where I met with top government officials. My visit was personally enriching, and allowed me to engage in meaningful discussions on how to increase cooperation and exchange between the United States and Tunisia.

The relationship between the United States and Tunisia is much older than the 44th National Day celebration may suggest. In fact, America first signed a treaty of peace and friendship with Tunisia in 1797. While our country was struggling with the Civil War, Tunisia supported the anti-slavery movement here and consistently spoke out on the significance of human dignity. During World War II, Tunisia's nationalist leaders suspended their struggle against France in order to support the Allied cause. In 1956, the United States was the first world power to recognize Tunisia's independence.

Tunisia has been one of the primary countries of interest in Northern Africa for a trade partnership, as our country recognizes the significance of greater trade with Africa. In addition to promoting economic growth and stability in the region, Tunisia has also been a valuable participant in efforts to broker lasting peace in the Middle East, the Mediterranean, and throughout the continent of Africa.

Mr. Speaker, I hope all my colleagues will join with me in congratulating Tunisia on its 44th Independence Anniversary, and honor a great friend and partner.

ORANGE PARK HIGH SCHOOL CHOSEN AS GRAMMY SIGNATURE SCHOOL

HON. CLIFF STEARNS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. STEARNS. Mr. Speaker, I would like to take this opportunity to congratulate Orange Park High School for being named as a GRAMMY Signature School by the GRAMMY Foundation. Orange Park High School happens to be in my Congressional District and it has a fine reputation as a public school of education. However, I believe the Orange Park High School's receipt of this most recent honor should be given the recognition it deserves for this great achievement. It was won through a rigorous competition that was held throughout the nation.

This honor was achieved by the school for its outstanding music education program and makes Orange Park High School one of 100 schools to be chosen to receive a certificate of recognition based on its great level of commitment to music education.

The GRAMMY Foundation began the selection process last September when it mailed out over 18,000 applications to high school across the country requesting information about the schools' music programs. These applications were then submitted to an independent data compilation firm for processing. Some schools were asked to submit additional documentation such as recordings of school concerts, sample concert programs, music curriculum and repertoire that was reviewed by an independent screening committee.

The GRAMMY Signature School advisory committee is comprised of members of the American Federation of Musicians, ASCAP, the Berklee College of Music, BMI, Crossroads School, Music Educators National Conference, Thelonius Monk Institute, University of Massachusetts at Amherst, National Association of Music Merchandisers, National Music Council, Music Performance Trust Funds, University of Southern California-Thornton School of Music, and the Cherokee Nation.

The GRAMMY Foundation is a non-profit arm of the Recording Academy and it is dedicated to advancing music and arts-based education throughout the entire country thereby ensuring access to America's rich cultural legacy. The Foundation aims to strengthen our educational system through cultural, professional and educational initiatives.

I also want to pay special tribute to Bert Creswell, Director of Bands, W. Steve Ogilvie, Association Director of Bands, Jeff Mills, Associate Director of Bands, Janet Metcalf, William S. Ward, Judy Creswell, and the Orange Park High School Raider Band Parents Association for all their assistance because without their invaluable contributions this recognition would not be possible.

Michael Greene, President/CEO of the Recording Academy said at the time: "We are thrilled to give national recognition to these schools for an outstanding job of fostering their arts programs in a difficult cultural environment." He went on to say: "We applaud them for their success in ensuring that music education does not become a cultural casualty in their district, and for implementing music education programs that make a positive difference in the lives of young adults."

I am very proud that the dedication and effort shown by the faculty and students of Orange Park High School has been rewarded by being named as a GRAMMY Signature School.

IN HONOR OF DARIEN'S 2000 CITIZEN OF THE YEAR

HON. JUDY BIGGERT

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mrs. BIGGERT. Mr. Speaker, I rise today in honor of Ed Tomei, the 2000 Citizen of the Year for Darien, Illinois.

The city of Darien is at the heart of Illinois' 13th Congressional District. It is a central crossroads for a growing region. Incorporated in 1969, it is still a young community in comparison to many of its surrounding neighbors. Over the last 31 years a great deal of hard work and dedication has been invested to make this community what it is today. The people of Darien continue to work hard to live up to the city's understated motto—"a nice place to live."

Well, I am happy to confirm that it is a nice place to live, and much of the credit for that goes to Darien's Citizen of the Year, Ed Tomei.

Ed and his family moved to Darien in 1970 shortly after the city's incorporation. Ed soon threw himself into the work of improving and representing the community he called home. He served eight years as an alderman and four years as the Fire and Police Commissioner. He became a member of the Hinsdale South High School Booster Club as well as the Hinsdale Jaycees. Ed also took part in the West Suburban Ducks Unlimited Group, a wildlife preservation organization.

Ed invested countless hours to help make the creation of the Indian Prairie Library a reality, and he has shown time and again his commitment to his community. Despite his heavy schedule, Ed continues to find the time to play Santa Claus at Christmas.

Ed Tomei put his heart and soul into Darien—and his neighbors noticed. As impressive as his civic accomplishments are, it is the words that his neighbors wrote about that show the true mark of this man.

One wrote, "he has always exhibited generosity, enthusiasm, diligence and integrity of the highest order. . . After thirty years of progress it's easy to forget how much of the smooth running of the City in the early days was due to efforts 'above and beyond' the call of duty such as Ed provided."

Another said, "[i]ntegrity, commitment and leadership are the three traits that comprise the heart of Ed Tomei's character and what make him an outstanding citizen."

That is high praise indeed, but praise that is well deserved. It is outstanding citizens like Ed that have built the great nation that we live in today. Congratulations to Ed Tomei, Darien's 2000 Citizen of the Year. He has made Darien much more than "a nice place to live."

THE FUEL TAX COST REDUCTION ACT

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. COLLINS. Mr. Speaker, with a fill-up at the gas pump draining more and more of a worker's wallet, it is time for Congress to provide relief to consumers. Congress has the power to help offset the rapidly increasing costs that are being imposed on working Americans, and we must act now.

Today I rise to introduce the Fuel Tax Cost Reduction Act—a bill to repeal a 4.3 cents per gallon tax on gasoline. This bill expands on legislation I have introduced in the past by repealing the 1993 deficit reduction fuel tax as it applies to all modes of transportation.

Mr. Speaker, this tax was included in the massive 1993 tax-hike. The purpose of this tax increase was to "reduce the deficit" during the time period when the old Congressional majority was regularly passing deficit-driven budgets that far outspent each year's tax receipts. Since that time, the Republican majority has taken action to balance the budget so that today the Federal government is running a positive cash flow. The end of annual deficits should mean the end of "deficit-reduction" taxes.

Today, world oil prices are climbing, and experts now predict that the price of gasoline will rise to at least $2 a gallon. American families need help and this is the kind of tax relief that will help working families the most.

SALUTE TO FEDERAL WORKERS' 1999 COMBINED FEDERAL CAMPAIGN

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Ms. NORTON. Mr. Speaker, I rise today to recognize the generosity of our local federal workers, who participated in the 1999 Combined Federal Campaign (CFC). Federal employees in the national capital area contributed a record setting $44.3 million in 1999, far exceeding campaign goals by 8.5 percent. Thanks to their generosity, these funds will be used to help needy people in the District of Columbia, across the nation and around the globe. As we know, the CFC provides more than money, it builds stronger, healthier lives and communities.

My sincere congratulations to Health and Human Services Secretary Donna E. Shalala, who chaired the 1999 CFC and promoted it through more than 40 visits to federal agencies. A special salute as well to the thousands of committed CFC volunteers and federal workers who made this year's campaign a resounding success.

HONORING SISTER CATHERINE SCHNEIDER ON HER GOLDEN JUBILEE AS A SERVANT SISTER OF THE IMMACULATE HEART OF MARY

HON. ROBERT A. BORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. BORSKI. Mr. Speaker, I rise today to honor Sister Catherine Schneider who is celebrating her Golden Jubilee as a Servant Sister of the Immaculate Heart of Mary on March 17, 2000.

Sister Schneider dedicated her entire body of knowledge to the educational development and advancement of children of all ages. She introduced the fundamentals of primary education to younger children by teaching first and second grade at St. Gabriel and St. Raphael parishes. She continued this advancement of education with her insightful and thought-provoking classroom instructions in Religion and Social Studies at St. Cecilia, Assumption, Our Lady of Fatima, and St. Laurence parishes.

Beyond the scope of her classroom responsibilities, she continued to enhance the educational prowess of her students. She selflessly did this by sacrificing her lunch periods to tutor her students who may be floundering in certain areas of their education. She implemented several student-centered programs such as the May Procession and the altar servers to ensure the stewardship and spirituality of a Catholic education.

Constantly striving to serve her devotion in all of its capacities, Sister Schneider held two secretarial positions at St. Augustine and the Holy Name of Jesus parishes. She willingly accepted the tasks that were presented to her and genuinely welcomed visitors to both schools. She freely served the infirmary patients at Camilla Hall by simply listening to their needs and by offering them a kind word of inspiration. Even as a patient herself, she toiled with the switchboard as an operator. Sister Schneider continually served and educated others which had reciprocal benefits and values on her own life.

Mr. Speaker, Sister Catherine Schneider should be commended for her tireless pursuit to support and value the advancement of education and her deep devotion to duty. I congratulate and highly revere Sister Schneider upon this most glorious occasion of her Golden Jubilee, and I offer her my best wishes for

continued faith and dedication in the coming years.

WE NEED NOT SIT IDLY BY

HON. SHERWOOD L. BOEHLERT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. BOEHLERT. Mr. Speaker, the citizens in my district and across the Northeast have struggled this winter to pay for their heating bills because of the extraordinary recent spikes in the price of home heating oil. The price of diesel fuel rose sharply, too, delivering a severe economic blow to farmers, truckers, and businesses that depend on shipping products by truck. And since just about everything we wear, eat and use in our daily lives is shipped over land by truck, the high cost of fuel took a bite out of just about every consumer's budget. It's been a rough winter for the Northeast.

Unfortunately, it looks like we're not in the clear, yet. Recent headlines report that many experts now predict steep prices of gasoline during the peak driving season this summer, making this winter's crisis seem ''like a cakewalk'' by comparison.

Why are we all of a sudden experiencing such exorbitant energy prices? Are they simply the outcome of free market forces, the perpetual balancing of supply and demand? No. We are being held hostage by oil producing countries—many of whom have accepted generous assistance from the United States in the past—who now have colluded to slash oil production, distort the market, and drive up the price of oil, which has climbed to about $32 a barrel, up from $12 this time last year.

But we need not sit idly by. There are actions we can take to break the resolve of these oil producing countries. A release of oil from our Strategic Petroleum Reserves would have an immediate and dramatic impact on the price of oil—and send a strong signal to oil producing countries that the U.S. will not stand for unfair and harmful trade practices.

Today I am introducing legislation expressing the sense of Congress that the President and Secretary of Energy immediately draw upon the Strategic Petroleum Reserve to supplement the oil market in the United States, bring the price of fuel back down to reasonable levels, and counter the anti-competitive practices of oil producing countries and the economic hardship they have caused Americans.

Identical legislation has been introduced in the Senate by Senators SCHUMER and COLLINS. I urge my colleagues to join me in calling upon the Administration to use the authority it already has—and indeed has used in the past—to draw upon our oil reserves and come to the assistance of businesses and consumers across the country.

HONORING ANNE STANBACK FOR OUTSTANDING SERVICE

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Ms. DELAURO. Mr. Speaker, it gives me great pleasure to rise today to express my sincere thanks and appreciation to Anne Stanback for her service and dedication to the Connecticut Women's Education and Legal Fund (CWEALF).

As the Executive Director of the Connecticut Women's Education and Legal Fund, Anne has led the organization in its mission to empower women and their families to achieve equal opportunities in their personal and professional lives. After a five year tenure at the helm of this organization, Anne is closing this chapter of her professional life to seek new endeavors. Her unique combination of energy and spirit has brought great success to the CWEALF.

Recently celebrating it's 25th anniversary, CWEALF has long been a powerful voice for women's rights—a vital source of solidarity and inspiration for women. Under Anne's leadership, CWEALF has expanded its membership, accessibility, and programs, ensuring that the voices of women across Connecticut are heard. With Anne as Executive Director, CWEALF established a toll free referral hotline, allowing women access to legal information and referral services. They also established a $250,000 endowment and increased membership, ensuring that their services will be available well into the future.

Anne has worked hard to ensure that the voices of women are not lost. With her guidance, CWEALF expanded its child-support program, which provides information to single mothers about child support enforcement laws. By educating child-care workers, CWEALF was able to establish community networks, working to ensure the safety and security of our most precious resource—our children. One of the most impressive victories CWEALF has achieved under Anne's direction was blocking the establishment of a surgical center that was willing to extend reproductive healthcare services only to men. Anne and CWEALF led the opposition to this project, making a strong statement that in all facets of public and private life, women must be treated equally.

I applaud Anne's efforts to improve the lives of Connecticut women and their families—she is indeed a true role model for today's young women. It is an honor for me to join with the CWEALF organization to bid farewell to Anne and extend my best wishes to her and her family as she begins a new journey. Connecticut is truly a better place for her work.

SENIOR CITIZENS' FREEDOM TO WORK ACT OF 1999

SPEECH OF

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 1, 2000

Mr. JONES of North Carolina. Mr. Speaker, I rise today in support of the H.R. 5, the Senior Citizens Freedom to Work Act.

I would like to applaud the efforts of Representative SAM JOHNSON who sponsored this bill and my fellow republican colleagues. Your hard work on behalf of our nation's seniors to repeal the Social Security earnings limit should be commended.

Within North Carolina alone, 24,386 seniors were effected by the earnings limit in 1999, 2.1 percent of all seniors.

In my opinion, this tax is unfair and un-American.

Penalizing productive and hardworking citizens who choose to continue working during their golden years undermines the very fabric of this nation.

As the baby boom generation retires the number of effected seniors will only continue to rise.

Please join me in supporting this legislation to ensure that working seniors do not receive a smaller Social Security check just because they earn a paycheck.

HONORING THE LIFE AND CONTRIBUTIONS OF E.R. (BOB) GREGG

HON. JIM TURNER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. TURNER. Mr. Speaker, I rise today to honor a great American, a patriot and leader, a successful businessman, a fellow Texan and a good and loyal friend, E.R. (Bob) Gregg, who after many years of dedicated service to his community, to his county and to the State of Texas, passed away on November 19, 1999.

Following in the footsteps of his grandfather, Capt. E. L. Gregg, and his parents, Eldredge and Helena Gregg, Bob Gregg worked diligently and tirelessly to help those in need, to strengthen East Texas' business community, and to improve our education system. Following graduation from Kemper Military Institute, the University of Texas at Austin and the Southern Methodist University School of Banking, the Rusk native served in the U.S. Army during the Korean War and held an officer's position with the Texas National Guard.

Bob's work with various organizations in East Texas and his list of contributions are numerous. Bob Gregg was very active in the banking community for more than 30 years and served as vice president, president and board chairman of Allied Texas Bank of Jacksonville. He was a Mason, a Past Potentate of the Sharon Shrine Temple in Tyler, a lifetime member of the Jaycees, and a recipient of the Jaycee's ''One of the Five Outstanding Young

Texans'' award. He was a past chairman of the Jacksonville Chamber of Commerce and was named Jacksonville's Citizen of the Year in 1992. Because of his dedication to the value of education, he served for five years on the Jacksonville Independent School District Board of Trustees and for 18 years on the State Board of Education.

Bob Gregg was a dedicated member of the Jacksonville First United Methodist Church and a member and past president of the Jacksonville Lions Club. He was a charter member and three term past president of the Jacksonville Rodeo Association Board and treasurer of the Jacksonsville Unit of the Salvation Army for 45 years. He was a board member of the Rusk Industrial Foundation and a member of the Board of Trustees of Lon Morris College, which he attended earlier in his life. From his post as a member of the Commissioners Court for a decade, Bob was a compelling and effective leader for East Texans. He had been Cherokee County Commissioner for precinct 1 since 1989 and was a member of the East Texas Council of Governments Executive Committee. He was also a member of the Region 1 Water Group and a board member of both the East Texas Housing Development and Cherokee County Crimestoppers.

Bob made a positive impact on the lives of many East Texans and personified the definition of a true and loyal American who set a high standard for us all to live by. He was an outstanding example to his family and friends, and has been as asset to the many communities that he touched over the years.

Mr. Speaker, it is with sincere gratitude and the utmost respect that I rise today to ask that you join me and our colleagues in honoring the selfless service of Bob Gregg, who will be missed by so many people who were lucky enough to know him. I would also like to take this opportunity to extend my heart-felt condolences to his wife Mary, his two sons, and the entire Gregg family. Although Bob is no longer with us, his will and drive to make East Texas a better place will continue on forever.

IN MEMORY OF NEW YORK TIMES MANAGING EDITOR E. CLIFTON DANIEL, JR.

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mr. SKELTON. Mr. Speaker, it is with deep sadness that I inform the House of the death of my friend Clifton Daniel, of Manhattan, New York. He was 87.

Mr. Daniel was born in Zebulon, North Carolina, in 1912. During high school summers, he worked behind the soda fountain in his father's drug store and contributed stories to the local newspaper. In 1933, he graduated from the University of North Carolina and was hired by the Raleigh News & Observer as a reporter, editor and columnist. After three years, Mr. Daniel went to New York to find another journalist position. The Associated Press hired him to report from Washington, Switzerland and London during the next six years.

In 1944, Mr. Daniel joined the New York Times, beginning his 33-year career with the newspaper. He developed a reputation for graceful writing and tireless reporting while in Britain covering the Supreme Headquarters, Allied Expeditionary Force. He left London to cover the Allied ground forces in Europe until the fighting ended. After the war was over, the New York Times named him the chief foreign correspondent in the Middle East, where he reported on the birth of Israel, the rise of Arab nationalism and the collapse of a Soviet Azerbaijani puppet state in northern Iran. He then returned to London, where he covered the death of King George VI and the coronation of Queen Elizabeth II. In 1954, he served as the Times's Moscow correspondent, winning an Overseas Press Club award in 1956 for his Moscow reporting.

Mr. Daniel continued his career at the New York Times and was named managing editor in 1964, the second highest editorial position at the newspaper. During his five years in that job, he is credited with injecting renewed life into the paper, seeking improved writing and expanded coverage of arts and society. Mr. Daniel then served as an associate editor and worked in New York Times broadcasting ventures until he became the Washington bureau chief in 1973. In addition to supervising the bureau, he wrote articles that chronicled the fall of President Nixon's administration and covered the new administration of President Ford. Upon announcing his retirement in 1977, Mr. Daniel spoke highly of the variety and excitement he experienced during his distinguished career at the New York Times.

On 21 April 1956, Mr. Daniel married Margaret Truman Daniel, former President Truman's only child. They met during a dinner party in 1955 and kept their romance a secret until a month before their wedding in Independence, Missouri.

Mr. Speaker, Clifton Daniel was a true friend and great American. I know the Members of the House will join me in extending heartfelt condolences to his family: his wife of more than 43 years, Margaret; his four sons; and five grandchildren.

INTRODUCTION OF H.R. 3806 TO HONOR UNKNOWN CASUALTIES OF THE ATTACK ON PEARL HARBOR

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 8, 2000

Mrs. MINK of Hawaii. Mr. Speaker, I rise today to tell my colleagues about my bill H.R. 3806, which I have introduced to correct the omission of important information on the grave markers of service members who died in the December 7, 1941 air attack on Pearl Harbor, which launched the U.S. into World War II.

Six American battleships were sunk in the attack: including the U.S.S. *Arizona,* U.S.S. *Oklahoma,* U.S.S. *Nevada,* U.S.S. *California,* and U.S.S. *West Virginia.* Six destroyers and light cruisers were sunk or damaged. On the airfields, 164 planes were destroyed, with another 128 damaged.

However, what is truly staggering to me is the sheer loss of life. Altogether, 2,403 people were killed, and 2,340 of them served in the military.

Immediately after the attack, the military worked around-the-clock to recover remains and place them in temporary graves on the island of Oahu. Tragically, 961 of the bodies were never found.

The suddenness and severity of the attack made it difficult to identify many of those casualties who were found. Sometimes only ashes were recovered. Nevertheless, the Navy graves carried wooden crosses, which provided as much information as was known about the deceased.

Later, nearly a thousand remains were moved to their final resting lace at the National Memorial Cemetery of the Pacific, located at Punchbowl Crater, in Honolulu, Hawaii. In 252 graves lie the remains of 647 casualties whose identities are unknown.

Regrettably, when these unknown remains were moved to Punchbowl, the information from the wooden crosses was not inscribed on the permanent gravestone. The gravestones today carry just the word, ''UNKNOWN,'' and a few also include ''December 7, 1941'' as the date of death.

Surviving comrades and family members are carrying on the fight to better preserve their memory. A leader in this effort is Raymond Emory, a retired Navy chief petty officer from my state of Hawaii. As historian for the Pearl Harbor Survivor's Association, he spent thousands of hours over 12 years to research Navy burial records to learn more about these slain service members.

Ray Emory's research has so far established that 74 of the Punchbowl Cemetery grave sites carry the remains of 124 Navy crewmen from the U.S.S. *Arizona* who died on December 7, 1941. In more than a dozen of these cases, he also found out their duty station about the ship.

Navy historians have painstakingly double-checked Mr. Emory's research and have confirmed its accuracy. This information should be placed on the grave site markers along with the word, ''Unknown.'' Surely a sailor whom we know died on board the U.S.S. *Arizona* should have his grave site marked to show he was an unknown sailor who died in the service of his country on board to U.S.S. *Arizona.*

My bill directs the Department of Veterans Affairs to add this new information to the grave markers, so that they will be remembered for their specific service on a specific ship, on a specific day in history.

I urge all of my colleagues to support this measure, as the very least we can do to honor their supreme sacrifice for their country.

ELIAN GONZALEZ

HON. LINCOLN DIAZ-BALART

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. DIAZ-BALART. Mr. Speaker, I had the pleasure of reading these articles by James Taranto of the Wall Street Journal regarding the case of 6 year old Elian Gonzalez. I would highly recommend them to all who are interested in learning the truth about that sad case

from someone who has thoroughly researched it with great insight and sensitivity and submit them for the RECORD.

[From the Wall Street Journal, Jan. 31, 2000]

HAVANA'S HOSTAGES

(By James Taranto)

MIAMI.—No aspect of the Elian Gonzalez debate is more galling than the way Fidel Castro and his U.S. supporters have posed as champions of family unity. Havana routinely divides families by preventing children in Cuba from joining their parents in America, with nary an objection from the National Council of Churches and its allies in the fight for Elian's deportation.

There are no official statistics on the number of separated families; Cuban-American leaders here offer estimates ranging from hundreds to thousands. Many stateside family members hesitate to go public for fear of retaliation against kin in Cuba. But in three weeks, a new group called Mission Elian has documented 32 such cases. In some, children in Cuba are separated from both parents in America.

Typical is the story of Jose Cohen, the 35-year-old owner of a e-commerce company here. He had worked in Cuba's foreign-investment office, entertaining guests from abroad. Visitors told him about the outside world and whetted his appetite for freedom. So in August 1994 he, his brother Isaac and two other men crowded into a tiny two-seat motorized raft for a three-day voyage to America. Mr. Cohen left behind his wife, Lazara Brito Cohen, and his children, stepdaughter Yanelis, now 15, daughter Yamila, 11, and son Isaac, eight.

When Mr. Cohen became a U.S. resident in April 1996, he applied for and was granted U.S. visas for his family. Mrs. Cohen applied to the Cuban government for exit visas. Hearing nothing for a year, she began sending letters to Cuban officials, from Fidel Castro on down. Mr. Cohen produces a sheaf of photocopied responses on Cuban government letterhead, each informing his wife that her case is being referred to another agency. Mr. Cohen says even the evasive answers have stopped since Mr. Castro made Elian's case a case celebre.

Mrs. Cohen's experience can't be chalked up to mere bureaucratic inefficiency. When she tried to enroll Yanelis in high school in 1998, the school director told her that teens with foreign immigration visas are not permitted to study beyond junior high. Mrs. Cohen also has received menacing unsigned notes slipped under her front door. ''Forget about leaving Cuba. You will never leave Cuba,'' one said. Declared another: ''Your husband has a wife in the U.S.'' She once showed one of the notes to a bureaucrat at the immigration office. He read it and smiled.

Another time, a man with a government ID card appeared at Mrs. Cohen's door. ''We want to help you,'' he said—and then tried to seduce her. She rebuffed his advances and threw him out.

''Every time we see the hope of living like every other family, it's not in the near future,'' Mr. Cohen says. ''My wife and three children are hostage of the regime.''

Bettina Rodriguez-Aguilera, a 42-year-old motivational speaker who heads Mission Elian, grew up in a family divided by Fidel Castro. She was a baby when her parents moved to the U.S. in 1959, taking her and her teen brother with them. Her father later returned to Cuba, where he wrote to her brother, who had stayed behind in America, asking him to apply for a visa waiver to speed his return to the U.S.

He mentioned in the letter that he didn't intend to join the local Communist Party cell, known as a block party. For this he was charged with ''counterrevolutionary activities'' and imprisoned for 14 years. Ms. Rodriguez-Aguilera didn't see him until he came back to the U.S. when she was 17. His many years as a political prisoner had broken his spirit. ''Even though he was out of prison, his mind was still in prison,'' she says. He died in 1988.

Sometimes the Castro government boasts to families that they are being held hostage. In 1991 Maj. Orestes Lorenzo, a fighter pilot in the Cuban air force, flew his MiG–27 to the Boca Chica Naval Air Station in the Florida Keys, where he defected. He left behind his wife and two young sons. They were summoned to the office of Gen. Raul Castro, the dictator's brother, and told they would never be allowed to leave Cuba. ''He has to return,'' Gen.

Havana's practice of taking families hostage shouldn't surprise us. It is part and parcel of a totalitarian ideology enshrined in laws giving the state limitless power over the most intimate aspects of the lives of Cubans—including children. Article 5 of Cuba's Code of the Child, enacted in 1978, stipulates that anyone who comes in contact with a child must contribute to ''the development of his communist personality.'' Article 8 calls for ''efficient protection of youth against all influences contrary to their communist formation.'' Many Cubans here tell stories similar to that of Miami architect Ricardo Fernandez. His cousin in Cuba was summoned to meet her daughter's teacher, who demanded to know why she was sending the girl to church.

To develop the ''communist personality,'' Havana harnesses that most potent influence: peer pressure. Mr. Cohen says Yamila, his 11-year-old daughter, was hustled with her classmates onto a bus earlier this month for an impromptu field trip. Destination: the U.S. diplomatic mission in Havana, where the children were told to join a rally demanding Elian's return. On the phone later, Mr. Cohen asked Yamila why she had gone along with the order. ''I was very nervous about what the rest of the children would say,'' she told him.

This is the society to which the Clinton administration is trying to repatriate Elian—a society in which the government demands ideological purity even from six-year-olds. How can this be in any child's best interest?

Havana's efforts at thought control work. The image of a mental prison recurs often in conversations with Cuban immigrants here. They talk about wearing la mascara—the mask—to hide their true feelings. They describe a process of self-censorship in which they don't allow themselves even to think certain things, lest a counterrevolutionary sentiment slip out in an unguarded moment. Since the government controls the economy, unemployment is among the risks for those who deviate. Mr. Cohen says his brother David, once a physician at a Havana clinic, was fired for wearing a Star of David necklace. The Cuban government has also blocked David Cohen's effort to emigrate to the Dominican Republic.

It is in this context that we must evaluate Elian's father's refusal to come to the U.S. for a reunion with his son. He may well be a hostage, wearing la mascara and reading a government script. Sister Jeanne O'Laughlin, the nun who oversaw last week's reunion between Elian and his grandmothers, has said she sensed at the meeting that the women were being manipulated by the Cuban government. On Thursday Sister O'Laughlin issued a statement saying the meeting had changed her mind: She now believes Elian should stay.

Gen. Rafael del Pino, who was the No. 2 man in the Cuban Defense Ministry when he defected to the U.S. in 1987, knows what it's like to have a custody dispute with the Cuban government. He escaped on a small plane and brought his wife, their two children and a teenage son by his previous marriage. His former wife later appeared on Cuban television and before the National Assembly, Cuba's one-party legislature, accusing her ex-husband of kidnapping and demanding her son's return.

But in 1995 she herself escaped on a raft. Mr. del Pino says she told him her complaints had been coerced by Havana. Reached by phone at her home in North Carolina, she refuses to say, pointing out that her mother and daughter remain in Cuba.

This story leads Mr. Lorenzo, who made his own freedom flight four years after the general's to speculate: What if, like Mr. del Pino's ex-wife, Elian's father eventually decides to escape? ''I wonder if we'll find that the father left the island with Elian, and they all died at sea,'' Mr. Lorenzo says. ''Who are we going to blame for that?''

[From the Wall Street Journal, Jan. 24, 2000]

ELIAN'S JOURNEY

(By James Taranto)

MIAMI.—It's hard for people who have never lived under communism to comprehend the passions the Elian Gonzalez case has ignited in the Cuban-American community. Just as white people can't completely understand what it's like to feel the sting of racial prejudice, those of us lucky enough to have grown up in a free land can't fully fathom the meaning of totalitarianism. But the lawmakers, judges and bureaucrats who control Elian's fate have an obligation to try. By contemplating the lengths to which people will go to escape, they can at least glimpse a shadow of the horror.

Elian and his mother were traveling with 12 other people, two of whom survived. Nivaldo Fernandez, a chef in a five-star tourist restaurant who was separated from his wife, and Arianne Horta, a single full-time mom, had been dating for less than a year when they decided to leave Cuba together. They have kept a low profile until now because Mrs. Horta fears for her five-year-old daughter, Estefani Erera, whom she left behind in Cuba. On Friday Ms. Horta went public with her plight at a press conference here organized by Rep. Ileana Ros-Lehtinen (R., Fla.).

A few days earlier, I sat down with Mr. Fernandez and Ms. Horta to hear an account of their harrowing voyage. This is their story, as translated by Carlos Corredoira, Mr. Fernandez's best friend.

Fifteen Cubans from the coastal city of Cardenas boarded a 17-foot boat bound for America before dawn on Nov. 21. Along with three survivors and Elian's mother and stepfather, the group included Ms. Horta's young daughter and two families, the Muneros and the Rodriguezes. A Rodriguez family friend was also aboard. Aside from the two children, the youngest member of the group was 17.

The trip was troubled from the start. Their outboard motor failed almost immediately, and they spent the day on a small island just off the coast trying to repair it. As Elian and Estefani played together on the island, Elian was exuberant; he kept shouting ''Me voy

para la Yuma!'': ''I'm going to the United States!'' (La Yuma is a Cuban colloquialism for the U.S.) But Estefani was scared and cried much of the time.

In the evening they returned and got the motor fixed. Ms. Horta decided Estefani was not up to the trip. She faced an agonizing choice: her daughter or her freedom. She decided to leave Estefani behind with her grandmother and send for her after she settled in the U.S. She had no idea the trip would turn into an international incident.

Just before dawn the next morning, they set off again. Two hours later, Elian saved their lives. Two Cuban patrol boats pulled up, one on each side. They tried unsuccessfully to capsize the little boat by moving from side to side, making waves. Then a sailor on the large vessel threatened to sink the boat with a water cannon.

''We have kids in here!'' Mr. Fernandez shouted. ''We have five or six kids!'' He backed up his bluff by hoisting Elian. The sailor backed down. The patrol boats continued to follow for an hour, turning back when they reached international waters.

Things got much worse that night. The motor died. High waves tossed the boat about. Water splashed over the sides of the craft, threatening to sink it. A fuel tank tipped over. The gasoline burned a hole in one of the three large inner tubes the group had taken along in case of emergency. Seconds later, the boat capsizes.

The 14 Cubans spent the night clinging to the hull. Several cruise ships passed by, but no one heard their cries for help. At dawn they tried to turn their boat over. Instead it sank. Their food was gone. They grabbed the inner tubes and held on for their lives.

As the boat sank, Ms. Horta snatched a jug of water. She told Elian's mother, Elizabeth Broton: ''Only give this water to Elian.'' That selfless act may well have saved Elian's life.

By evening, the Cubans were dehydrated, and some started to hallucinate. The first to succumb was 17-year-old Jicary Munero, Elian's stepfather's brother. He swam away from the inner tube, shouting: ''Look, there's a little island! I see lights!'' His brother and one of the Rodriguez men swam after him.

Suddenly all was quiet. In the space of seconds, three men had died, and two women had become widows. Elian's stepfather's parents had also seen two sons perish. Mr. Fernandez struggled to keep their spirits up. ''Let's pray together,'' he told them.

Hunger and hallucination killed more that night. The Rodriguezes' friend, a 25-year-old woman named Lirka, was starving. She swam away, shouting, ''I want black beans and rice!'' Mr. Fernandez tried to save her. She drowned just as he reached her. When he returned to the inner tube, it was empty. Elian's stepfather's parents had drowned, too. Later the widow Rodriguez started swimming and shouting. ''There's light over there!'' Her brother-in-law tried to save her. Both drowned quickly.

The group had dwindled to six: Mr. Fernandez, Ms. Horta, Elian, his mother, and the parents of the two dead Rodriguez men. Mr. Fernandez and Ms. Horta, exhausted, fell asleep clinging to their inner tube. They awoke to find that the elder Rodriguezes had drowned overnight.

All the struggle and death had worn Elian's mother down. ''I want to die,'' she said. ''All I want is for my son to live. If there's one here who has to die, it's me, not him.'' Elian was begging for milk; his mother had given him her sweater to protect him from the chilly waters.

Mr. Fernandez and Ms. Horta dozed off again. Hours later they were awakened by sharks nipping at their legs. (Both showed me their scars: Mr. Fernandez has several dozen small tooth marks on his ankles; Ms. Horta has three larger wounds on her thighs.)

They were alone. The rope that held the inner tubes together had come loose as they slept. Mr. Fernandez, who had tried to lift the others' spirits, found himself losing hope. ''I'm tired,'' he told Ms. Horta. ''I can't make it. I want to die.''

As night fell, the couple saw lights in the distance. They tried swimming toward shore, but the current was against them. Again they slept.

They awoke at dawn on Thanksgiving Day. Closer to shore, they began swimming toward land. They arrived in Key Biscayne, Fla., yacht harbor. They had made it.

Exhausted and dehydrated, they collapsed. Later Mr. Fernandez, lying in bed in a Miami hospital, told police there might be other survivors. A cop showed him a photo: ''Did this little kid come with you?''

''Yes, Is he alive?'' Elian had made it too.

After leaving the hospital, Mr. Fernandez and Ms. Horta went straight to the immigration office and began the process of becoming Americans. Their new lives are a classic immigrant struggle. Ms. Horta is going to school to learn English. Mr. Fernandez, the erstwhile five-star chef, is looking for work; last week he had an interview for a job washing cars at an auto dealership.

Nivado Fernandez is full of faith in his new country. ''I was born on July 3, 1967,'' he says, ''I was born again on Nov. 25, 1999, because that's when I came to the land of liberty.'' Would he do it again if he knew how harrowing the journey would be? ''Yes. Even if I died in the middle of the sea, I would have died with dignity, trying to come to this country.''

Arianne Horta longs to be reunited with Estefani, her five-year-old daughter. The Immigration and Naturalization Service, the selfsame agency that is demanding Elian's immediate deportation in the name of family reunification, tells Horta it can't do anything about her little girl until Ms. Horta attains residency status, which won't happen until next year. In contrast to Elian's father, last seen ranting on ABC's ''Nightline'' about his desire to assassinate U.S. politicians, Ms. Horta maintains a quiet dignity. ''I cry a lot,'' she says.

This week Congress will take up legislation to declare Elian Gonzalez a U.S. citizen. It should extend the same privilege to Estefani Erera. There's no guarantee that Fidel Castro would allow her to emigrate, but such an action would remove the obstacle on this side of the Florida Straits. Making Estefani an American would be a fitting tribute to her mother's heroism—and to the memories of the 11 who didn't make it.

HONORING THE JEWISH HOME FOR THE AGED ON ITS 85TH ANNIVERSARY

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. DELAURO. Mr. Speaker, it gives me great pleasure to rise today to honor an organization that has been an invaluable asset to the New Haven, Connecticut community since its inception 85 years ago—the Jewish Home for the Aged.

In October, the Jewish Home for the Aged celebrated 85 years of care and service to the elderly of our community. Founded by the Sisters of Zion, what began as a small sanctuary for poor, elderly Jewish men and women without families, has grown into a distinguished and highly respected nursing care facility. Over the years, the home has worked diligently to address the ever-changing needs of our aging population. Throughout its history, quality care has been their prime goal, constantly expanding both in space and services.

Through personal appeals and their first Charity Ball, in 1916 the Sisters of Zion were able to raise the funds necessary to purchase a wood house at 169 Davenport Avenue in New Haven, giving the Jewish Home for the Aged its first residence. In its formative years, the Jewish Home for the Aged was run completely by women, an unique undertaking given the times. Every succession of Board members has had to grapple with the financial realities of caring for the elderly. As a nonprofit, the Home has had extraordinary success through a myriad of fund-raising efforts, a strong tradition that continues today. Throughout its rich history, the remarkable success of the Jewish Home for the Aged has been due to the strong leadership and dedication of the staff and administration—our sincere thanks to them for all of their extraordinary efforts.

This past year, the Home suffered an enormous loss with the unexpected passing of its Executive Director, and my dear friend, Rick Wallace. Rick was an incredible leader, committed to overcoming the massive changes and rising costs in health care that have impeded our seniors from accessing quality care. He held a strong belief that in order to meet these new challenges, Jewish organizations throughout the community would have to work together to provide their residents with a continuum of care. Dedicated to the Home's future success, Rick ensured that the Home was a founding member of the Jewish Care Network. Rick dedicated his career to the mission of the Home and it is my hope that they will carry on his strength and vision as they move ahead into the future.

The Jewish Home for the Aged has had an invaluable impact on our community since its founding. I am indeed proud to stand today to honor them as they celebrate their 85th anniversary and to extend my best wishes for continued success.

NORTHERN IRELAND IN CRISIS AS SAINT PATRICK'S DAY APPROACHES

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. GILMAN. Mr. Speaker, next week is Saint Patrick's Day, when so many Irish and their many friends around the globe celebrate the great patron saint's day of honor. This year's Saint Patrick's day was to have held

out great hope for lasting peace and justice in the long troubled north of Ireland. The Irish and peace loving people all over the world were joyous last November 29th when the new Northern Ireland power sharing executive was finally formed and the British government devolved most of home rule to Belfast. Along with the Northern Ireland assembly, north/south and east/west bodies, the future of all of the island of Ireland was bright for peaceful democratic change in the unsatisfactory status quo that has long been the north of Ireland. The Good Friday accord supported by the people of both the north and south of Ireland was finally being implemented and change was to come through democratic means and new power sharing institutions.

It was a step backwards in the search for lasting peace and justice in the north of Ireland when the British Government on February 11, 2000 suspended the power sharing institutions that had been the best chance to produce overall change in the north, including decommissioning.

Regrettably, the Irish peace process since February 11, 2000 is once again in crisis. The most recent announcement that the IRA is withdrawing from their efforts with the arms decommissioning body is another body blow to a fragile and tenuous future in the north of Ireland.

Even after positive steps were being made to resolve the arms issue—the IRA had committed to put them beyond use—the old unionist veto by the Ulster Unionist Party (UUP) forced the suspension of power sharing under the threat of resignation by the UUPs First Minister, David Trimble from the new local government. Terms of the Good Friday Accord set out simultaneous time frames for removal of the guns on both sides from Irish politics.

Those who have unilaterally changed its terms and exercised a veto over its operation must explain their intransigence, and be held accountable for failing to carry out the terms of the Good Friday peace accord.

In order to create the climate for arms decommissioning as envisioned by the terms of the Good Friday Accord, power-sharing institutions must be reestablished, sooner rather than later.

The accord itself set a mid-May 2000 time frame for good faith efforts by all sides at getting all of arms decommission in the North Ireland. Regrettably, the institutions that should have been in place for the last 18 months has only been up and running for just the last 10 weeks. Now they have been suspended.

We soon will have the marching season again in the north of Ireland. We cannot let the political vacuum in the north go on indefinitely. We need the political institutions up and running so change can come peacefully through democratic means. Only then can we expect the political process that the Good Friday accord set in motion can help make the guns on both sides in the north, both irrelevant, and unnecessary.

The parties need to get back to the table and fully implement the Good Friday Accord. As Senator George Mitchell has wisely said, history might forgive the failure to reach an agreement in the long conflict over Northern Ireland, but will never forgive the failure to implement one that has been agreed upon by both governments and all of the parties in the long troubled region.

Let us, on this St. Patrick's Day, hope and pray for a united, peaceful Ireland.

HONORING THE TORRANCE MEMORIAL MEDICAL CENTER

HON. STEVEN T. KUYKENDALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. KUYKENDALL. Mr. Speaker, I rise today to honor the Torrance Memorial Medical Center, and important facility within my district. The largest community hospital in the area, Torrance Memorial is currently celebrating is 75th anniversary.

For 75 years, the Torrance Memorial Medical Center has played an integral role in the health and welfare of the South Bay and Peninsula communities. The medical center has come a long way since it first opened its doors in 1925. More babies were delivered and more patients were admitted during the last quarter of 1999 than during its first ten years in operation.

With 380 beds, the Torrance facility is widely recognized as one of the most technologically advanced private hospitals in the regions. A leader in the health care industry, Torrance Memorial specializes in acute care, particularly in the areas of cardiology, cancer treatment, burn treatment, and neonatal care. The center has provided first rate medical care to tens of thousands of local residents throughout the years.

Torrance Memorial is an active member of the community. It is a pioneer in prevention, education, and community services providing classes, lectures, daycare, and physician referrals to help the residents of the South Bay and surrounding communities play a greater role in their own health.

I commend the staff and volunteers of the Torrance Memorial Medical Center for providing such outstanding care, and I congratulate then on this milestone. The South Bay is grateful for your services.

TRIBUTE TO PATRICIA CAMPBELL GLENN

HON. DONALD M. PAYNE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. PAYNE. Mr. Speaker, I would like to ask my colleagues here in the House of Representatives to join me in honoring a woman of remarkable accomplishments, Patricia Campbell Glenn, who has earned a reputation as an outstanding public servant.

As the Regional Director of the United States Department of Justice, Community Relations Service in Region II consisting of New York, New Jersey, the U.S. Virgin Islands and Puerto Rico, her agency is responsible for the mediation of all community-based racial and ethnic disputes. Ms. Glenn has the distinction of being the only female director in the country. During her tenure at the Department, she was deputized as a special U.S. Marshall in Conway County, Arkansas; she mediated systemic issues cases in federal correctional facilities, and she mediated disputes between Native Americans and the federal government. In 1996, she was selected to direct the National Arson Task Force in Washington, D.C. for the Community Relations Service. The Task Force had the direct responsibility for the resolution of all disputes related to the arson of churches. Ms. Glenn has conducted Hate Crime training with the Federal Law Enforcement Training Center out of Glynco, Georgia since 1992, the U.S. Trustees, Bankruptcy Courts, the National Organization of Black Law Enforcement Executives, the Federal Bureau of Investigation and the U.S. Secret Service, Uniform Division.

Her impressive achievements include being selected as one of the fifty outstanding females in the Justice system; becoming the first female to receive the Outstanding Regional Director Award; being listed in Who's Who in American Women and in the Midwest; and being selected in 1998 as National Mother of the Year by the Ashley Steward Retail Association. In addition, she was responsible for the first nationwide agreement with the Federal Emergency Management Agency to provide assistance when problems between races and cultures arose during national disasters; mediation of community concern regarding police practices in Paterson, New Brunswick, Montclair and Newark, New Jersey; mediation between African American and Jewish faculty at Kean University; and many other achievements. She received a B.S. in English Education from Ohio State University and an M.A. in Speech Communication from Montclair State University. She has lectured at Yale University, conducted classes at Passaic Community College, taught Conflict Resolution in Moscow and established conflict resolution programs in St. Petersburg and Komi, Russia. Currently, she is an adjunct instructor at Montclair State University.

Mr. Speaker, I know my colleagues join me in paying tribute to a remarkable public servant, Patricia Campbell Glenn, for her highly successful work and in wishing her all the best in her future endeavors.

PERSONAL EXPLANATION

HON. GRACE F. NAPOLITANO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mrs. NAPOLITANO. Mr. Speaker, on Wednesday, March 8, 2000, I was unavoidably late in returning from California. If I had been here to vote, I would have voted "yea" for all of the following:

H.R. 1827—Government Waste Corrections Act; H.R. 2952—To redesignate the Facility of the U.S. Postal Service in Greenville, South Carolina as the Keith D. Oglesby Station; H.R. 3018—To designate the U.S. Postal Office in Charleston, South Carolina as the Marybelle H. Howe Post Office; S. Con. Res. 91—Congratulating the Republic of Lithuania on the tenth anniversary of the reestablishment of its

independence from the rule of the former Soviet Union; and H.J. Res. 86—Recognizing the 50th anniversary of the Korean War and the service by members of the Armed Forces.

HONORING NANNIE PARKS ROGERS AS THE 1999 NCNW APPRECIATION AWARD RECIPIENT

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. DELAURO. Mr. Speaker, it gives me great pleasure to rise today to join the New Haven National Council of Negro Women in posthumously honoring my good friend, Nannie Parks Rogers, with their annual appreciation award.

Each year the NCNW of New Haven recognizes outstanding men, women, and youngsters for their efforts on behalf of our community. These annual awards honor individuals who have reached out to the community and dedicated themselves to the continued improvement and enhancement of Greater New Haven.

Nan Rogers was an extraordinary figure who enriched the lives of everyone she touched. Spending more than forty years in the field of education, Nan worked closely with people as both an educator and counselor. Her dedication and strong belief in the vital importance of education led her through an unparalleled career. Nan valued the opportunities her career offered—from young children beginning their formal education, to teens as they made their choices about life, and finally to adults returning to college and restructuring their lives.

A longtime resident of the Newhallville neighborhood in New Haven, Nan was an active member in many organizations throughout the city. Among the myriad of activities she was involved in were her memberships in St. Andrew's Episcopal Church, the National Council of Negro Women, the Mary B. Ashford Adult Services Center, the NAACP, the Business and Professional Women's Club, and the Inner City Day Care Council, Inc. Nan is also credited as a founder of the African American Women's Agenda, a community based group whose goal is to address the issues affecting African American women and to ensure that their voices are heard, both locally and nationally. Nan was a true advocate for her community, striving to enhance the quality of life for our children and families.

Sadly, Nan passed away in March of this year at the age of 70. I am fortunate enough to have known Nan and blessed to have called her my friend. I would like to extend my sincere sympathies to her daughter, Robin, grandchildren, Marcus and Sarah, family, and friends. Nan will certainly be missed but her contributions will not be forgotten. I am truly honored to stand today to pay tribute to Nannie Parks Rogers as the recipient of the 1999 NCNW Appreciation Award Recipient.

SENIOR CITIZENS FREEDOM TO WORK ACT OF 1999

SPEECH OF

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 1, 2000

Mr. GILMAN. Mr. Speaker, I rise today to strongly support H.R. 5, The Senior Citizens Freedom to Work Act of 2000. I ask my colleagues to join me in supporting this worthwhile piece of legislation.

This objective of this bill is simple and straightforward: it would totally remove the future earnings limit for working seniors who receive Social Security.

For too many years, those senior citizens, aged 65–69, who chose to continue to work, have had their Social Security benefits deducted by one dollar for every three dollars earned once their earnings went over the limit. For many years, this limit was $12,500 annually.

The 104th Congress made a much needed change in 1997, by raising the limit to $30,000 by 2002.

I have long believed that more needs to be done on this issue. Ever since coming to Washington, in the 93rd Congress, I have introduced legislation to either raise the earnings limit, or eliminate it, altogether. I believe that repeal of this regulation is one of the most effective things we in Congress can do to show our seniors that we recognize the value of their contributions to both our Nation's economy and to the character of our individual communities.

The Social Security earnings limit is a relic from the Great Depression era, when concern over mass unemployment led many to believe that the imposition of the limit would prevent retired individuals from competing with younger workers for scarce jobs. While the limit's utility in the 1930s is debatable, most everyone agrees with the argument that it has no place in today's work environment.

The earnings limit only serves to discourage seniors from working and diminishes their potential impact on society. It is a condescending regulation that conveys the message that seniors have nothing to contribute and are better off not serving in the work force. In doing this, it both reduces the standard of living for working seniors, as well as rob the country of the valuable experience and workplace skills of those senior citizens who, because of the earnings limit, forego returning to the workplace.

Thanks to revolutionary advances in the field of medicine, Americans are living longer than ever before in our Nation's history. Consequently, senior citizens are the fastest growing component of our country's population.

Moreover, the U.S. economy is currently running at very close to full employment. While the unemployment rate is at a historic low, demand for finished goods shows no signs of abating. Employers recognize this, and are searching for ways to address this challenge. Many have turned to senior citizens, who are a vast, largely untapped, labor resource. Consequently, recruitment of senior citizens by private industry is on the rise, and shows more signs of increasing in the future.

Given this, it simply makes no sense to maintain an arbitrary earnings limit that penalizes those individuals of retirement age who wish to continue being productive members of the work force. Nobody who wishes to enjoy retirement should be forced to work, however, those who do work should not be unfairly penalized for doing so.

Our senior citizens have their own unique and invaluable contributions to make to our society as a whole. I have long encouraged my colleagues in Congress to recognize and reward this initiative, rather than penalize it by clinging to outmoded regulatory relics.

For far too long, the poor budgetary environment made repeal of this limit a practical impossibility. Today's environment of growing surpluses has knocked away this last obstacle to reform. We need to seize this opportunity to provide simple, but effective reform for our working seniors.

Moreover, while important, the repeal of this limit should only be the first step towards improving the economic welfare of our senior citizens. Congress still needs to repeal the earnings limit for those seniors aged 62–64, and this debate should be the prelude to a full review of the taxes levied on our senior citizens, with the goal of repealing all taxes on Social Security benefits, which in effect are a discriminatory form of double taxation.

I am pleased to see that the President has finally stated his public support for the elimination of the earnings limit, and I commend my colleagues on the Ways and Means Committee for their diligence and attention to this issue in their recent favorable consideration of this bill.

I ask my colleagues to join me in supporting this timely, and important legislation.

HONORING THE SOUTH BAY WOMEN OF THE YEAR

HON. STEVEN T. KUYKENDALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. KUYKENDALL. Mr. Speaker, I rise today to pay tribute to some exceptional women from my district being honored tomorrow as the South Bay Women of the Year. The honorees are Mrs. Katharine Ward Clemmer, the Honorable Katy Geissert, Ms. Jill Gomes, Mrs. Renee Henry, Mrs. Pamela Kenoyer, Mrs. Elaine Klessig, Mrs. Mary Jane Schoenheider, and Mrs. Darla Voorhees.

This honor is given to several remarkable women each year by the Switzer Center School and Clinical Services located in the City of Torrance, which serves children with learning, emotional, or social challenges. The 2000 South Bay Women of the Year Awards are presented to women who are making a difference in the lives of others. These individuals are being recognized for selflessly giving their time and efforts to improve the community. They are making an impact in the lives of others, not because they have to, but because they want to.

I thank the Switzer Center for recognizing these women and their significant accomplishments. I commend these eight women for their

important contributions to the South Bay community. They have touched the lives of many. I congratulate them on receiving this award.

PERSONAL EXPLANATION

HON. RUBÉN HINOJOSA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. HINOJOSA. Mr. Speaker, because of a transit problem, I unfortunately missed rollcall votes 29, 30, 31, 32 and 33. Had I been present I would have voted as follows:

Rollcall No. 29, Government Waste Corrections Act (H.R. 1827)—''yea''; rollcall No. 30, To Redesignate the Facility of the U.S. Postal Service in Greenville, SC, as the Keith D. Oglesby Station (H.R. 2952)—''yea''; rollcall No. 31, To Designate the U.S. Postal Office Located at 557 East Bay Street in Charleston, SC, as the Maybelle H. Howe Post Office (H.R. 3018)—''yea''; rollcall No. 32, Congratulating Lithuania on the 10th Anniversary of its Independence, S. Con. Res. 91—''yea''; rollcall No. 33, Recognizing the 50th Anniversary of the Korean War, H. J. Res. 86—''yea.''

CONGRATULATING THE CHURCH OF THE ANNUNCIATION

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mrs. ROUKEMA. Mr. Speaker, I rise to congratulate the Church of the Annunciation in Paramus, New Jersey, on the dedication of its restored and renovated church building. This newly completed work not only provides more space for worship and community activity, but reflects the measure of faith it brings to the community and the growth of the church congregation.

The $2.2 million project will provide more than 8,000 square feet, reconfigured to meet the Second Vatican Council's direction for greater participation of the congregation in services. Modern lighting and sound systems have been added while maintaining the church's classic gothic design. Meeting space for parish organizations and community services has been expanded and the entire complex has been adopted for the physically challenged.

A church is, of course, far more than bricks and mortar. It is a place of prayer, worship and solace for all. As Pastor Michael Sheehan has said, the renovation project is a proclamation of the congregation's faith in the future that the Lord will continue to be with His people in Paramus.

A key element of the spirit surrounding the Church of the Annunciation has been the tradition of Christian charity. Members of this compassionate congregation have worked selflessly to help the less fortunate in the community, providing aid and assistance whenever and wherever it has been needed. They have truly embraced the Gospel according to St. Matthew: ''I was hungry and you gave me meat. I was thirsty and you gave me drink. I was a stranger and you took me in. I was naked and you clothed me. I was sick and you visited me. I was in prison and you came unto me.''

The Church of the Annunciation traces its history to 1951, when Newark Archbishop Thomas J. Walsh ordered the construction of a new church to accommodate the rapidly growing Catholic population in Bergen County. Archbishop Walsh chose the site of the former House of Divine Providence, a Catholic charity hospital for the terminally ill that had remained vacant since it was gutted by fire in 1925. The Rev. William J. Buckley was assigned as the first pastor and held the first Mass in the Midland Avenue firehouse on September 14, 1952. The new church was dedicated the following March on the day before Palm Sunday. The first year of full operation saw 78 baptisms, four weddings and three funerals.

Rapid growth followed over the next several years, including construction of a rectory and the establishment of a church school for kindergarten–eighth grade. While the school closed in 1983 due to falling enrollment, overall growth has continued and the church today is the spiritual home of more than 1,200 families.

The Church of the Annunciation has been served by many distinguished clergy, but some have a special place in the memory of parishioners. Archbishop Walsh entrusted the Rev. William J. Buckley, an experienced priest of 29 years, with the important job of founding the church, overseeing the establishment of the new parish and serving as the first pastor. A practical man as well as a spiritual leader, the Rev. Buckley's first purchase was a 4-by-7-inch leather-bound accounts book in which to record the church's finances. In 1967, the Vietnam War touched the lives of the parish all too closely when the Rev. Charles Watters was killed in action. Pastor from 1956 to 1963, Father Watters was serving as an Army chaplain with the 173rd Airborne Brigade when his unit engaged a heavily armed enemy battalion. During the battle, Father Watters rushed to the front lines to aid wounded soldiers and give last rites to the dying. He repeatedly ran through intense enemy fire to rescue the wounded or give aid, and was eventually struck and killed. Father Watters received the Congressional Medal of Honor for his heroism. The traditions and standards set by Father Buckley and Father Watters are ably carried on today by Father Sheehan.

The Church of the Annunciation has been a center of community life for generations, a gathering place for weddings, funerals and other passages of life not just for today's generation but their parents and grandparents as well. It continues to play a major role in the lives of its congregation and will do so for many years to come. In these times of moral upheaval and increasing violence among our youth—as evidenced by tragic shootings in schools across the nation—we especially value the dedication and commitment of our churches to the guidance of our young people. This is in the best tradition of building upon the strong foundations of our American democracy.

As the Church approaches the 50-year mark, the promise of its future seems bright. The faithfulness of its clergy, the devotion of its congregation and its dedication to Christian values are evidence of its enduring place in the community.

Mr. Speaker, I ask my colleagues in the House of Representatives to join me in congratulating the Church of the Annunciation on nearly half a century of serving the spiritual needs of its congregation, and wishing this church and its parishioners the best for the future. God bless and Godspeed.

IN MEMORY OF CHARLES SCHULZ

HON. BOB GOODLATTE

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. GOODLATTE. Mr. Speaker, it is a privilege and an honor to stand before you today and pay tribute to the celebrated cartoonist Charles Schulz. His legacy will be remembered around the world for years to come. For 50 years, Mr. Schulz gave us the lovable characters that we could identify with, the Peanuts Gang.

I would also like to inform my colleagues of Schulz's generous contributions to the National D-Day Memorial Foundation in Bedford, Virginia. The Foundation is a group of veterans and volunteers designated by the U.S. Congress to build and maintain a memorial to Allied Forces who invaded the Normandy coast of France on June 6, 1944. The Foundation is charged with designing, building and operating a national memorial that will provide a place of reverence and solemnity honoring those who sacrificed so much on D-Day. The Foundation is committed to educating citizens of the world, especially young people, about the scope of the invasion; the role of individual American service men and women; the sacrifices made by the families and communities on the home front; and the critical importance and significance of D-Day.

Since its creation, Charles Schulz provided great support to the Foundation and the advancement of its goals. All donations in Charles Schulz's name should be directed, per Mr. Schultz's request, to The Campaign to Build The National D-Day Memorial and Education Center.

Again, I ask my colleagues to join me in recognition of this man's support for such a worthy cause.

COMMUNIST CHINA'S THREAT AGAINST TAIWAN

HON. DANA ROHRABACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. ROHRABACHER. Mr. Speaker, communist China recently issued a so-called ''white paper'' threatening to attack the Republic of China on Taiwan, almost immediately after a high level Clinton Administration delegation led by Strobe Talbott visited Beijing. Reportedly, Talbott told the Chinese dictators that President Clinton wanted ''a constructive

strategic partnership.'' Through the militant ''white paper'' Beijing stated it would militarily conquer Taiwan if Taiwan's democratically elected leaders refused to meet Beijing's timetable for reunification talks. This is a new condition meant to frighten voters in Taiwan prior to Taiwan's presidential election on March 18.

This latest bluster by Beijing is comparable to the 1996 Chinese ''missile test'' in the Taiwan Strait during Taiwan's first democratic Presidential election. Beijing failed to deter Taiwanese voters from electing President Lee Teng-hui. On March 18, the first time in China's 5,000 year history, Taiwanese voters will democratically choose a new president to replace a democratically elected leader.

Communist China's threats against Taiwan are deplorable. Taiwan is a vibrant democracy and its people should have every right to elect their new leader without any sort of outside interference. Beijing should recognize the fact that the Chinese people now have two separate governments—one democratic and the other a militant dictatorship. Reunification talks between Beijing and Taipei should be conducted as between two equal entities, allowing both sides to discuss the creation of a new democratic China through the free will of all Chinese people.

During this sensitive period, we should make clear to Beijing that the United States Government has zero tolerance for Beijing's bullying gestures toward the brave people of Taiwan. There current actions are sound reason to deny any trade agreements, such as the so called Permanent Normal Trade Relations proposal.

ORGAN DONATION AND TRANSPLANTATION IMPROVEMENTS ACT

HON. BOBBY L. RUSH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. RUSH. Mr. Speaker, today, I am pleased to join with my colleague, RAY LAHOOD, in introducing the Organ Donation and Transplantation Improvements Act of 2000, a bill to amend the Public Health Service Act to improve the national system of organ allocation and transplantation.

Under the provisions of the National Organ Transplant Act (NOTA), the U.S. Department of Health and Human Services has the responsibility for establishing and administering a national organ allocation program. In April of 1998, the Department published a regulation which directs the Organ Procurement and Transplantation Network (OPTN) to address a number of inefficiencies and inequities in the existing organ allocation program. UNOS, the United Network for Organ Sharing, and a number of transplant centers, strongly objected to the regulation. The groups in opposition sought and secured a rider to the Omnibus Appropriations enacted in 1998 which blocked implementation of the Secretary's proposed regulation.

In October, 1998, the Congress suspended implementation of the Final Rule for one year to allow further study of its potential impact. During that time, Congress asked the Institute of Medicine (IOM) to review current Organ Procurement Transplantation Network (OPTN) policies and the potential impact of the Final Rule. The IOM study was completed in July of last year and provided overwhelming evidence in favor of the new regulations. Nevertheless, at the end of the last session of Congress, a second moratorium was added onto the Work Incentives Improvement Act, that provided for an additional 90-day delay of implementation of the Final Rule.

In the midst of this debate, last October, the House Commerce Committee debated and reported legislation, H.R. 2418, that would divest the Department of Health and Human Services of any authority to require anything of the OPTN. Functions of a scientific, clinical or medical nature would be in the sole discretion of the OPTN. All administrative and procedural functions would require mutual agreement of the Secretary and the Network.

Opponents of H.R. 2418, including the Governor of the great state of Illinois, believe that the legislation would create an unregulated monopoly of organ allocations, and allow UNOS to run the organ allocation program unfettered. The legislation also favors small states with small centers at the expense of patients waiting for transplants at larger centers. The state of Illinois represents 9 percent of the population and receives only 4 percent of the transplants.

The legislation which Mr. LAHOOD and I are introducing today takes elements from a variety of different sources and combines them into a comprehensive bill aimed at improving the performance of the nation's organ donation and transplant system. The bill includes elements from:

The existing National Organ Transplant Act (NOTA);

H.R. 2418, the Organ Procurement and Transplantation Network (OPTN) Amendments of 1999;

The OPTN regulation promulgated by the Department of Health and Human Services and revised in 1999; and

Recommendations from the Institute of Medicine in its 1999 report: Organ Procurement and Transplantation.

The goal of the Donation and Transplantation Act is to increase organ donation rates and to foster a fair and effective system for improving the nation's organ transplantation system.

The legislation that we are introducing supports a number of programs aimed at increasing organ donation by establishing a grant program to assist organ procurement organizations (OPO) and other non-profit organizations in developing and expanding programs aimed at increasing organ donation rates; creating a Congressional Donor Medal to be awarded to living organ donors or to organ donor families; establishing a system of accountability and places the responsibility for increasing organ donation with the Department of Health and Human Services (HHS must report its progress to Congress); and establishes a system of support for state programs to increase organ donation.

Congress created the Organ Procurement and Transplantation Network (OPTN) in 1984 to create a fair and effective system for matching organ donors with patients in need of organ transplants. The Act maintains the high medical standards established by Congress in 1984; further defines the organ allocation standards established by Congress in 1984 in order to ensure a fair and equitable system of allocation based upon the recent recommendations of the Institute of Medicine; establishes new standards of financial accountability in the operation of the OPTN; and requires the Department of Health and Human Services to work with the OPTN contractor to monitor and enforce the policies of the OPTN.

The Act further removes the burden for organ allocation from the Organ Procurement Organizations (OPOs) and establishes a process, based upon sound medical criteria, for the certification and recertification of OPOs. The legislation further provides an opportunity for OPOs that fail to meet standards to implement a corrective plan of action.

Our legislation implements the recommendations of the Institute of Medicine through the creation of an advisory board to review OPTN policies and ensure the best performance of the OPTN in the effective and equitable procurement and allocation of donated organs. The legislation also includes a provision to reimburse individuals who donate organs for the non-medical travel expenses and maintains the current standard of enduring that patients have the best data and information about the nation's organ transplant system. Finally, Mr. Speaker, as with the current law, our legislation provides that the OPTN will continue to be operated by a private non-profit organization, with rules that will be subject to review by the Secretary of Health and Human Services.

Mr. Speaker, the legislation that Congressman LAHOOD and I have introduced today is a sound compromise worthy of consideration. I hope that our colleagues will join us in support of this legislation.

HONORING ALVIS BROOKER, ALDERMAN, 23RD WARD, NEW HAVEN, CONNECTICUT

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. DeLAURO. Mr. Speaker, I rise today to honor my good friend, the late Honorable Alvis Brooker, Alderman for the 23rd Ward of New Haven, Connecticut. On Monday, November 15, Alvis succumbed to the same rare liver disease that took the life of the great Walter Payton.

Alvis was an incredible force in the Dwight/West River section of New Haven, representing more than 5000 city residents. He was a member of the West River Neighborhood Association as well as the Dwight Central Management Team. Both of these groups are neighborhood organizations whose mission is to improve and enhance the neighborhood and quality of life for its residents. He worked diligently to address the needs of those he represented, especially the various security, housing, and revitalization issues they faced. He was instrumental in the George

Street revitalization project, which involved a complete rehabilitation of the New Horizon Apartments, an elderly affordable housing complex. He also played an integral role in securing the funding for the development of Shaws Supermarket at Dwight Place which has brought about an economic renaissance in the area. Alvis always brought the needs of his constituents to City Hall—ensuring that their voices were heard.

During his three term tenure on the Board of Aldermen Board, he chaired the Public Safety and Substance Abuse Committee as well as the Youth and Youth Services Committee. As a case manager with the New Haven Family Alliance, he worked with primarily high-risk adolescents with drug and alcohol problems. His career experiences brought an uncommon insight to these committees and he was able to communicate the specific issues which our young people face with a unique authority. Prior to his work at the New Haven Family Alliance, Alvis pursued a counseling career within the Connecticut Department of Corrections, counseling inmates with substance abuse problems and lectured on the Criminal Justice System at public schools and universities across Connecticut. He also started and facilitated a program entitled ''Youth Reaching Out to Youth'', a program that designed an environment where teens could counsel each other on the difficult issues which they faced each day.

In only 33 years of life, Alvis Brooker left an invaluable mark on our community. Behind the myriad of Aldermanic Citations and Mayoral Proclamations, there was a man who truly cared about his community. He was a leader in every sense of the word and will always be remembered for his unwavering commitment and tireless work on behalf of our children and families. He has certainly been an inspiration to all of us in the New Haven community and it was indeed a privilege to work with him and I am proud to have called him my friend.

It is with a heavy heart that I rise today to join his mother, Sallie, family, friends, colleagues, and the community he loved well to bid a fond farewell to my dear friend, Alvis Brooker. His strength and good heart will live on.

UPHOLDING DEMOCRACY IN TAIWAN

HON. MAURICE D. HINCHEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. HINCHEY. Mr. Speaker, in the spring of 1996, the People's Republic of China (PRC) conducted two guided missile tests north of Taiwan, in an effort to intimidate the voting populous. Fortunately, the people in Taiwan recognized this act of intimidation by the PRC and overwhelmingly elected Lee Teng-hui as their first freely elected president in China's 5,000-year history.

This year, on the eve of Taiwan's second presidential election, the People's Republic of China has once again renewed its militaristic intimidation tactics against Taiwan. On at least two occasions, Beijing leaders had made it abundantly clear that it could invade Taiwan if Taiwan refused to engage in reunification talks. There is widespread concern throughout Taiwan, South Asia, and here in the United States that the PRC will continue its efforts to intimidate Taiwan. These attempts to destabilize Taiwan's healthy policy and economy would eventually lead to the surrender of Taiwan to mainland China.

I trust the voters in Taiwan will once again choose one of the three leading candidates as their president on March 18. It is vitally important that Taiwan's security not be compromised in any way. In the meantime, the goal of both governments should be increased dialog and a cooling of inflammatory rhetoric. Fear and instability will not serve the people of either Taiwan or the PRC, and it certainly will not serve the interest of the United States.

INTRODUCTION OF THE SOCIAL SECURITY BENEFITS PROTECTION ACT OF 2000

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mrs. MINK of Hawaii. Mr. Speaker, I rise today to introduce a bill that is very important to me, to my constituents in Hawaii, and to the people of the United States of America—the Social Security Benefits Protection Act.

Under current law, the Social Security Administration does not pay benefits for the last month of life. It doesn't matter what day of the month the retiree dies. Even if a Social Security beneficiary dies on the very last day of the month, the surviving spouse or family members must send back the Social Security check for that month.

This is an unfair and heartless rule.

When a loved one dies, there are expenses that the family must take care of:

There are final bills to pay. There are utility bills that need to be paid. There is rent or a mortgage that must be taken care of, and oftentimes, there are final health expenses.

Companies will not cancel these bills for that final month of life. These expenses must still be paid. So why is Social Security telling the family that the final month of Social Security income must be returned? This money is needed for these expenses.

My bill corrects this unfair rule in a simple and straightforward way:

It says that if you die after the 15th of the month, your surviving spouse or the family estate will get the Social Security check for that full month.

Mr. Speaker, I urge my colleagues to join me and support the Social Security Benefits Protection Act.

INTRODUCTION OF THE DEPOSIT INSURANCE FUNDS MERGER ACT OF 2000

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. LAFALCE. Mr. Speaker, today I join my colleagues, the Chair of the Financial Institutions Subcommittee of the Banking Committee, MARGE ROUKEMA, in introducing the Deposit Insurance Funds Merger Act of 2000. I would like to thank Congresswoman ROUKEMA for her leadership in putting forward this timely legislation.

I believe the merger of the Bank Insurance Fund (BIF) and Savings Association Insurance Fund (SAIF) is a matter of substantial public policy importance that should be addressed on its independent merits. A merger of the BIF and SAIF would clearly benefit the deposit insurance system by creating a single, more diversified fund that is less vulnerable to regional economic problems. In addition, a merger of the funds would more accurately reflect the reality of today's financial services industry, in which 46 percent of the SAIF deposits are held by commercial banks and FDIC-regulated state savings banks. In fact, the funds have lost their independent identities, and we should rationalize their structure. Both industries should support the change as bringing needed rationality and stability to the deposit insurance funds.

The merger of the funds is an issue that I therefore believe merits independent consideration and Congressional action in the near term.

I look forward to working closely with my colleagues on this very critical issue.

TRIBUTE TO LEE KANON ALPERT

HON. HOWARD L. BERMAN

OF CALIFORNIA

HON. BRAD SHERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. BERMAN. Mr. Speaker, my colleague, Mr. SHERMAN, and I, today pay tribute to Lee Kanon Alpert, who has been selected to receive this year's prestigious Fernando Award for outstanding volunteerism. He will be honored Friday March 10, 2000 at the 41st Annual Special Recognition Dinner by the Board of Directors of the Fernando Award Foundation and his name will be placed alongside previous winners at the base of the magnificent bronze statue of ''Fernando'' which stands in the San Fernando Valley Civic Center.

The Fernando Award was created to honor individuals who have exemplified leadership, volunteerism and dedication. It is recognized as the leading award for civic accomplishment in the San Fernando Valley. The process by which selection is made each year includes extensive participation by community organizations and community leaders. This year that process has yielded a particularly worthy recipient.

Lee has been a practicing attorney for over 28 years. In his distinguished legal career, he has developed expertise in numerous areas of the law, including administrative and governmental relations, arbitration and mediation, family law and real estate transactions. Despite his extensive professional responsibilities, he has taken an active role in the community, serving on numerous boards and commissions, providing public commentary on

radio and television programs, writing articles and editorials for legal and news publications and assuming leadership roles within a variety of civic organizations.

Lee Alpert currently serves as President of the Los Angeles City Board of Building and Safety Commission and is outgoing president of the California State University Northridge, Advisory Board. He is the current co-chair of the California State Assembly Business Advisory Commission which provides counsel to Assembly member Robert Hertzberg. He has previously served as the co-chair of the California State Senate Small Business Advisory Commission. Since 1993 he has chaired the Governing Board of Directors of the Encino—Tarzana Regional Medical Centers (Hospitals) Joint Venture between American Medical International (AMI) and Health Trust, Inc.

Mr. Speaker, distinguished colleagues, please join in paying tribute to Lee Alpert. We are grateful for the tireless service he has given to his community and the many ways he exemplifies good citizenship. We congratulate him on the well deserved honor he is about to receive.

HONORING DR. IRVING SMILER FOR HIS FIFTY YEARS OF SERVICE TO THE FRANKFORD COMMUNITY

HON. ROBERT A. BORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. BORSKI. Mr. Speaker, I rise today to honor Dr. Irving Smiler for his fifty years of service to the Frankford Community.

During the post World War II era, Dr. Irving Smiler rose to reclaim one's sense of nationalism for the American ideals of life, liberty, and the pursuit of happiness. Dr. Smiler devoted his entire life for the betterment of others. Dr. Smiler, a native Philadelphian, located his pursuit in the Frankford Community and for the past fifty years toiled to create a community worth noting. I am honored to know an individual of such character, voice, and determination.

Dr. Smiler advanced the meaning of an honest life by devoting his mindset to the study of Podiatry. After completely his undergraduate work at Temple University College of Podiatric Medicine in 1948, he felt the true testament of the "American Dream" by struggling to locate a place of business to put that education into action. Finally, he located Frankford and Pratt where he went into business with a young optometrist. Together they formed a practice and a lasting friendship in the heart of Frankford.

To further advance his practice and knowledge base, Dr. Smiler gained more autonomy and liberty by acquiring a Doctorate of Podiatric Medicine in the late 1960's. Skillfully juggling his responsibilities to his beloved wife and three children, he managed to publish several medical journals and a book entitled, Geriatric Foot Care: An Aging Challenge. These publications served solely as a foundation for Dr. Smiler's devotion and dedication to the education of others which was apparent through his numerous lectures to the Frankford Hospital Community.

The pursuit of happiness in the eyes of Dr. Smiler based upon his curriculum vitae and his professional development was twofold, first to the study of Podiatry and secondly to the betterment of the community. Dr. Smiler is a solid witness and steward of the American ideals of life, liberty, and the pursuit of happiness.

Mr. Speaker, Dr. Irving Smiler should be commended for his tireless pursuit to support the development of the Frankford Community from its post World War II conception to even beyond the new millennium. I congratulate and highly revere Dr. Smiler upon this most glorious occasion on his fifty years of service and I offer him my best wishes in the coming years.

LUTHER MASINGILL

HON. ZACH WAMP

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. WAMP. Mr. Speaker, I rise today to honor a citizen who has contributed as much as anyone in the Third District of Tennessee to the wonderful quality of life that all of us who live there are privileged to enjoy. The occasion is his 78th birthday, but this tribute could be delivered any day. It is a testament to how universally known, loved and admired he is that you only have to say the word "Luther," and just about anyone will know you are referring to Luther Masingill, who has made Chattanooga's mornings brighter for 60 years.

He signed on as host of his near universally known morning show on WDEF Radio, then an AM only station, on December 31, 1940. Franklin Delano Roosevelt was President then, and we were on the eve of World War II. Luther has seen Chattanooga—and the world—change mightily during his years on the air. Eleven U.S. Presidents as well as numerous Tennessee governors and Chattanooga mayors have come and gone while Luther has held way on the air. Luther has stayed on, however; and the "secrets" of his success and value to the Chattanooga area have remained the same.

His radio show, now broadcast on WDEF AM and FM from 6–9 a.m. each weekday morning, does not focus on the controversies that tear us apart. By design, Luther devotes his show to the things that bring us together and make us human. Is your dog or cat missing? Would you like to buy or sell an animal? Is your civil club meeting or having a sale? His show is very much about neighbors helping neighbors and swapping information across the backyard fence, or at the grocery store, or after church. And his devoted listeners treat Luther as their friend and neighbor, which indeed he is.

Luther plays relaxing, traditional music in between announcements; and his warm, reassuring voice has made countless folks in Southeast Tennessee, North Georgia, North Alabama and Western North Carolina begin the day in a better spirit, no matter what the day may bring. He also does a spot on the noon news on Channel 12, WDEF television, and he's been with that station since it signed on in 1954.

Today, March 9, 2000, is your 78th birthday, Luther; and so we say a loud "Happy Birthday!" and thanks for all you have done to enrich our lives and communities. And here's wishing you many more years on the air!

PROVIDE RELIEF TO AMERICAN ENERGY CONSUMERS: SUSPEND THE TARIFF ON NUCLEAR STEAM GENERATORS

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. COLLINS. Mr. Speaker, in ongoing efforts to ensure safety and efficiency, nuclear power plants must periodically replace their steam generators. When a Florida manufacturing plant closes its doors following the delivery of two steam generators this year, there will no longer be any steam generator producers in the United States. Consequently, the 103 nuclear power facilities located in the United States will have no choice but to import replacement steam generators.

Under the Harmonized Tariff Schedule, steam generators imported for use in nuclear power plants are taxed at a duty rate of 5.2 percent (except those imported from Canada, where a zero duty rate applies). Importing a single $30 million steam generator results in a tariff of approximately $1.56 million. Because nuclear plants generally replace two of these generators at a time, the cost of this hidden tax to consumers is considerable. Unless it is addressed, this duty will increase the cost of supplying electricity to Georgia's rate payers by $2.7 million this year. Such unnecessary expenses are inevitably incorporated into the rate base.

According to the Nuclear Regulatory Commission (NRC), at least a dozen nuclear power plants are planning to replace their steam generators over the next several years. Since there are no domestic manufacturers, there is no legitimate reason to continue imposing this duty. American consumers should not be required to bear this unnecessary cost.

Today, with the support and original cosponsorships of colleagues from Tennessee, Arizona, Georgia, and Connecticut, I am introducing legislation that will suspend the duty on steam generators for nuclear facilities for five years, providing significant relief for energy consumers around the country. I urge my colleagues to join me in support of this legislation.

HONORING NORTH CAROLINA AGRICULTURE COMMISSIONER JIM GRAHAM

HON. BOB ETHERIDGE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. ETHERIDGE. Mr. Speaker, I rise today on behalf of myself and Mr. PRICE of North Carolina to honor a great American and a true friend to farmers, North Carolina Agricultural

Commissioner Jim Graham. When Jim announced that he would not be a candidate for re-election to the post he has held since 1964, citizens of the state could be pardoned if they looked to the heavens for a possible misalignment of the planets. After all, this individual has become a North Carolina icon, beloved by the farmers he promised ''to take care of,'' and by individual citizens who appreciated his unfailing good humor and dedication. ''I love my job,'' Jim Graham said at the end of every speech he gave. He meant it, and the people knew.

Still, North Carolinians will understand and approve of the Commissioner's decision. He is, after all, now 78 years of age; he has served well and long; and he deserves a respite from the day-to-day turmoil that is characteristic of any public office. His friends—and all of North Carolina is filled with Jim Graham's friends—wish for him peace and joy for the rest of his years.

But it will be difficult to conjure up his successor, and he will be missed. It is extremely doubtful that any campaign for Agricultural Commissioner will ever be as colorful as those run by Graham, who could bray like the donkey of the party he represented and was not above making promises that others would never have dared keep. Such as the one Graham made that he would kiss the north end of a mule who was headed south if a particular county would vote Democratic from the top of the ticket to the bottom. And it did, and he did, to the amusement of the whole state's media.

Graham came to the job as Commissioner of Agriculture like an eagle returning to its nest—without hesitation. Reared on a farm in Rowan County, he knows from whereof he speaks when he talks about the ''sweat and blood'' farmers must expend in order to make a living. From day one, his love for those who till the soil has been unquestioned.

The Commissioner was born on April 7, 1921 to a Rowan County couple, the late James T. and Laura Graham. He attended high school in Rowan County and is a graduate of his beloved North Carolina State University. Graham taught agriculture in Iredell County for three years, then because superintendent of Upper Mountain Research State in Laurel Springs before becoming manager of the Winston-Salem Fair for three years. After a one-year stint as secretary of the North Carolina Hereford Association, he became general manager of the State Farmers Market. Governor Terry Sanford, who never hesitated when the job came open upon the death of L.Y. Ballentine, appointed him Commissioner of Agriculture in 1964.

Commissioner Graham's tenure as Agricultural Commissioner coincided with North Carolina's transition from a largely rural agriculture state known chiefly for its tobacco to the growing Sun Belt technology giant it is becoming today. The Research Triangle was in its infancy when Graham took office. Today, it is the heartbeat of North Carolina, propelling the state into an Information Age where the assumed parameters change by the day.

Jim Graham prospered in that atmosphere, glorifying farmers wherever he went. He also began promoting new crops North Carolina farmers had not grown before. Within the department, he hired good people, insisted that they run an efficient agency, and he expanded the agency as the state grew. He organized state farmers markets in Asheville, Greensboro, Charlotte, Raleigh, and Lumberton, but he also promoted the use of microelectronics technology for the inspection of meat, poultry and seafood so consumers could be protected.

Graham was an early proponent of foreign trade, realizing that North Carolina farmers would be better off if they could sell their products to the rest of the world. Today, the state is one of the leaders in the export of agricultural products. The department ran a boll weevil eradication program that was so successful that cotton is once again a stable crop in the state. The department modernized its soil testing service and promoted it heavily, thereby increasing per acre production for all crops.

Commissioner Graham, ever the showman on behalf of agriculture, was in his element as he grew the North Carolina State Fair into an event that today attracts more than 6 million persons annually. The State Fair is now 10 days of the best that North Carolina farmers, dairymen, and craftsmen can produce, surrounded by enough entertainment to make the Fair an October delight for young and old. Presiding over it is always the ''Sod Father'' in his cowboy hat and boots, typically with a crowd following him around the fairgrounds.

As Commissioner, Graham has been honored with dozens of awards and distinguished service citations. Catawba College has award him the Honorary doctor of Humanitarian Service, and NC State named him the winner of its alumni Meritorious Service Award.

But it is Graham's personality, his inner being, that will be most missed after his retirement. The kind of inner strength that caused him to personally care for his wife, Helen, as they fought the terrible disease of Alzheimer's that ended in her death last year.

Commissioner Graham is the soul of agriculture in this state and was proud of it. North Carolinians will miss him in that office.

They will miss a public servant who never took himself so seriously that he could not reach out and grab a slice of the humor of life—even if the joke was on him.

They will miss a man so genuine that he could tell a newspaper columnist this about his concern for farmers:

''These people are hurting. One fellow wrote me that if we could just pay his light bill, he'd try to get by. That's the situation they're in. I'm worried about 'em.''

Can a society ask more of those who call themselves public servant?

Jim Graham has served his state and its people with distinction, with honesty, with hard work, and with honor.

He is a gentleman who is also a gentleman. We thank a Kind Providence that it saw fit to place us on the same Highway of Life of James A. Graham, and allowed us to share that life.

HONORING LIEUTENANT STANLEY WILLIAM KONESKY, JR. FOR OUTSTANDING SERVICE TO THE COMMUNITY

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. DELAURO. Mr. Speaker, it gives me great pleasure to rise today to honor my good friend, Lieutenant Stanley Konesky for the invaluable contributions he has made to the Branford community. On Thursday, December 16, family, friends, and community members gathered to show their appreciation on the occasion of his retirement from the Branford Police Department.

Stan's outstanding level of commitment and dedication to the Branford community throughout his twenty-eight year career has been incredible. He has been a driving force in community awareness and public safety locally and nationally, striving to give our families better neighborhoods in which to raise our children. His work has had an invaluable impact on our community and we are all grateful.

Rising through the ranks of the Branford Police Department, Stan has served the community in several different capacities. During his first years as a patrol officer, Stan administered crime prevention and patrol deployment grants and created and implemented the Student Awareness School Program—a program recognized by the United States Congress as an exemplary nationwide program. As he continued his career, Stan undertook several projects focusing on the prevention of youth violence, directing effective programs for youngsters throughout Branford. He also continued to focus on discovering ways to find more state and federal support for Connecticut police departments. His devotion to ensuring public safety led to implementing several state and federal grants, such as COPS FAST, an earlier version of the COPS Universal Hiring Program. His efforts have also included the publication of several articles in leading crime prevention magazines as well as instructional books on crime prevention. Somehow, Stan also found time to volunteer his time on several committees throughout the Branford community: The Board of Education Strategic Planning Team, the Branford School Base Health Program, and the Branford Volunteer Service Committee have all benefitted from his service. He has also served as the President of the Walter Camp Football Foundation and has generously given his time as a coach for youth baseball and basketball leagues. His unique spirit and commitment are reflected in the 10 medals of commendation, 330 letters of appreciation and recognition from the public, a myriad of community service awards, and a US Congressional Recognition Award. Words alone cannot adequately convey just what Stan has been to the Branford community.

Stan's dedication and generosity has truly enriched the Branford community. His diligence and extraordinary hard work has given police departments across the country and many youngsters access to the necessary support to ensure the safety of our communities, our families, and our children. I have

had the opportunity to work with Stan on several different projects and the enthusiasm and excitement he has shown is amazing. I would like to extend my personal thanks to him for all the assistance he has given me over the years. For his many contributions, whether professional or volunteer, I rise today to join his family, friends and colleagues in congratulating Lieutenant Stanley Konesky on his retirement from the Branford Police Department. I extend my deepest appreciation and very best wishes as he begins a new career and seeks new goals to achieve.

HONORING RAY CHAMPINE FROM MARTIN, TN

HON. JOHN S. TANNER

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. TANNER. Mr. Speaker, I rise to honor Ray Champine, a longtime Postal Service Letter Carrier in Martin, TN, who, with no regard for his own safety, entered the burning home of an elderly customer in order to rescue him. While on his route, Mr. Champine was alerted by a smoke alarm and smoke emitting from the eaves of a house that there was a problem. After asking a neighbor to call the fire department, he bravely entered the house and crawled through the thick, black smoke until he found the elderly man near his bed in the back of the house. Although surrounded by the encompassing smoke and struggling to breathe, Mr. Champine dragged the man away from the fire in order to remove him to safety outside the burning home. He smashed through a window hoping it was the backdoor and local rescuers heard the breaking glass and knocked down the door closest to the broken window. Martin Fire Captain Dickie Hart and Police Captain Don Teal were able to bring both men to safety. Martin Director of Public Safety, J.D. Sanders, praised Mr. Champine and other rescuers, saying, ''If they hadn't shown up when they did, both men would probably have died at the back door. As it is, Mr. Champine without a doubt, is a hero.''

Mr. Speaker, I also include an article about this heroic deed for the RECORD.

[Volunteer Voices, Feb. 2000]

''. . . WITHOUT A DOUBT A HERO''—MARTIN CARRIER RISKS LIFE TO SAVE CUSTOMER

Imagine standing in front of a burning building, knowing there's someone inside, and knowing that unless you do something to help, that person is probably going to die.

That's the exact situation Martin, TN City Carrier Ray Champine found himself facing on December 7 of last year. But what he did would definitely fall into the category of ''above and beyond the call.''

Champine was making his normal deliveries on Oxford Street. He had just put the mail in the box when he heard a high pitched whine.

''I was almost sure it was a smoke alarm, but I couldn't tell where it was coming from,'' said Champine. ''So I went back to the previous house to see if it was coming from there.''

As Champine approached Golsby Gatewood's home, he saw a wisp of smoke coming from under the eaves of the house.

''I asked the next-door neighbors to call the fire department, but I knew Mr. Gatewood wasn't real mobile, so I decided to try to help him,'' said Champine.

After repeatedly calling to Gatewood, Champine finally heard him respond. The front door was unlocked and smoke was beginning to fill the room.

''It was already pitch black inside the house, so I kept calling for Mr. Gatewood,'' said Champine. ''I finally found him near his bed in the back of the house and I tried to help him out the fastest way I could by dragging him out of the building.''

But by that time, the fire had spread through the front of the home, blocking the front door. Champine dragged Gatewood to the back of the house then tried to escape by breaking what he thought was the window of the side door.

''The smoke was so thick I didn't realize I was breaking a window that was a few feet from the door,'' Champine. ''If I had known that, I would have just reached out and opened it.''

Rescuers who had just arrived on the scene, heard the breaking glass and Martin Fire Capt. Dickie Hart and Police Capt. Don Teal knocked down the door.

Martin Director of Public Safety J.D. Sanders praised Champine's heroic action.

''If Dickie and Don hadn't shown up when they did, both of the men probably would have died right there by that back door. As it is, Mr. Champine is without a doubt, a hero. Without him, there's no question that Mr. Gatewood wouldn't have made it.''

Officers on the scene reported that the smoke was so thick in the building that only Gatewood could be seen when the door was opened, even though Champine was standing next to the elderly gentleman.

Champine suffered a cut on his hand from breaking the window, and sustained burns to his face, ears and eyes. He was hospitalized for several days following the incident for severe smoke inhalation.

Postmaster Glenn Shegog added her voice to those who praised Champine.

''Ray is an outstanding employee and a great co-worker and we're all thankful that he's on the road to recovery,'' said Shegog.

After all is said and done, Champine's only request was a simple one. ''I'd really like to find my cap,'' said Champine. ''I lost it somewhere in the house and I'd really like to have it back.''

THE SILVER ANNIVERSARY CAPITAL PRIDE FESTIVAL, JUNE 2–11, 2000

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. NORTON. Mr. Speaker, I rise to pay tribute to the 25th Annual Capital Pride Festival, a celebration of and for the National Capital Area's lesbian, gay, bisexual, and transgendered communities and their friends.

Since its beginning in 1975, the Capital Pride Festival has grown from a small block party into a nine-day series of events. On Sunday, June 11, 2000, the Festival will culminate in a large downtown parade and a magnificent Pennsylvania Avenue street fair attended by people of all backgrounds from the District and the region. In 1999, more than 200 contingents marched in the parade; more than 200,000 people attended the street fair in the shadow of the Capitol; and hundreds of vendors and organizations set up stalls, booths and pavilions. The street fair featured more than five hours of local entertainers and national headline performers.

Last year, when I recognized this celebration in the House, it had been 35 years since the passage of the Civil Rights Act of 1964. Yet another year has passed, and despite evidence of pervasive prejudice in employment, Congress has not yet protected sexual orientation from discrimination. Far worse, in the face of many reports of violence and physical abuse, Congress has not yet enacted protection against abuse solely because of a person's sexual orientation. Congress must pass the Employment Non-Discrimination Act (ENDA). Congress must pass the Hate Crimes Prevention Act and, now, Congress must pass the Permanent Partners Immigration Act of 2000.

In this new millennium, let us achieve the American goal of eliminating discrimination based on sexual orientation, unite loved ones, celebrate the accomplishments of the Gay and Lesbian Community, and remember those who we have lost.

Mr. Speaker, I ask the House to join me in saluting the 25th Annual Capital Pride Festival, its organizers, the Whitman-Walker Clinic and One-in-Ten, its sponsors, and the volunteers, whose dedicated and creative energy make the Pride Festival possible. May we truly have ''Pride 25.''

TAX CREDITS WITHOUT INSURANCE REPORT DON'T WORK: PART 2

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. STARK. Mr. Speaker, yesterday, I submitted data (page E247) showing that refundable tax credits to purchase health insurance don't work, unless we accompany the credits with insurance reform.

Yesterday's data on 120 different price quotes for individual and family insurance did not include any follow-up calls to the insurers to see what would happen if there were medical underwriting.

I asked my staff to call 8 insurers in the Los Angeles and Northern Virginia markets which had provided quotes through the Internet service, Quotesmith.com. My staffer confirmed the Internet quoted price and then said, ''Oh by the way, four years ago, I had a bout of skin cancer. . . .'' You would have thought my staffer had an active case of bubonic plague! The results are listed below.

Again, Mr. Speaker, this small sample experiment shows that refundable tax credits without insurance reform are not worth much. I urge Members interested in this approach to consider the types of reforms included in H.R. 2185.

PRICE QUOTES AFTER MEDICAL UNDERWRITING

Health insurance company	Price before cancer (per month)	Price after cancer (per month)	Response[1]
Los Angeles, California			
Blue Cross of California	$109	$501/$288	A physical is required. Initially, 15-20% increase in rates for pre-existing conditions. when condition specified as cancer, there is a temporary plan that is offered for a period of 5-6 months at $501, until the actual plan of $288 has an opening.
Health Net Life Insurance	107	0	Access was automatically denied over the phone once the condition of cancer was mentioned.
CPIC Life	125	0	Access was automatically denied over the phone once the condition of cancer was mentioned.
Aetna US Healthcare	171	0	Only provide coverage through employment.
CIGNA	134	N/A	No physical is required, however there is a set of questions that need to be answered before exact rate can be given.
FAIRFAX COUNTY, VIRGINIA			
Celtic Life	167	167	Do not increase their prices based upon any pre-existing condition. However, they will either include a rider coverage, exclusion clause, or decline coverage.
Reliance Insurer/Ultimate choice Company	113	N/A	Possible chance for increase, however more incline to provide exclusion clause.
Unicare Life and Health Insurance	164	[1,2] 164	Based upon actual diagnosis there may be a waiver clause added that will eliminate any sort of payment for conditions related to the cancer for either 2,5, or 10 years after entering the plan.

[1] Responses based upon information from sales representatives not actual underwriters.
[2] Company may or may not increase fees, based upon doctor's findings and underwriters suggestion.

LETTER OF GRATITUDE

HON. BERNARD SANDERS

OF VERMONT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. SANDERS. Mr. Speaker, I insert for printing in the RECORD the following letter from Robert and Patricia Arnold of Newport, Vermont expressing their gratitude to the personnel of the Naval Nuclear Power Training Command for taking action to save their son, Nathaniel's, life.

I believe the views of Robert and Patricia Arnold will benefit my colleagues.

NEWPORT, VT,
December 27, 1999.

Admiral [Frank L.] BOWMAN
Director, Dir. Div. of NAVREACT DOE, Washington, DC.

DEAR ADMIRAL BOWMAN, On November 23, 1999, our eighteen year old son, Nathaniel Spencer Arnold, a Seaman in training at Naval Nuclear Power Training Command, was admitted to the hospital and near death as a result of a serious illness he had encountered in the preceding six weeks. Nathaniel had enlisted in the Navy on July 29th, 1999, completed boot camp, and was three weeks into his training at Naval Nuclear Power Training Command. He had graduated from boot camp with academic honors for his division and, as of November 24th, was maintaining a 3.2 average at Naval Nuclear Power Training Command. The significance of his efforts and ability are better understood with the knowledge that he maintained this standing at Naval Nuclear Power Training Command while losing 45 of his normal 150 pounds in the course of battling the illness he had encountered during the preceding six weeks. It is also indicative of the value Nathaniel placed on fulfilling his desire to enter the Navy and to excel at his chosen career.

On November 26, we were contacted by Lt. Callahan, acting in behalf of the Navy and the Naval Nuclear Power Training Command, to notify us of the seriousness of our son's illness and to arrange for and make the travel arrangements to get my wife and I down to Charleston. We were informed that due to the seriousness of his illness, the Navy had established a watch for him pending either his recovery or his death. It would be difficult to detail all the events which have transpired since that eventful day but suffice it to say that despite his prognosis at the time, Nathaniel survived his illness and went on to impress the doctors with his remarkably quick and continuing recovery process. Words can never express the personal meaning to us of Nathaniel's recovery.

Nonetheless, we can express our appreciation to the Navy and the personnel acting in behalf of the Navy for the efforts taken in behalf of Nathaniel and ourselves. This letter is written to express for the record our deep appreciation to the Navy and its representatives at the Naval Nuclear Power Training Command in Charleston, South Carolina, for those efforts. It is very plain to us that Nathaniel's life would have been lost but for the efforts of the Navy in securing the medical treatment he received. It is also very plain to us that our presence with Nathaniel also played an important role in his survival of that eventful night of November 26th in which he turned the corner with respect to battling his illness. . . . a presence he would have been denied but for the help we obtained with our travel arrangements through the efforts of the Navy personnel at Naval Power Training Command.

I would like to specially recognize Captain Hicks, the commanding officer of the NNPTC, for his role in ensuring that the Naval Nuclear Power Training Command offered its best to Nathaniel and ourselves during this process. And I would be remiss not to mention the efforts of Commander Crossley and Lt. Callahan for the quality of their efforts in Nathaniel's and our behalf. I would like to commend Commander Crossley for his direct interest and rapport with Nathaniel which contributed in no small way to Nathaniel's recovery. And I would like to commend Lt. Callahan for his personal interest and the thoroughness with which he carried out the directions of Captain Hicks and Commander Crossley in ensuring that everything possible was done for Nathaniel and ourselves while in Charleston. And the direct interest of not only Petty Officer Baker but also his wife in Nathaniel's well-being during his hospitalization should not be omitted. All of these individuals contributed not only in Nathaniel's recovery but also conveyed a very positive image of the Navy to all involved in this process. . . . from the hospital staff all the way down to the family and friends of the other residents of the Intensive Care Unit at the Trident Medical Center in Charleston and ourselves.

We would like to do all we can to recognize the Navy's efforts in helping Nathaniel successfully recover from his illness and to recognize the individual endeavors of the Navy personnel in carrying out those efforts. We would also like to recognize the excellent relationship which exists between the Navy and the medical staff of the Trident Medical Center which permitted Nathaniel to receive the care he required. This letter is being written for that purpose and my wife and I hope that it has, in some way, accomplished our desire to recognize the Navy, its personnel, and those operating in behalf of the Navy for their excellence in returning to us the life of our son.

Very truly yours,
ROBERT AND PATRICIA ARNOLD.

THE MEDICARE WELLNESS ACT OF 2000

HON. MARK FOLEY

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. FOLEY. Mr. Speaker, for far too long, our health care system has been taking the wrong approach. The primary focus has been on treating people once they become sick rather than preventing their illness in the first place. I have often spoken out in favor of a greater focus on preventive health care. My home state of Florida has one of the largest senior populations in the country. Heart disease and cancer account for roughly 60% of deaths in the state each year, with strokes contributing significantly to the other 40%. It would be great if we could cut the incidence of heart disease and strokes in half by providing individuals with nutrition and smoking cessation counseling.

More and more, health care providers and health insurance companies in the private sector are making periodic disease screening and lifestyle counseling available to their patients at no extra cost. In fact, they are encouraging their patients to take advantage of these services. Although we did pass several very important preventive benefits in the Balanced Budget Act of 1997, I would like to see the federal Medicare system play a greater role in promoting disease prevention and healthy lifestyles.

I am pleased to join Congressman LEVIN in sponsoring the Medicare Wellness Act in the House to encourage this fundamental shift in Medicare policy. In addition to expanding disease screening and prevention services, this bill will also create mechanisms within the Department of Health and Human Services to increase awareness of factors that impact health and to encourage a change in personal health habits.

Not only does preventive care create a healthier population with a higher quality of life, it also saves money. This is especially important for the Medicare system as we struggle to control its spending to maintain its solvency in the wake of rising health care costs.

Even though expanding preventive benefits will cost money in the short term, the long term savings will be immense. Keeping people healthier will reduce the number of hospital admissions, operations, and drug prescriptions—three of Medicare's highest cost items.

I am confident that with the combined efforts of Congressman LEVIN and myself—along with Senators GRAHAM, JEFFORDS and BINGAMAN—the Medicare Wellness Act will be a significant part of any Medicare legislation that is considered this year.

MEDICARE WELLNESS ACT OF 2000 SUMMARY

The Medicare Wellness Act represents a concerted effort to change the fundamental focus of the Medicare program. It would change the program from a sickness program to a wellness program, one that treats illness before it happens.

Title I: Establishes the Healthy Seniors Promotion Program. This program will bring together all the agencies within the Department of Health and Human Services that address the medical, social and behavioral issues affecting the elderly and instruct them to conduct a series of studies that will increase knowledge about and utilization of prevention services among the elderly.

Title II: Adds several new preventative screening and counseling benefits to the Medicare program, including: screening for hypertension, counseling for tobacco cessation (for those with a history of tobacco use), screening for glaucoma (for high-risk beneficiaries), counseling for hormone replacement therapy, screening for vision and hearing loss, nutrition therapy (for high risk beneficiaries), expanded screening and counseling for osteoporosis, and screening for cholesterol (for beneficiaries with a history of heart disease).

Title III: Establishes a health risk appraisal and education program aimed at major behavioral risk factors such as diet, exercise, alcohol and tobacco use, and depression. This program will target both pre-65 individuals and current Medicare beneficiaries. The main goal of this program is to increase awareness among individuals of major risk factors that impact on health, to change personal health habits, improve health status, and save the Medicare program money.

Titles IV and V: Authorize prevention demonstration projects and require the Institute of Medicine to conduct a study every five years to assess the scientific validity of the entire Medicare prevention benefits package. The study will be reviewed by Congress using a ''fast-track'' process which will force Congress out of the business of micro-managing the Medicare program.

Title VI: Authorizes a demonstration project on depression screening. The results will be evaluated by the Institute of Medicine, which will make recommendations to Congress about whether to add this benefit to Medicare.

THE MEDICARE WELLNESS ACT OF 2000

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. LEVIN. Mr. Speaker, today I am pleased to join with my colleague, MARK FOLEY, in introducing the Medicare Wellness Act of 2000. We believe this bill will accelerate Medicare's transformation from a ''sickness'' program to a ''wellness'' program. Helping seniors stay healthy improves quality of life for Medicare beneficiaries, and in the long run, it will save Medicare money on hospitals and nursing homes.

The Medicare Wellness Act would modernize Medicare by adding basic preventive care benefits. Most working Americans take these benefits—things like blood pressure screening, glaucoma testing, and cholesterol screening—for granted. Unfortunately, the Medicare program currently pays nothing if seniors choose to get these screenings.

In 1997, Congress added the first preventive care benefits to Medicare. For the first time, Medicare beneficiaries could get mammograms, colorectal cancern screening, and diabetes self-management services. Unfortunately, the number of seniors getting those screenings has not increased as much as we hoped. Part of the reason is that all those benefits are still subject to Medicare cost-sharing. For many seniors, that means they still can't afford to get the screenings they need. Another problem is that seniors simply are not aware of the new benefits. The Medicare Wellness Act would correct both problems by eliminating cost sharing for prevention services and authorizing new public education efforts.

In my congressional district, use of Medicare's prevention benefits is still disappointingly low. According to researchers at the Dartmouth Medical School, over 70% of my senior constituents do not receive annual mammograms, and over 80% are not screened for colorectal cancer. I believe the Medicare Wellness Act will help improve these rates, while also giving 1.4 million people in Michigan access to new prevention benefits.

We are pleased to be joined in this effort by Senators BOB GRAHAM, JIM JEFFORDS, and JEFF BINGAMAN, who have introduced companion legislation in the other body.

The bipartisan, bicameral consensus that Medicare needs to cover preventive benefits gives us a real opportunity to improve Medicare now. The sooner we act, the sooner senior citizens will have better health insurance.

FORTY-FOURTH ANNIVERSARY OF TUNISIAN INDEPENDENCE

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. RAHALL. Mr. Speaker, I rise to acknowledge the anniversary of the 44th year of Independence for the Republic of Tunisia, to be celebrated on March 20, 2000.

Legend has it that more than 200 years ago, Tunis, as token of esteem and friendship, sent one of its finest stallions to U.S. President George Washington. Unfortunately, customs officials in the nascent republic denied entry to the horse, which spent its remaining days in the port of Baltimore.

After this somewhat rocky start, I am pleased to note that U.S.-Tunisian relations have improved considerably. Tunisia is about to celebrate its 44th anniversary of the establishment of the Republic of Tunisia as an independent country, a time during which Tunisia has enjoyed a strong and healthy relationship with the United States.

I congratulate Tunisia for its many accomplishments, not the least of which is to have established a more democratic system of government, making every effort to broaden political debate, including passage of an electoral law that reserved 19 seats of the National assembly for members of opposition political parties.

Tunisia has a very impressive economic record, having turned to economic programs designed to privatize state owned companies and to reform the banking and financial sectors over the last decade.

As a result Tunisia's economy has grown at an average rate of 4.65 percent just in the last several years, and its economic success has had a beneficial impact on Tunisia's international standing. Tunisia is one of the few countries to graduate successfully from development assistance and to join the developed world.

Tunisia has also become a moderating force in the Middle East peace process, taking an active role within the international community in fighting terrorism, while maintaining internal stability in the face of external chaos.

I am pleased with the increasingly strong ties between the United States and Tunisia, and join the American people in congratulating the people of Tunisia on this historic occasion. I encourage my colleagues to do the same.

IN RECOGNITION OF TEXAS PUBLIC SCHOOLS WEEK

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. PAUL. Mr. Speaker, as this is Texas Public Schools Week, I wanted to take a moment to offer my thanks to the parents and teachers of my district and those across Texas for all of their hard work to make sure our children get the best education possible. Unfortunately, Congress and the federal bureaucracy continues to strip authority away from parents, teachers and local school boards. While Congress promises the American people that expansions of federal control over local schools will create an education utopia, the fact is the federal education bureaucracy has only made educating the next generation more difficult and diverted resources away from the classroom. For example, while the federal government provides less than 10% of education funding, many school districts find that over 50% of their paperwork is generated by federal mandates. The federal government also forces local school officials to jump through numerous hoops in order to get Washington to return a ridiculously small portion of taxpayer moneys to local public schools.

Over thirty years of centralized control of education has resulted in failure and frustrated parents. It is time for Washington to return control of the nation's school system to the

people who best know the needs of the children: local communities and parents. The key to doing so is to return control of the education dollar back to the American people.

In order to give control of education back to the people I have introduced the Family Education Freedom Act (HR 935). This bill provides parents with a $3,000 per child tax credit for K–12 education expenses.

The Family Education Freedom Act fulfills the American people's goal of greater control over their children's education by simply allowing parents to keep more of their hard-earned money to spend on education rather than force them to send it to Washington to support education programs reflective of the values and priorities of Congress and the federal bureaucracy.

The Family Education Freedom Act will help parents strengthen their child's public education. Parents may use the credit to improve schools by helping to finance the purchase of education tools such as computers or extra-curricular activities such as music programs. Parents of public school students may also wish to use the credit to pay for special services for their children.

I have also introduced the Teacher Tax Cut (HR 937), which provides a $1,000 tax credit for every teacher in America. Quality education is impossible without quality teaching. Yet, America's teachers remain underpaid compared to other professionals. Adding insult to injury, teachers often have to use their own money to purchase supplies for their classroom. For example, according to the Association of Texas Professional Educators, many Texas teachers spent between $50–300 of their own money on school supplies during the 1998–99 school year!

Because America's teachers are underpaid because they are overtaxed, the best way to raise teacher take-home pay is to reduce their taxes. Raising teachers' take-home pay via a $1,000 tax credit lets teachers know the American people and the Congress respect their work and encourages high-quality people to enter, and remain in, the teaching professional have also introduced the Education Improvement Tax Cut (HR 936), which provides a $3,000 tax credit for cash or in-kind donations to public schools to support academic or extra-curricular programs. This legislation encourages local-citizens and community leaders to help strengthen local public schools. The Education Improvement Tax Cut Act also ensures that education funding matches the needs of individual communities. People in one community may use this credit to purchase computers, while children in another community may, at last, have access to a quality music program because of community leaders who took advantage of the tax credit contained in this bill.

Mr. Speaker, my education agenda of returning control over the education dollar to the American people is the best way to strengthen public education. First of all, unlike plans to expand the federal education bureaucracy, my bills are free of "guidelines" and restrictions that dilute the actual number of dollars spent to educate a child. In addition, the money does not have to go through federal and sate bureaucrats, each of whom get a cut, before it reaches the classroom. Returning power over the education dollar to the American people will also free public school teachers, administrators and principals from having to comply with numerous federal mandates. Therefore, school personnel will be able to devote their time to working with parents and other concerned citizens to make sure all children are receiving the best possible education.

In conclusion, Mr. Speaker, I once again extend my thanks to all those who are involved in the education of our nation's children. I also call upon my colleagues to help strengthen public schools by returning control over the education dollar to parents and other concerned citizens, as well as raising teacher take-home pay by cutting their taxes, so that the American people can once again make the American education system the envy of the world.

IN HONOR OF LONNIE R. ANDERSON—WHITLEY COUNTY SUPERINTENDENT OF SCHOOLS AND WINNER OF F.L. DUPREE AWARD FOR EXEMPLARY CONTRIBUTIONS TO EDUCATION

HON. HAROLD ROGERS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. ROGERS. Mr. Speaker, we often hear about grand, universal plans for making positive changes in our nation's public education system. None of these plans, however, can substitute for the daily effort of educators working at the local level. It is these dedicated professionals, in tens of thousands of local school districts across the nation, who bear the responsibility for touching the lives of the students in their communities. These educators hold the key to the transformation of our nation's system of education—one student at a time.

Today, I want to honor one such professional in Whitley County, Kentucky. The Kentucky School Boards Association (KSBA) has recognized my constituent, Whitley School Superintendent Lonnie R. Anderson, for his distinguished service to the field of education. He has been awarded the KBSA's annual F.L. Dupree Award for exemplary contributions to education. The family of the late F.L. Dupree, Sr., a Lexington businessman and supporter of Kentucky public schools sponsors the award.

Superintendent Anderson has worked tirelessly for the parents and students served by the Whitley County School District over the past nine years. Through his hard work and dedication, he has been a driving force in bringing about positive changes in the school district, as well as the surrounding community.

Lonnie Anderson accepted the school district's top job in 1991 when the district ranked last among Kentucky's 176 public school districts and the county schools were required to be under state management. In 1999, after nearly a decade of Superintendent Anderson's leadership, the Whitley County School District was measured as one of the top districts in the state for academic improvement. During this period, the district has twice earned "rewards" rankings through the state's system of school assessment and accountability.

Superintendent Anderson is an alumnus of Cumberland College, Union College, and Eastern Kentucky University. He began his education career as a classroom teacher and coordinator of the gifted and talented program in Whitley County. Through a total of 17 years with the school district, he has also served as athletic director, food service director, Chapter I coordinator, and public relations coordinator.

In a recent article in the Corbin (KY) News-Journal, Anderson is credited with the following achievements for the Whitley County School District:

Augmented the district's reading curriculum with the Accelerated Reader Program and the Reading Coaches Program, which pairs high school students with at-risk second and third-graders. Anderson also employs a district reading specialist, established the Even Start Family Literacy Program for parents of young children and initiated a summer reading program.

Directed a school facility modernization effort that built three new elementary schools and established an alternative school. The program also resulted in a new science wing, library and kitchen at Whitley County High School and renovated a middle school and four elementary schools.

Developed the Parents as Volunteer Educators Program (PAVE), in which 600 parents now participate.

Implemented a cash management program that increased earnings on investments from $52,545 in 1990 to $332,986 in 1999.

Introduced an energy program with a utilities cost avoidance of over $150,000 since its implementation in 1998.

Established a newspaper for the school district, The District Ed News, that spotlights student and school achievements and is distributed to every household in the district.

Initiated HEROES (Honoring Educators/Staff Recognizing Outstanding and Extraordinary Services) to honor staff members for years of service to the district.

United five separate adult education providers into one comprehensive program now serving twice the number of people.

One principal who supported Superintendent Anderson's nomination of this prestigious award correctly described him as "an agent of positive change" for the Whitley County School District.

I join educators, parents and students in Whitley County and across Kentucky in congratulating Superintendent Lonnie R. Anderson for being selected for this distinguished award and recognize his outstanding leadership and continued contribution to public education.

"A SOLDIERS STORY" TRIBUTE TO MR. WILLIAM ELLIS

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. CAMP. Mr. Speaker, I rise today to pay tribute to Mr. William Ellis, a decorated soldier

from World War II. I would like to acknowledge his selfless acts as a young Sergeant leading his infantrymen through Germany. His Bronze Star, Good Conduct Medal and many other awards demonstrate his bravery and patriotism. I am proud to stand and honor this glorious citizen of the United States and would like to call his admirable actions to the attention of my colleagues in the House of Representatives.

I have attached for the RECORD one of Mr. Ellis' first-hand experiences, which he shared with me. He has titled it, "A Soldiers Story."

The winter of 1944–1945 in Germany was bitter cold. I was a young infantry sergeant, a 19 year old squad leader in an infantry division that had been advancing and fighting in the mountains for sometime. During a lull in the fighting we came across a valley with a cluster of old stone cottages inhabited by farmers. All the young men had gone to war leaving the old folks to fend as best they could. This was a chance to catch a few hours of much needed sleep indoors. After posting perimeter guards nightfall was first approaching and we sat about to find places to stay for awhile. The house I picked out was much like the others, its stone steps worn down in the middle from many generations that had come and gone. An old German couple lived there and seemed pleasant enough. After sharing what few rations I had with them I went over and sat down in front of the fireplace soaking up some welcomed heat. There was not much light, just an oil lamp and the fireplace. The old man came and sat beside me. I took out my pipe which I always carried along with a package of tobacco that my folks had sent from back home. As I filled my pipe I noticed this old man looking at me intensely with a hungering expression in his eyes. In my faltering German I asked him, ''du haben sie pipe ja?'' Whereupon he got up with an alacrity which belied his age and brought down a pipe from atop the mantel and I passed the package of tobacco to him. He put only a small amount in his pipe, ''Nix nix,'' I said and filled his pipe to the brim. There we sat, a young American soldier and an old German farmer, smoking our pipes in silence each with our own thoughts. The silence was broken only once when the old man looked over at me and said, ''pipe goot, ja?'' I replied, ''ja, pipe goot.'' As I got up to go ''sack out'' for a few hours I gave the old man the package of tobacco. Tears rolled down his cheeks as he said ''danko, danko.'' I am now about the same age as was the old man and have thought about the incident a number of times in the intervening years. Each time I have come to the same conclusion, it was a most satisfying conversation.

UNDERAGE ALCOHOL DRINKING

HON. GEORGE RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. RADANOVICH. Mr. Speaker, I would like to submit the text of the following correspondence to the House of Representatives.

DEAR DR. FLETCHER: Thank you for sending me a pre-publication copy of your article ''Alcohol Home Delivery Services: A Source of Alcohol for Underage Drinkers''. As I indicated in our phone conversation, the Senate Judiciary Committee held a hearing on ''Interstate Alcohol Sales and the 21st Amendment'' March 9, 1999. Testimony at that hearing made reference to your article.

Within the context of that hearing, Utah Attorney General Wayne Klein referenced your upcoming study to indicate that 10% of 12th graders and 7% of 8 to 20 year-olds obtained alcohol through delivery services in the last year. This has left an impression amongst Senators and in the record that these youths were purchasing through interstate alcohol direct shipment mechanisms.

It is my understanding that the questions in your study did not distinguish between interstate delivery mechanisms and delivery from stores within a community. In fact my understanding of our conversation and of your article is that it typically is a community liquor outlet in the area which is making the delivery and that most of these deliveries are beer. As I understand it, your study did not attempt to distinguish interstate shipments of alcohol by common carriers and the purchase and delivery of alcohol from community sources.

Because there has been significant misinterpretation of these results, I am asking that you write Senators Hatch (FAX (202) 224–9102) and Leahy (FAX (202) 224–3479) to clarify the degree to which your studies have relevance to the issue of Interstate Alcohol Sales. I would also like to obtain a copy of your letter, which I am sure will be added to the official record of the committee.

As this is a current and significant issue here on Capitol Hill, your earliest response would be most appreciated. Please let me know if you have any questions or concerns in this regard.

Sincerely,

JOHN MCCAMMAN,
Chief of Staff.

DEAR MR. MCCAMMAN: This letter is to provide clarification on the findings of the research article ''Alcohol Home Delivery Service: A Source of Alcohol for Underage Drinkers.'' This article is being cited to demonstrate that persons under the legal drinking age of 21 are using direct shipment mechanisms to obtain alcohol. I would like to provide some relevant background on the paper to address this contention.

The survey that is the basis of the article was intended to address whether underage individuals were having alcohol delivered from local liquor stores. Respondents were asked: ''In the last year, have you purchased alcoholic beverages that were delivered by a store to a home or individual?'' We think this wording is more consistent with retail home deliveries than with direct shipment purchases. While it is possible that some youths interpreted the question to include direct shipment deliveries via the internet, the history of the internet suggests that this is unlikely. Access to the internet did not proliferate until the last several years. Our survey was administered in 1995 in small and medium sized communities. Internet access typically did not become available in smaller towns until significantly later than in larger metro areas.

It is possible that some of our respondents who said they purchased delivered alcohol purchased it via telephone 800 numbers, but there are several factors that makes this less likely. First, we think that youth alcohol purchases tend to be spontaneous, in other words, alcohol is purchased right before consumption. Second, most purchases via 800 numbers require a credit card. Lastly, the delivery time is less predictable which increase the likelihood that an adult will intervene and makes the purchases more ''risky.'' These mitigating factors probably apply to a greater degree to younger individuals than to older youth. While alcohol purchases that are delivered directly to the consumer in any manner clearly raise concerns about unmonitored access to alcohol, our paper does not directly address the issue of youth direct shipment of alcohol or interstate retail sales.

Sincerely,

LINDA A. FLETCHER,
ALCOHOL EPIDEMIOLOGY PROGRAM,
University of Minnesota.

SENIOR CITIZENS' FREEDOM TO WORK ACT OF 1999

SPEECH OF

HON. BOB ETHERIDGE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 1, 2000

Mr. ETHERIDGE. Mr. Speaker, I rise in support of H.R. 5, the Senior Citizens Freedom to Work Act. Currently, eight-hundred thousand seniors lose some or all of their Social Security benefits due to the Social Security earnings limit. Seniors ages 65 to 69 have one dollar of their benefits off-set for every three dollars they earn over the $17,000 income limit.

I strongly support eliminating the earnings limit for every working senior receiving Social Security. Eliminating the earnings limit is not only the fair thing to do for working seniors, it would improve the quality and efficiency of Social Security as well. Repealing the earnings test will make Social Security easier and less expensive to administer. Contrary to the arguments of opponents of H.R. 5, repealing the earnings limit will not jeopardize the long-term solvency of Social Security. Under current law, workers who have their benefits reduced due to the earnings limit receive an actuarial adjustment that increases their benefits once they stop working.

Mr. Speaker, repealing the earnings limit on working seniors is an area where there is a bipartisan consensus for action. I will continue to work to forge the same bipartisan consensus on more comprehensive action to strengthen Social Security for all of our seniors.

IN RECOGNITION OF BEN THORNBURG

HON. ROB PORTMAN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. PORTMAN. Mr. Speaker, I rise today to pay tribute to Ben Thornburg, who is being honored by the National Association of Music Educators for his composition entitled "A Prayer." Ben is a senior at Princeton High School in Cincinnati, and he will be honored tonight at the Music Educators National Conference in Washington, D.C., where his composition will be performed by the Princeton High School A Cappella Choir in the Omni Shoreham Ballroom.

The Music Educators National Conference's nationwide Student Composition Competition recognizes talented young music students in the United States. Ben is one of only 24 elementary through university-level students chosen from across the country. He is an exceptional student composer, and he represents his school and his community well.

By every indication, Ben has a very promising future. I know that the people of Greater Cincinnati join me in wishing him the very best tonight. We are very proud of Ben's achievements and we hope this is the beginning of a bright and successful career.

LEHIGH VALLY HERO DONNA MULHOLLAND

HON. PATRICK J. TOOMEY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. TOOMEY. Mr. Speaker, today I rise to pay tribute to one of my constituents, Mrs. Donna Mulholland. Mrs. Mulholland, who is the President and Chief Executive Officer of Easton Hospital in my district, recently won the Girl Scout's World of Well-Being Award for service to the community. As a CEO of a major hospital in my district, Mrs. Mulholland has shown a passionate commitment to quality health care. Through years of hard work and diligence, she gained the experience and knowledge needed to make an impact in her field.

In addition to her corporate excellence, Mrs. Mulholland's personal actions also serve as a model for the community. She has been active as a mentor for the Girl Scouts, serving to motivate and inspire other young women to succeed in their chosen fields. Her contributions in business and community service won her this distinction. I applaud Mrs. Mulholland for her professional achievements and her devotion to the Lehigh Valley community. Donna Mulholland is a Lehigh Valley Hero.

NATIONAL ASSOCIATION OF MEDICAL MINORITY EDUCATORS

HON. JAMES P. McGOVERN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. McGOVERN. Mr. Speaker, I rise today to honor an organization that has done so much to promote the increase of minority personnel within the health professions. Since its establishment in 1975, the National Association of Medical Minority Educators (NAMME) has worked to attract minority students to health professions and enhance the retention and graduation rate of minority students from professional health schools.

Comprised of nearly 300 health educators from approximately 140 health professions institutions, and organizations, NAMME members work in allopathic medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, pharmacy, podiatry, public health, chiropractic, nursing and all of the allied health professions. Collectively, they work to promote the recruitment and development of minority faculty, administrators, and managerial personnel in the health professions, support the delivery of quality health care for minority populations, and promote the philosophy of equal educational opportunity.

I am thrilled that NAMME has chosen the City of Worcester, my home town, to serve as the site of their 11th annual conference. As the face of America changes, so too does the face of our health care providers. It is my belief that organizations such as NAMME are essential for the success of the health care profession.

HONORING ALICIA JACKSON OF BEAVER DAM, KENTUCKY

HON. ED WHITFIELD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. WHITFIELD. Mr. Speaker, I would like to congratulate and honor a Kentucky student from my District who has achieved national recognition for exemplary volunteer service in her community. Alicia Jackson of Beaver Dam, Kentucky is a senior at Ohio County High School in Hartford. Alicia was named one of my state's top honorees in the 2000 Prudential Spirit of Community Awards program, a nationwide program under which more than 20,000 high school and middle school students were considered for awards.

Alicia is being recognized for her efforts in organizing a week-long series of events to promote Community Traffic Safety Week at her school. Activities organized by Alicia included a crash re-enactment and presentations by guest lecturers.

Alicia is an inspiring example of how we as individual citizens can contribute to our community. People of all ages need to think about how we can work at the local level to ensure the health and vitality of our towns and neighborhoods.

Alicia should be extremely proud to have been singled out from such a large group of volunteers. I heartily applaud Alicia for her initiative and positive impact on others within her community. She offers an encouraging example of the promise which America's youth offer for the future.

PERSONAL EXPLANATION

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. KUCINICH. Mr. Speaker, on March 8, 2000, I missed 5 recorded votes because I was a witness in a legal action to keep St. Michael Hospital in Cleveland from closing.

If I had been present, I would have voted "aye" on rollcall 29, 30, 31, 32 and 33.

PERSONAL EXPLANATION

HON. LYNN C. WOOLSEY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. WOOLSEY. Mr. Speaker, during rollcall votes Nos. 29 through 33 on March 8, 2000, I was unavoidably detained. Had I been present, I would have voted "yea" on each.

IN HONOR OF THE ANCIENT ORDER OF HIBERNIANS

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. KUCINICH. Mr. Speaker, I rise to honor Cleveland's Ancient Order of Hibernians and Ladies Ancient Order of Hibernians as organizations integral in maintaining and promoting appreciation for Irish culture, history and traditions in the Cleveland community.

The Ancient Order of Hibernians is the oldest Catholic lay organization in America. Its roots in America can be traced to 1836 in New York. The group began to assist Irish immigrants to the new world in obtaining jobs and social services. Today, the Ancient Order of Hibernians has shifted its purpose to charitable activities in support of the Church's missions, community service, and the promotion and preservation of their Irish cultural heritage in America.

The Ladies Ancient Order of Hibernians was first organized in 1894 in Omaha, Nebraska under the name "Daughters of Erin." The motto of the Ladies Ancient Order of Hibernians is "Friendship, Unity and Christian Charity." Its purpose is to promote Irish history, traditions and culture, and to support the Church through Mission work and Catholic Action activities.

On March 17, 2000, Cleveland's Ancient Order of Hibernians and Ladies Ancient Order of Hibernians are hosting the 133rd Annual St. Patrick's Day Banquet accompanying Cleveland's annual St. Patrick's Day Parade. These are the oldest and longest running events in the state of Ohio honoring the Irish patron, St. Patrick, and sharing Irish culture, history and traditions with the community.

At the 133rd Annual St. Patrick's Day Banquet, The United Irish Societies Honorees for the 2000 St. Patrick's Day Parade will be recognized. These individuals have given selflessly of themselves to insure the proud Irish heritage will continue. The honorees include: Mr. William Chambers, the Grand Marshall of the Parade; Ms. Nora Carr, the Irish Mother of the Year; Ms. Linda Carney and Mr. James McGuirk, Parade Co-Chairs; and Mr. James McGuirk, the Hibernian of the Year.

My fellow colleagues, please join me in honoring Cleveland's Ancient Order of Hibernians, Ladies Ancient Order of Hibernians, and all of The United Irish Societies Honorees for the 2000 St. Patrick's Day Parade. The contributions and achievements of these groups and Irish Americans have inspired us all to respect and appreciate the Irish Culture.

A TRIBUTE IN HONOR OF ROBERT G. MILES

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. BARCIA. Mr. Speaker, I rise today to congratulate Mr. Robert G. Miles on his appointment as the new president and chief executive officer of Lutheran Child and Family Service of Michigan, a statewide social service organization. Bob is a public servant in the truest sense of the term. As anyone who has ever met Bob knows, he is a man who has devoted his life to helping Michigan's children and families to improve their own lives.

Since completing his distinguished academic career with an undergraduate degree from Concordia University and a Master of Science Degree in Exceptional Education from the University of Wisconsin-Milwaukee, Bob has been integrally involved in the community around him. He is a peer reviewer and team leader for the National Council on Accreditation of Services to Children and Families, the largest accrediting body for this work in North America. He is chairman of the Lutheran Church Missouri Synod's National Task Force on Children at Risk and Welfare Reform. He works closely with Bay City Public Schools, the Michigan Federation of Private Child and Family Agencies, and the Bay County Red Cross. In 1990, Bob was named Concordia University Alumnus of the Year. Additionally, he was appointed to the Michigan International Year of the Family Council by Governor Engler in 1994.

Now, Bob has the opportunity to bring his enormous talents to lead an organization he has been with for nearly 15 years, one that has a history deserving of such an impressive leader. Last year, Lutheran Child and Family Service of Michigan celebrated its 100th year, and the organization is stronger than ever, employing more than 250 people, caring for more than 500 children each day, and providing innumerable additional services to families and individuals through its 18 service sites. In 1999 alone, Lutheran Child and Family Services of Michigan impacted more than 9,000 lives through counseling, foster care placements, and adoption, among its many other programs.

Mr. Speaker, with countless statistics showing that Americans today are less involved in their communities than they once were, people like Bob Miles are among the most valuable resources our nation has to preserve the sanctity of our towns and neighborhoods. His contributions and efforts on behalf of Michigan's children and families are both legendary and tangible. They reflect the years of tireless commitment to preserving the vitality of the American family, and helping those who need it the most. Bob Miles has given selflessly of himself to better the lives of the people around him, and for that he deserves the highest of praise.

Bob has given so much to his community through the years, but it could not have been possible without the love and support of his family—including his wife Mary and their three children, Stephanie, Paul, and Nathan. As he undertakes his new position, I ask all my colleagues to join me in offering congratulations to Robert Miles, and extending our best wishes for continued success.

IN SUPPORT OF INTERNATIONAL SATELLITE REFORM

HON. PETER DEUTSCH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. DEUTSCH. Mr. Speaker, I am pleased to rise in strong support of international satellite reform, S. 376, the Open-Market Reorganization for the Betterment of International Telecommunications Act (ORBIT). I commend Chairman BLILEY and Congressmen MARKEY, DINGELL, OXLEY, and TAUZIN for their hard work in reaching a balanced compromise with Senate conferees. This bill has bipartisan support in the Congress and support from the United States commercial international satellite industry, as well as the largest U.S. users of international satellite services.

S. 376 will lead to more competition and eliminate the unfair market advantages long-held by intergovernmental treaty organizations. These entities have been dominant since the United States established an industry model in 1962 that relied on intergovernmental entities to provide commercial satellite services. Our 1962 Communications Satellite Act has been overtaken by amazing technological changes, which have created a vibrant private international satellite industry. We must assure that Intelsat and Inmarsat privatize in a manner that will put all industry players on an equal footing and not permit their intergovernmental legacy to distort competition.

Accordingly, ORBIT establishes explicit criteria for the privatization of Intelsat and Inmarsat. The FCC is directed to use these criteria in determining whether or not to allow the private successors and affiliates of Intelsat and Inmarsat access to the United States market. These criteria for judging and privatization, coupled with the market access restrictions if the criteria are not met, are very important to provide clear incentives to Intelsat, Inmarsat, and their spin-offs.

Intelsat, with its 143 member nations, is comprised largely of state telephone companies that control access to their national markets. They have a history of denying market access to U.S. companies that seek to compete with Intelsat. This bill will help open those markets. One of the provisions in S. 376 that is essential to this market-opening goal prohibits exclusive arrangements with foreign countries. It even-handedly prohibits any satellite operator serving the United States from enjoying the exclusive right to handle telecommunications traffic to or from the U.S. and any other country. The intent is to prevent a satellite operator from benefitting from exclusivity in any foreign market, no matter how it derives its exclusivity. Thus, all satellite operators will have a fair opportunity to provide global service.

I urge my colleagues to join in supporting this overdue reform of international satellite policy. This legislation will bring the full benefits of competition to consumers and it will begin to open access to foreign markets for United States companies.

HOMEOWNERSHIP OPPORTUNITIES FOR UNIFORMED SERVICES AND EDUCATORS ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. LAFALCE. Mr. Speaker, today, along with a number of my colleagues, I will be introducing the ''Homeownership Opportunities for Uniformed Services and Educators Act,'' also known as the HOUSE Act.

This legislation reinvests a small portion of the profits earned each year by the Federal Housing Administration (FHA) single family Mutual Mortgage Insurance Fund (MMIF) in low down payment mortgages, to help localities with the recruitment and retention of qualified K–12 teachers, policemen and firemen, and to make it easier for these public servants to buy a home. This bill is supported by the National Education Association, the American Federation of Teachers, the American Association of School Administrators, and the Fraternal Order of Police.

Specifically, the HOUSE Act authorizes 1% down FHA mortgage loans for qualified teachers, policemen, and firemen, and defers the 2.25% up-front FHA premium normally charged for such loans until the loan is repaid. The effect of this is dramatic. A typical borrower buying a $130,000 home would see their down payment reduced by $5,000, from $6,300 to $1,300.

In addition, the bill provides an incentive for continued service as a teacher, policeman, or fireman, by waiving 20% of the deferred FHA premium for each year that a borrower continues to live and work in the school district or local jurisdiction that employs them. Thus, after five years, the FHA premium would not only be deferred, it would be waived altogether.

To qualify, a teacher must be a full time K–12 teacher, buying a home within the school district in which that teacher is employed, or a policeman or fireman who is buying a home in the jurisdiction that employs them.

The FHA single family MMIF mortgage fund is strong. This week, FHA released audited financial results for fiscal year 1999, which showed a $5 billion increase in the fund's capital from the previous year. FHA's capital level of over $16 billion is substantially in excess of Congressionally required capital standards. The HOUSE bill proposes to use a very small portion of these profits to help public servants who teach our children and who police our streets to buy a home in the community in which they serve. I urge its adoption.

HONORING THE POLICE OFFICERS OF THE 114TH PRECINCT, NEW YORK CITY

HON. JOSEPH CROWLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. CROWLEY. Mr. Speaker, too often our news headlines are filled with bad news, while good stories and honorable people are overlooked. That is why today. I rise to pay tribute to some heroes who put their lives on the line to save then people, including two young children.

In the cold, early morning hours of January 26, 2000, Anti-crime unit Officers Daniel Lewis and Steve Zanetis of the 114th Precinct of the New York City Policy Department responded to a burglar alarm. Instead of a crime scene, they smelled smoke and heard the cries of people trapped in the upper floor apartments.

Close behind the two anti-crime officers, Sergeants Andre Allen and Gary Placco arrived with other officers from the 114th to assist in a rescue. Amidst smoke and flames, the officers proceeded to locate and rescue 10 children, women and men trapped in the apartments.

Other 114th Precinct personnel on the scene were: Captain Ordonex, Officers Adam Schneider, John Pranzo, Jeffrey McRae, Greg Fraccalvieri, Joseph Reznick, James Kostaris, Greg Link, John Seymour, Kenneth Marchello, Sue Lentini, Frank Caruso, Wayne Kendall, and Terrence Floyd.

Thanks to the quick thinking and actions of these brave officers of the 114th Precinct, all residents survived. Three officers suffered minor injuries and were treated, then released from area hospitals.

Mr. Speaker I recently had an opportunity to meet these courageous officers who went above and beyond the call of duty, and to issue each of them Congressional Citations. Now I ask you to please join me in commending these intrepid police officers.

PERSONAL EXPLANATION

HON. JUANITA MILLENDER-McDONALD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. MILLENDER-McDONALD Mr. Speaker, on Tuesday, February 29, 2000 and Wednesday, March 1, 2000 I was unable to vote due to an illness. Had I been present I would have voted "yea" on rollcall vote number 26, S. 613, "yea" on rollcall vote number 27, H.R. 5, and "yea" on rollcall vote number 28, H.R. 1883.

PERSONAL EXPLANATION

HON. LUCILLE ROYBAL-ALLARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. ROYBAL-ALLARD. Mr. Speaker, due to an unavoidable scheduling conflict in my Congressional District on Wednesday March 8, I was not present for rollcall votes 29–33. Had I been present, I would have voted "yea" on all five votes.

THE KUNO RADIO STATION

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. ORTIZ. Mr. Speaker, I ask my colleagues to join me today I commending the pioneering Spanish-language radio station in Corpus Christi, Texas, KUNO Radio Station on their 50th anniversary. KUNO Radio has long been a force in my hometown of Robstown and my adopted home of Corpus Christi.

KUNO, which first went on the air in May of 1950, has been the political and cultural center of the Hispanic community of South Texas. KUNO was the first radio station in South Texas, and the second in the nation, to offer public affairs, talk radio and editorial programming in Spanish. KUNO takes a democratic approach to talk radio: whoever shows up to comment on programming gets air time.

On that note, let me offer a special tribute to Victor Lara Ortegon, one of the great radio personalities of South Texas who essentially grew up with KUNO. Victor joined the station in 1953, and he is the one who instituted the wildly popular public affairs show, "Comentarios." If you are a political candidate in South Texas, you go to "Comentarios" or you lose.

One of the early and great contributions to modern music by KUNO was the access and exposure they gave Tejano music and musicians. KUNO is recognized as one of the venues that launched a thousand Tejano talents, including the late, great Selena, who grew up in Corpus Christi. The Tejano genre grew up in South Texas, fortified by KUNO and other stations that followed their lead, launching Tejano as a strong, multi-million-dollar international industry.

KUNO has been a news leader in South Texas; they are often the first news organization to announce election results. Their tireless dedication to news and information is legendary. In 1970, Hurricane Celia knocked all local programming off the air. KUNO was the first radio station back on the air, thanks to an affiliate's generosity with a generator and emergency antenna.

Through the years, KUNO has provided for the culture of South Texas by holding large, outdoor concerts, bringing music to the people directly. They have provided for the political sensibilities of South Texas by providing a forum for political debates and treating us all to the best election and candidate coverage available. They have been a part of the journey of the local, state and federal governments in the last half of the 20th Century.

I ask that my colleagues join me today in recognizing the contributions made by KUNO to the social and political lives of South Texas.

INVESTING IN OUR COMMUNITIES

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. BONIOR. Mr. Speaker, I rise today to commend Comcast Cablevision, for investing in our future. In Macomb County, Michigan, Comcast has offered free high speed Internet service to schools and libraries. More than seventy schools are already using this service and more schools are being wired each week.

While many Americans are prospering, it is important that we do all we can to ensure that everyone has the same opportunity to learn and excel in this digital age. It is crucial that all students have access in school to the latest technology and training so that when our children enter the workforce they are fully prepared to meet the challenges of the future.

Since passage of the Telecommunications Act of 1996, telecommunications companies have had a great incentive to invest in our communities and improve service to consumers. Comcast and many other telecommunications companies are beginning to offer more advanced services and lower prices for consumers and I applaud their efforts and the progress we have made since passage of the 1996 Act.

HONORING THE LATE DONALD C. DONALDSON

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. HALL of Texas. Mr. Speaker, I rise today in tribute to Donald C. Donaldson, a man who dedicated more than thirty-five years of his life to federal service, who died on December, 12, 1999.

Mr. Donaldson was born on May 27, 1922, in Akron, Ohio. He lived through the Great Depression and went on to attend Akron University, where he enrolled in the ROTC program. The following year, in August of 1941, he enlisted as an Aviation Cadet in the Navy Reserve V–5 program. He was enlisted in the Naval Cadet Program at NACSB in Detroit. He went through flight preparation schools and graduated from Naval Air Training Command in Pensacola, FL, in 1944. This period in Mr. Donaldson's life was signified by his realization of his life's passion, which was to fly airplanes.

Mr. Donaldson subsequently accepted a commission in the United States Marine Corps as 2nd Lt. and took his oath of office on May 13, 1944. At this time he also received his Civil Aeronautics Administration Certificate for single engine aircraft. He served in the Pacific Theater of World War II, and at the end of the war, he was stationed in Okinawa. Afterwards, he returned to a reserve squadron in Akron.

2nd Lt. Donaldson worked tirelessly to become qualified on an astounding number of airplanes. He was certified to fly more than forty different aircraft at the end of his life, with the F4U Corsair being his favorite. 2nd Lt.

Donaldson continued to improve his aviation skills and knowledge by attending numerous flight schools. He attended the Naval Justice Program at the U.S. Naval Academy. In January of 1951, he was promoted to the rank of Captain, and he was subsequently transferred to Carrier Air Group, Fleet Marines Fleet Pacific, Marine Corps Air Station El Toro. Attached to VMF(N)–513, Captain Donaldson flew over thirty-three missions against the supply routes of North Korea and was awarded the Air Medal at the forward airbase of 1st Marine Air Wing. In May of 1955, Cap. Donaldson was presented with permanent citations and Gold Stars for his service.

On June 30, 1956, Cap. Donaldson resigned his commission and was given his Honorable Discharge. Upon his departure from the USMC, Cap. Donaldson was a highly decorated officer. He had been presented with the Distinguished Flying Cross, Air Medal, PUCW 1*, American Defense, WWII Victory Medal, Asiatic Pacific 1*, Korean Service Ribbon 1*, UN Ribbon, National Defense Service Medal, Presidential Unit Citation with 1*, American Campaign Medal, Asiatic Pacific Campaign, Korean Service Medal w2*, UN Service Medal, Korean PUC, and the Organized Res. Medal.

After the military, Cap. Donaldson continued to pursue his passion for aviation by accepting a job with the Goodyear Aircraft Corporation, where he continued to gain certifications on numerous aircraft. He then left Goodyear to accept a position with the National Aviation Facilities Experimental Center in Atlantic City, NJ, as an experimental systems pilot. He participated in the "Runaway Jetliner" experiment as well as being involved in the development and modernization of the national system of navigation and traffic control facilities. He tested the Doppler radar which is now widely used in airports. In 1967, he was transferred to Dallas, where he became an Air Carrier Inspector with the Air Carrier District Office. He would later become a supervisor. Upon his retirement in 1986, he was recognized as the pilot qualified to fly the most airplanes as First seat.

He is survived by his wife of forty-nine years, Darlene Donaldson; his four sons James, Richard, Robert, and David; four granddaughters; and one grandson. Captain Donaldson dedicated his entire life to his family and country, all the while pursuing his life's calling, aviation. So, Mr. Speaker, as we adjourn today, let us do so in the memory of Donald C. Donaldson and his many contributions to his family, aviation, air safety, and the people of America.

PERSONAL EXPLANATION

HON. JUANITA MILLENDER-McDONALD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. MILLENDER-McDONALD. Mr. Speaker, on Wednesday March 8, 2000, I was in my district attending to district business therefore missing roll call votes 29 through 33. Had I been present I would have voted "yea" on these roll call votes.

HONORING THE 111TH ENGINEER BATTALION FROM ABILENE, TEXAS

HON. CHARLES W. STENHOLM

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. STENHOLM. Mr. Speaker, I rise today to recognize the 111th Engineer Battalion, based in Abilene, Texas. This group of soldiers has been mobilized to serve our Nation in Bosnia to enforce provisions of the Dayton Peace Accords.

I include for the RECORD a copy of a resolution that I offered the Battalion as they prepared to leave for Bosnia. I know all of my colleagues would join me in wishing these men and women our best wishes and hopes for a successful mission and a safe return home to their families.

RESOLUTION

Whereas, The 111th Engineer Battalion has been mobilized to serve our nation in Bosnia; and

Whereas, Their mission will serve to enforce the provisions of the Dayton Peace Accords, as well as, to serve as representatives of the United States to many citizens abroad; and

Whereas, The soldiers who serve in the 111th Engineer Battalion, based in Abilene, Texas, represent communities from across the Big Country and this Nation with great pride and distinction; and

Whereas, Not only have these brave individuals made tremendous sacrifices to serve their nation, but so have their families and employers; and

Whereas, We understand the growing unrest in our world today and the importance our military plays in the world scene, be it

Resolved, That I, Charles W. Stenholm, as Congressman for the 17th District of Texas, do officially recognize and extend my best wishes to the 111th Engineer Battalion, their successful mission, and their safe return home, and present this flag flown over the United States Capitol as a symbol of my pride in these distinguished military personnel.

CHARLES W. STENHOLM,
Member of Congress.

THE 75TH ANNIVERSARY OF KGO RADIO

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Ms. PELOSI. Mr. Speaker, I rise today to recognize the 75th anniversary of KGO Radio, a renowned San Fransciso media institution.

I commend KGO for taking its commitment to our Bay Area Community seriously, both on and off the air.

KGO's news team and talk show hosts a trusted source of local information and commentary. The station has an outstanding record in giving back to the community. Perhaps that's why KGO has been Northern California's most listened to station for more than 2 years.

In addition to its seven hours of comprehensive news programming, KGO's programming menu also includes extensive local public affairs talk shows that provide the area with invaluable community forums.

But I am most pleased by enormous, decades-long commitment that KGO has made to its community off the air—efforts that have gone far beyond lip service to have a positive impact on the Bay Area. In 1999 alone, it sponsored and promoted more than 50 community events. For these events, KGO aired more than 1,800 promotional announcements, worth more than $1,000,000. And, during the same period, it ran more than 3,500 public service announcements worth more than $800,000. Finally, KGO-sponsored community service efforts raised $1,950,000 for charitable causes.

Mr. Speaker, let us join in congratulating KGO on its 75th anniversary of serving the Bay Area Community. There is much here to celebrate—whether for the KGO Radio's award-winning news team or its efforts to support its local community; whether for its work in providing important on-air community forums or its willingness to promote local efforts from coastal cleanups to cultural diversity.

ALTERNATIVE EDUCATION FOR SAFE SCHOOLS AND SAFE COMMUNITIES ACT OF 2000

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. KILDEE. Mr. Speaker, today I am introducing the Alternative Education for Safe Schools and Safe Communities Act of 2000. This legislation will assist States and school districts in their efforts to fund alternative education programs and services for students who have been suspended or expelled from school and reduce the number of suspensions and expulsions. This legislation will provide our schools with an important tool in their efforts to ensure safer schools and safer communities while providing vital educational opportunity.

Presently, numerous students are suspended or expelled from school annually. Regardless of the reason these students received a suspension or expulsion—disruptive behavior, verbal abuse, a violent act—they are often left to fend for themselves without any educational services, or worse yet no supervision or guidance. The loss of educational services for these students is a destructive force to their chances to advance academically, be promoted from grade to grade, or to resist the temptation to dropout of school. In addition, students not in school and without any supervision can bring the problems which necessitated their suspension or expulsion to the community—increasing juvenile delinquency and possibly other violence and crime.

Under the Gun-Free Schools Act, schools are required to expel a student for one-year if they bring a firearm to school. In school year 1997–1998, that amounted to 3,507 expulsions. Unfortunately, fewer than half of these students were referred for alternative education placements. In fact, students expelled for firearm violations often do not receive educational services through alternative programs

or schools. This lack of continuing education and supervision may put the community at risk of gun violence from these children.

While there are times when students may need to be removed from their school due to behavior, whether violent or non-violent, little is accomplished by risking their academic future through a lack of educational services. This legislation will promote alternative placements for suspended or expelled students so the problems they brought to school do not become problems of the community. The legislation would also require school districts to reduce the numbers of suspensions of expulsions of students. I would like to make it clear that this program's funding should not make it easier to remove students from the classroom in greater numbers, but rather should enhance the ability of school districts to provide continuing educational services for the students they do remove from the classroom.

Specifically, the Alternative Education for Safe Schools and Safe Communities Act of 2000 would authorize $200 million to assist school districts in reducing the number of suspensions and expulsions and establishing or improving programs of alternative education for students who have been suspended or expelled from school. Additional specifics of the program include:

States would receive allocations based on the amount of Title I, Part A dollars they receive. States would then distribute 95 percent of this funding to local school districts.

School districts would use funding to both reduce the number of suspensions and expulsions and establish or develop alternative education programs.

Students participating in alternative education programs would be taught to challenging State academic standards.

Students would be provided with necessary mental health, counseling services and other necessary supports.

States and school districts would be required to coordinate efforts with other service providers including public mental health providers and juvenile justice agencies.

School districts would have to plan for the return of students participating in alternative education programs to the regular educational setting, if it is appropriate, to meet the needs of the child and his or her prospective classmates.

School districts would have to meet continually increasing performance goals to maintain funding. These performance goals include: reductions in the number of suspensions and expulsions, reduction in the number of incidents of violent and disruptive behavior, and others.

The Department of Education would be required to identify or design model alternative education programs for use by school districts and then disseminate these examples of "best practices."

The future of all our children is too critical to allow those who have been suspended or expelled from school to become the future burdens on our social welfare system, or to have the disruptive and unsafe acts they did in schools take place in the greater community. I urge Members to cosponsor this legislation.

GRANNY D'S CROSS-COUNTRY WALK IN SUPPORT OF CAMPAIGN FINANCE REFORM

HON. CHRISTOPHER SHAYS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. SHAYS. Mr. Speaker, my colleague MARTY MEEHAN of Massachusetts and I rise to commend 91 year old Doris Haddock—known throughout the country as Granny D—for her cross-country trek in support of campaign finance reform. Granny D began her crusade on January 1, 1999 in Pasadena, California and walked 3,200 miles across the country until she arrived at the Capitol on February 29, 2000.

She traveled through the snow in Maryland, dust storms in California's Mojave Desert, and heat of a Texas summer—all the way to Washington, DC. We are happy to place the attached statement into the CONGRESSIONAL RECORD, which in Doris' own words, describes how she chose to undertake such an amazing feat.

A native of Dublin, New Hampshire and an activist since the 1960s, Granny D felt compelled to push for campaign finance reform—and thus began her idea for walking cross-country. She has walked 10 miles a day, six days a week and stayed with people she met on "the road." Granny D inspired citizens from around the nation to walk with her for a day or so as she helped raise awareness of such an important issue—campaign finance reform.

In an age where cynicism and low voter turnout has become a norm, Granny D has demonstrated that civil activism is alive and well in America. We join Granny D in support of reforming our campaign finance system by eliminating the unregulated, unlimited campaign gifts known as soft money, applying our campaign laws to sham issue ads, and increasing disclosure. Combined together, these reforms will slam shut the open door that currently allows anyone—corporations, labor unions, wealthy individuals, even foreign nationals—to purchase limitless influence in our political system.

We believe this is a crucial first step to protect our democracy and thank Granny D for raising awareness of this issue by courageously walking across our nation in support of campaign finance reform. As Helen Keller stated: "I am only one; but still I am one. I cannot do everything, but still I can do something; I will not refuse to do something I can do."

STATEMENT OF GRANNY D

I have been asked to speak briefly this morning about the spiritual side of my journey across the United States.

I would like to share three brief thoughts.

The first thought is that God often speaks to us with crazy ideas. He is full of them, I think.

When I first received the thought of walking across America for campaign finance reform, I knew it was a rather crazy idea. It would have been easy to brush it off as such, and to change the subject as my son and I drove along that Florida highway where the thought first came.

What is calling, anyway? It is a picture window that suddenly appears, revealing a possible alternative life.

Possible, yes. I indeed might be able to walk the country—as I have kept up my physical conditioning with cross-country skiing and walking. Possible, yes—for such an undertaking (if it were not in fact an undertaking!) might bring some needed attention to the issue. And possible, yes—it might in fact be more interesting than staying at

If God sends us a crazy idea and we toss it off as such, I think He understands. He will be happy to send it along to someone else, or try some other ideas on us later.

If it keeps coming back, slightly revised, earmarked, highlighted, perhaps it is a calling. So we consider it more seriously.

If it seems immediately appealing, however, and we jump for it, is there some test to know if it is a proper calling and not just our own harebrained senility?

Well, I think there may indeed be a test, and that is the second spiritual aspect of my journey that I would like to share.

Despite all my best efforts before I left on my walk to arrange help along the way, I got almost no response from the churches or police departments along the way to whom I sent a thousand letters of self-introduction.

So my first steps were little leaps of faith into the kind heart and soul of America, and my faith was of course rewarded. Most remarkably, though there were troubles along the way, and a hospital stay and so many breakdowns of my support van and so many little traumas and troubles, what I saw on the whole was an opening up of heaven, and a flowing down of all the resources and all the right people I needed.

After my difficult crossing of the Mojave Desert in California, I crossed the bridge into Parker, Arizona on my 89th birthday. The Marine Corps Marching Band was at the bridge, playing Happy Birthday to me. The remarkable part of that story is that they just happened to be there on other business. It also happened to be Parker Days, and they were delighted to have me lead the parade and tell the whole city about campaign finance reform, which I did. When, some days later I walked into Wickenburg, Arizona, it happened to be Wickenburg Days and again I found myself in a parade and telling everyone about campaign reform.

Now, the parade organizers did not know me or care about this issue, but the family who kindly put me up there, after my stay in the hospital for dehydration, happened to be good friends of the parade chairman. It was like that every step of the way—always just the right person at just the right moment.

It continued across the country. Let me remind you that last Sunday it rained heavily in Washington, and last Monday it was very cold and windy, and Tuesday, when a nice day would be good for the big march across town to the Capitol steps, why, the weather here was a perfect springlike day.

The blessings have been uncountable.

I do not mean to suggest that the Lord makes doing the right thing easy. My walk was not easy. But he seems to clear the field for you when you are ready to do serious battle. He does appreciate, I think, our moments of courage and He does not mind showing His hand at such times.

Finally, let me make a spiritual note regarding the issue itself.

Is it not so that we are charged in this life with doing God's work where we might? Are we not the keepers of our brothers and sisters? Are we not to be agents for justice and equality and kindness? Surely we cannot fulfill our high role if we do not have the power to manage our collective resources. Surely, only a free and empowered people can properly take care of one another. If we allow

ourselves to lose our ability to manage our considerable common wealth to best address the great needs of our people, we abdicate our earthy responsibilities to our God, do we not?

If we allow the greedy and the inhuman elements to steal away from us our self-government, because we did not have the energy or the courage to fight for it and to use it as a tool of our love and our wisdom, how shall we answer for that?

Is campaign finance reform a religious issue? It is one of the central religious issues of our times, and I of course speak to the condition of the entire world, not just our few states. If we are to do the right things for our people and for the lovely home given us by God, then we must, as free adults, have the power to do what is right. I do not mean that churches and states should mix: it is enough that our civic values, which we all share with only a few arguments around the edges, are informed by our deeper beliefs in the equality of people and basic rights of all God's creations.

PENSION COVERAGE

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. GEJDENSON. Mr. Speaker, America's workers have made the record 107 month economic expansion possible. They deserve to reap the rewards of our national prosperity. They deserve income security, and in particular, they deserve to have a pension and the ability to save for retirement. Approximately 51 million workers—about half the workforce—lack pension coverage of any kind. For these workers, retirement security is more precarious and their economic future more uncertain.

This Congress has an obligation to expand pension coverage to boost retirement security for all Americans. We know what will make a difference to millions of workers. We should, for example, increase the portability of different types of pensions by allowing employees to more easily roll-over these assets when they change jobs. We should provide tax relief to help small businesses starting a pension plan. We should reduce vesting periods. These are common-sense steps, and steps that we are all ready and willing to take. In fact, more than 100 members of this body have joined me sponsoring the Retirement Security Act, which would implement each of these options, and more.

The bill before us today, H.R. 3932, takes some steps in the right direction on pensions. Regrettably, it shortchanges average working men and women who need the most help in saving for retirement. Instead, it sweetens the pension pot for the wealthiest employees, those who have little to worry about with respect to their own retirement. The implicit, unsubstantiated promise of H.R. 3832 is that highly-compensated employees, who presumably have decision-making authority about pension coverage, will expand pension coverage for lower-wage employees as they attempt to take advantage of the bill's enhanced contribution and disbursement features for themselves. It is an $18 billion gamble that may not pay off for most workers. The only certainty is that the highly compensated will benefit.

According to an analysis prepared by the Center on Budget and Policy Priorities, of the $18 billion in pension benefits in H.R. 3832, 91.5% would accrue to the top 10 percent of earners, those with annual incomes above $89,000. At the same time, the lowest 60% of earners would receive less than 1% of the benefits in the package. To make matters worse, the Center's analysis shows that the increasing income thresholds for determining contributions to pension plans from $170,000 to $200,000, employers can save money by reducing pension coverage for lower wage employees. Indeed, if an employer contributes a flat percentage of each employee's pay to a pension, he can continue to reward the highest paid workers with the same dollar contribution while reducing the percentage of pay contributed to each worker at the lower end of the pay-scale.

I believe that we would better direct these resources toward middle- and lower-income workers and toward small business that want to provide retirement security to their employees. My bill accomplishes these goals by shortening vesting periods, providing credits to small businesses that start plans, and boosting pension equity for women. The President has proposed a series of pension and savings initiatives that would enhance retirement savings. He proposes tax credits that would encourage small businesses to establish a pension plan and to match employee contributions. He also proposes tax credits for financial institutions that establish retirement savings accounts for lower-income workers who do not have pension coverage at work.

Some in this body think passing these pension provisions today gets Congress off the hook in terms of real reform. It does not. I stand here to say that our job is far from finished when it comes to helping middle- and low-income workers save for retirement. I hope that we can all continue to work on this issue and pass comprehensive legislation expanding size pension coverage to every American.

BLACK HISTORY MONTH HONOREES

HON. NICK LAMPSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. LAMPSON. Mr. Speaker, I rise today to honor local citizens from the 9th District of Texas who were chosen during Black History Month for their work. While the dedication of African-American leaders is well-known throughout the United States, local citizens, right here in the Southeast Gulf Coast region, are just as important to ensuring equal rights for all Texans. Last month I asked members of the communities in the 9th District to nominate individuals for my ''Unsung Heroes'' award that gives special recognition to those unsung heroes, willing workers, and individuals who are so much a part of our nation's rich history. Recipients were chosen because they embodied a giving and sharing spirit, and had made a contribution to our nation.

These individuals have not only talked the talk, but they have walked the walk. They have worked long and hard for equal rights in their churches, schools, and in their communities. While their efforts may not make the headlines every day, their pioneering struggle for equality and justice is nevertheless vital to our entire region. This region of Southeast Texas is not successful in spite of our diversity; we are successful because of it.

Please join me in recognizing and congratulating these community leaders for their support of bringing justice and equality to Southeast Texas. It is leaders like these men and women that continue to be a source of pride not only during Black History Month, but all year long. The winners of this years ''Unsing Heroes'' award are:

Ms. Sharon Lewis, Mrs. Eslen Brown Love, Constable Terry Petteway, Mr. Alex Pratt, Miss June Pinckney Ross, Ms. Ann Simmons, Mr. James Steadham, Mrs. Maggie Williams, Mrs. Valencia Huff Arceneaux, Mr. T.D. Armstrong, Mr. Melton Bell, Mr. Craig Bowie, Ms. Linda Brooks, Dr. Lisa Cain, Mrs. Izola Collins, Mr. Paul A. Cox, Pastor Marvin C. Delaney, Mrs. Idella Duncan, Mrs. Gloria Ellisor, Mayor Leon Evans, Ms. Vera Bell Gary, Ms. Wilina Gatson, Mrs. Ann Grant, Mr. Deyossie Harris, Mrs. Edna Jensen, Mr. Cleveland Nisby, Mr. Collis Cannon, Reverend Ransom Howard, Mrs. Hargie Faye Savoy, Judge Theodore Johns, Mr. Eddie Seniguar, Mrs. Marie Hubbard, Judge Paul Brown, Mr. Lewis Hodge, Mrs. Mandy Plummber, Mrs. Fabiola B. Small, Dr. Rosa Smith-Williams, Mr. Tobe Duhon, Rev. Isaiah Washington, Sr., Mrs. Barbara Hannah-Keys, Ms. Nina Gail Stelley, Mr. Herman Hudson, Mrs. Lillian M. LeBlanc, Dr. Carroll Thomas, Dr. William T.B. Lewis, Mr. Raymond Johnson, Mr. Amos Evans, State Rep. Al Price, and Rev. G.W. Daniels.

Mr. Speaker, the recipients of the ''Unsung Heroes'' award are dedicated and hardworking individuals who have done so much for their neighbors and for this nation as a whole. Today, I stand to recognize their spirit and to say that I am honored to be their Representative.

HONORING CENTRAL CONNECTICUT STATE UNIVERSITY MEN'S BASKETBALL TEAM

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise enthusiastically, to pay tribute to the Central Connecticut State University men's basketball team for their accomplishment this week.

This past Monday, the CCSU Blue Devils defeated Robert Morris 63–46 to win the Northeast Conference tournament final for the first time since joining Division I in 1986. This is an amazing achievement for coach Howie Dickenman and the entire Blue Devil team. The team will now make their first appearance playing the NCAA tournament.

The leadership and hard work demonstrated by coach Howie Dickenman and the Blue Devils is an example to us all. While finishing with a record of 4–22, only two seasons ago, they have proven this year, that through persistence and strength of character, any sought after goal is possible.

I hope my colleagues will join me in congratulating this extraordinary group of young men and their coaches, parents, classmates and others who supported and cheered them on through this long journey.

Their determination throughout the entire season has been an inspiration to all of us. Congratulations to the Blue Devils and best of luck in the NCAA tournament!

IN RECOGNITION OF KATIE McGWIN

HON. ROBERT A WEYGAND

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. WEYGAND. Mr. Speaker, I rise today in recognition of Katie McGwin, a resident of North Kingstown, Rhode Island and a fifth-grader at Quidnesset Elementary School. Katie was among the winners of this year's National Sportsmanship Day essay contest for her positive essay on responsibility and encouragement.

March 7th was the Tenth Annual National Sportsmanship Day and I am pleased to say that in all of the fifty states, and in one hundred and one other countries students, athletes, coaches, and educators spent the day focusing on the merits of good sportsmanship. In more than 12,000 institutions worldwide, students participated in programs such as "The No Swear Zone", essay and poster contests, student roundtables, and coaches forums in an effort to promote good sportsmanship among our youth.

Just ten years ago this program existed only in Rhode Island elementary schools, founded by my good friend Mr. Daniel E. Doyle, Jr., Executive Director of the Institute for International Sport at the University of Rhode Island, and now it is an international event. This is a wonderful program whose value is evident by the speed of its growth and broad reach of its appeal.

Katie's essay espoused the virtues of true sportsmanship and brought to light the benefits that sportsmanship can offer to our families, our communities, and our nation. Sportmanship, as Katie notes, is about many things, both on and off the field of play; it is about hard work and effort, responsibility, kindness to others, honesty, fair play, ethical behavior and it is about encouragement. These values are beneficial for our homes, for our workplaces and for our schools. In an age when violence too often penetrates our educational institutions and our communities, these are the ethics and values—which Katie so eloquently discussed—that must be promoted and encouraged by parents, educators and coaches.

I would like to commend Katie for her wisdom and her character and want to encourage her to maintain them throughout her life as they will bring her success in her professional and personal life.

PERSONAL EXPLANATION

HON. GARY G. MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. GARY MILLER of California. Mr. Speaker, on Wednesday, March 8, 2000 votes were held while I was in route to the Capitol, as were other members, therefore, I missed roll call votes 29, 30, and 31.

Had I been present, I would have voted "yes" on the passage of H.R. 1827, the "Government Waste Corrections Act."

Had I been present, I would have voted "yes" to suspend the rules and pass the H.R. 2952 redesignate the facility of the U.S. Postal Service in Greenville, South Carolina as the Keith D. Oglesby Station.

Had I been present, I would have voted "yes" to suspend the rules and pass, as amended H.R. 3018 to designate the U.S. Postal Office in Charleston, South Carolina as the Marybelle H. Howe Post Office.

A TRIBUTE IN HONOR OF CONNIE M. DEFORD

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. BARCIA. Mr. Speaker, I rise today to honor a wonderful lady, Ms. Connie Deford, of Bay City, Michigan, on the occasion of her retirement from her post as City Clerk of Bay City. Connie has been our trusted clerk since 1986, and I can assure you, Mr. Speaker, that both in character and spirit, Connie is an inspiration to those around her and will be sorely missed by her co-workers.

Connie was born in my home town of Bay City and has a long history of contributing to our community, both as an elected official and as a civic leader. In fact, Connie's service to Bay City is touted as a model for all aspiring elected officials. Everyone who has worked with Connie knows that her retirement will leave very big shoes to fill. However, her accomplishments as City Clerk will endure as a blueprint for all to follow.

Connie is very active in our city's civic affairs and has been awarded numerous awards for her extraordinary service. Mr. Speaker, time restraints dictate that I mention just a few of the many honors she has received. Perhaps one of her most prestigious awards is the Quill Award, given by the International Institute of Municipal Clerks, the largest international clerk organization, to recognize the most qualified and dedicated clerk in the world. Other awards she has received include being elected Michigan Municipal Clerk of the Year, nominated for the Bay Area Chamber of Commerce Athena Award for Professional Women, awarded the Paul Harris Fellowship Rotarian of the Year, and awarded the Great Lakes College Honorary Doctor of Letters, as well as the Municipal League Special Award of merit.

Her contributions to our community are equally impressive. Connie has been an active member of her church, Holy Trinity, where she is on the Administration Commission and serves as a member of the Adult Choir. She is involved with such admirable institutions as the March of Dimes, the Salvation Army, the Great Lakes College Foundation, and the Michigan Municipal League Foundation.

With Connie's unflagging energy and civic-minded commitment, I am sure that retirement will not mean slowing down. Rather, it will mean a new direction and a new focus that will produce results which impact positively on many, many people in our community. I am also sure that Connie will enjoy the company of her daughter Brigette and son Keane, as well as her two grandchildren Austin and Angela.

Mr. Speaker, I invite you and our colleagues to join with me in congratulating Bay City City Clerk Connie Deford on the occasion of her retirement, and thanking her for her selfless service to our community. We in Bay City, Michigan, have been truly fortunate to be the recipient of her commitment and vision. Connie has not only been a motivator and creator of civic pride, she precisely embodies our civic pride. I wish her continued success in all her future endeavors.

DRUG COMPANY PROFITEERING: HOW MUCH IS ENOUGH FOR AMGEN?

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. STARK. Mr. Speaker, submitted are portions of a letter which I have sent to the Federal Trade Commission and others.

When one looks at Amgen's SEC filings, it is clear that this price increase was not necessary. It is pure profiteering, largely at taxpayer expense. It is another example of how Flo and her allies cannot be believed in the debate of a Medicare pharmaceutical benefit.

The ancient Greeks knew the wisdom of moderation, and called it the Golden Mean. All these guys know is Golden Greed.

COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HEALTH,
Washington, DC, March 8, 2000.

Hon. ROBERT PITOFSKY,
Chairman, Federal Trade Commission,
Washington, DC.

DEAR MR. CHAIRMAN: I urge the Commission to conduct an immediate investigation of the recent price increase in recombinant human erythropoietin (rHuEPO) announced by the Amgen Corporation. Such an investigation would be very important in the developing debate on the rapid rise in pharmaceutical expenses (15.4% last yar) and Medicare payment policy.

Briefly put, Amgen makes about $1 billion dollars a year *in profit* on the sale of its sole source, monopoly product EPOGEN to Medicare providers. Medicare pays $10 for a unit that, the last we know, cost about 50 cents to make. The company recovered its entire R&D costs for this product—about $170 million—in roughly the first year of its sales to Medicare (1990).

While the price/unit has been stable since 1991, the cost to Medicare has soared while the improvement in patients' hematocrits has been disappointingly flat. Part of the reason for the increase in dosage is that we have set a higher quality standard for the desired hematocrits. But I believe another, big part of the reason that the dosage has increased so dramatically is that while Medicare reimburses providers $10 per 1000 units, the company provides a volume discount, which encourages providers to use more EPO, because the more they use, the more I believe this ''volume discount'' has caused many American dialysis centers to administer the product in an inefficient and even wasteful manner.

The national Dialysis Outcomes Quality Initiative (DOQI), and most foreign nations recommend the administration of EPO subcutaneously—in an injection rather than through the dialysis process. When administered this way, there is data that, at least for a period of time, about 60–70% of patients would need about 30% less EPO. The company's volume discount, therefore, has probably caused Medicare and the taxpayer to spend $100 to $200 million more per year than would be needed if we administered the drug the way the quality experts recommend and most foreign countries practice.

In addition to the waste and extra expenditure, too much EPO can be dangerous. It has side effects.[2]

The Amgen price increase takes advantage of the first increase in Medicare payment for dialysis in a decade. In the Balanced

With all this as a background, Amgen's price hike is important to understand and can help shape the Congressional debate on drug reimbursement policy and Medicare payment policy to dialysis centers.

First, I find Amgen's explanation to providers (copy attached) interesting: ''This change in price, the first since EPOGEN was launched eleven years ago, is being implemented as a result of continually increasing costs associated with Amgen's business.''

As I indicated there is data from a decade ago that the cost of production was about 5 percent and that all R&D costs were recovered in a year. In many industries, productivity is able to actually lower the cost of various high tech products. Can the FTC tell us what the cost of production is today, and how that compares to other increased costs of Amgen in marketing, litigation against potential competitors, overhead, and political contributions, etc.? Can the FTC give us an estimate of the current yearly profit to Amgen from sales of EPO and how much this price increase will add to those profits? The latest 10–Q for Amgen for the three months ended September 30, 1999 shows net income of $300 million, compared to $221 million in the same period, 1998. That same SEC filing shows product sales of $769.2 million and cost of sales, $98.9 million. The cost of sales as a percent of total sales actually declined between 1998 and 1999. All of this calls into question Amgen's justification for the price increase. As one security analyst is quoted as saying (attached) ''They promised Wall Street a certain level of earnings this year. . . . Maybe this is the only way they can achieve that.''

So did costs of production really go up that much, or did Amgen's other expenses go up, and this is just a way to tap the Medicare cash cow? The answer to this type of question is important for how we structure a Medicare prescription drug benefit.

The coincidence of Amgen's price increase absorbing most of the Congressional dialysis payment increase should inspire us to consider ways to prevent that from happening again. If we don't, it would be easy to see Amgen doing another 3.9% increase next spring to absorb the second 1.2% dialysis payment increase scheduled for 2001.

Thank you for your early review of this entire situation.

Sincerely,

PETE STARK,
Member of Congress.

[1] One physician has indicated to me that Amgen discounts EPO linked to the potential growth in use per year. ''Rumor has it that the target growth is greater than the incident growth in the ESRD program. In other words, if the ESRD program grows by 7%, the Amgen target for discount is some larger number, like 10%.'' Another expert tells me that the volume incentive is based on 5% growth per quarter. (If the FTC could determine the exact nature of the discount, it would be very helpful to understanding prescribing patterns.)

[2] One analyst notes that between 1989 and 1995, fifteen month survival has decreased by 20% for hemodialysis patients. This analyst asks if it is possible that inappropriate dispensing of EPO may play a contributing role? See attached. This is a question I believe needs to be investigated by public health authorities.

INDIA'S RELIGIOUS TYRANNY GOES ON

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. TOWNS. Mr. Speaker, I was distressed to read an article in the Washington Times of February 25 datelined Calcutta reporting that the government of India's state of Orissa is now requiring anyone converting to Christianity to get a government permit. This policy has been met with protests in front of government offices in Calcutta, because it is just the latest chapter in the ongoing religious tyranny in India.

As you know, thousands of Sikhs languish in Indian jails without charge and without trial. These Sikhs are political prisoners in ''the world's largest democracy.'' Many of them have been in prison illegally since the Indian government attacked the Sikhs' holiest shrine, the Golden Temple in Amritsar, in June 1984. That is coming up on 16 years now!

The BJP, which runs the central government, destroyed the most revered mosque in India, the mosque at Ayodhya, intending to put a Hindu temple on the site. Hindus affiliated with the BJP's parent organization, the RSS, burned a Christian missionary and his two sons, ages 8 and 10, to death in their jeep while they slept. The mob surrounded the family's jeep and chanted ''Victory to Hannuman,'' a Hindu god. RSS-affiliated Hindu extremists have burned down Christian churches, schools, and prayer halls. They have murdered priests and raped nuns. In 1997, the police broke up a Christian religious festival with gunfire.

The Indian government has sent over 700,000 troops to Kashmir and half a million to Punjab, Khalistan, to suppress the freedom of the Muslim and Sikh populations there. It has killed tens of thousands of Christians, Sikhs, Muslims, Assamese, Manipuris, Dalits, and others.

President Clinton will soon be going to India. While he is there, one important thing that he should do is to press the Indian government on the subject of human rights. If we do not support the human rights of all the people of South Asia, who will?

I call on the President to raise these issues in the strongest terms. Also, we should cut off aid to India until it observes the basic standards of human rights for all and we should support freedom for the people of South Asia by going on record in support for self-determination for the people of Punjab, Khalistan, Kashmir, Nagaland, and the other nations of South Asia that now live under occupation.

Mr. Speaker, I would like to submit the Times article into the RECORD.

[From the Washington Times, Feb. 25, 2000]

CHRISTIANS IN INDIA PROTEST 'BIAS' ORDER

CALCUTTA—Hundreds of Christians converged on a government office yesterday to protest what they said was a discriminatory order by the Orissa state government on religious conversions.

The protesters said the order, which requires people who are converting to Christianity to apply to a local official and get police clearance, violates the Indian Constitution.

The protesters belong to the Bangiya Christiya Pariseba, or United Forum of Catholics and Protestants. They delivered a statement to the Orissa government through its local office in Calcutta.

PERSONAL EXPLANATION

HON. DANNY K. DAVIS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 9, 2000

Mr. DAVIS of Illinois. Mr. Speaker, on March 8, 2000 I had to delay my return to the Capitol in order to attend to personal business in my district. During my absence, I missed rollcall vote 29, 30, 31 and 32.

Had I been present, I would have voted yes on the motion to suspend the rules and pass H.R. 2952, the Keith D. Oglesby Post Office, H.R. 3018, the South Carolina Post Office Designation and S. Con. Res. 91 recognizing the forcible incorporation of the Baltic states of Estonia, Latvia, and Lithuania into the former Soviet Union.

I would have also voted ''yes'' on final passage of H.R. 1827 the Government Waste Corrections Act on March 8, 2000.