

respond to the gentleman's concerns relating to the language adopted in title X by the other body. As I read the definition of family fisherman, I feel quite confident that this is limited to commercial fishing enterprises and operations and that the gentleman's concern of individuals trying to protect yachts and other luxury boats not used in a commercial fishing venture would not be covered under this.

I am wondering whether the gentleman is supportive of the entire motion or whether he might want to read and satisfy himself that this is indeed protecting only commercial fishing operations.

Mr. SENSENBRENNER. Mr. Speaker, will the gentlewoman yield?

Ms. BALDWIN. I yield to the gentleman from Wisconsin.

Mr. SENSENBRENNER. Mr. Speaker, I am not sure that the definition of commercial fishing operation contained in section 1007 in the Senate bill is sufficiently tightly worded to prevent someone who uses a yacht for sport fishing and derives income therefrom from being able to protect the yacht under the bankruptcy code. That is what my concern is.

What I am suggesting to the gentlewoman from Wisconsin, my colleague, is that perhaps section 1007 should be looked at very closely to make sure we are not creating a loophole and that it not be treated as holy writ, not subject to any modification whatsoever.

Mr. CONYERS. Mr. Speaker, I rise in strong support of the Motion to Instruct. This will put the House on the record as supporting Senate passed provisions that are more favorable to our farmers and fishermen.

We always talk about the special need to protect our farmers. They face harsh weather and are constantly being squeezed by corporate farms and hug buyers and wholesalers. The least we can do is help honest farmers and fishermen reorganize their affairs so they can stay in business.

The Senate bill is preferable to the House bill in four key respects. First, it reduces from 80 percent to 50 percent the amount of total debt that must be related to farming. Many farm families are forced to seek multiple outside jobs in order to keep their farms afloat. This should not be a reason that you lose your farm in bankruptcy.

Second, the Senate provision permits family farmers to file for Chapter 12 if they meet the 50 percent requirement in any of the three years prior to filing. For farm families that split their income, low prices or crop failures can dramatically reduce gross income in the year prior to filing. Allowing consideration of any of three years prior to filing will keep farm families from being unfairly denied Chapter 12 relief.

Third, the Senate provision increases the jurisdictional debt limit for filing Chapter 12 from \$1.5 million to \$3 million. This new figure offsets the effects of inflation of the last 15 years. The \$1.5 million limit was established in 1986.

Finally, the Senate bill extends protections to family fishermen so they can protect their

boats and fishing equipment. Like agricultural farmers, fishermen face a hostile economic environment and thousands of fishermen leave the business every year. There is no reason to discriminate between family farmers and family fishermen in providing basic key protections.

These provisions will help rural and coastal communities retain their unique character and allow farmers and fishermen to keep their farms and boats. I urge a yes vote on the Motion to Instruct.

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

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentlewoman from Wisconsin (Ms. BALDWIN).

The motion to instruct was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees:

From the Committee on the Judiciary for consideration of the House bill and the Senate amendment, and modifications committed to conference: Messrs. SENSENBRENNER, HYDE, GEKAS, SMITH of Texas, CHABOT, BARR of Georgia, CONYERS, BOUCHER, NADLER, and WATT of North Carolina.

From the Committee on Financial Services, for consideration of sections 901 through 906, 907A through 909, 911, and 1301 through 1309 of the House bill, and sections 901 through 906, 907A through 909, 911, and 913-4 and title XIII of the Senate amendment, and modifications committed to conference: Messrs. OXLEY, BACHUS, and LAFALCE.

From the Committee on Energy and Commerce, for consideration of title XIV of the Senate amendment, and modifications committed to conference: Messrs. TAUZIN, BARTON of Texas, and DINGELL.

From the Committee on Education and the Workforce, for consideration of section 1403 of the Senate amendment, and modifications committed to conference: Messrs. BOEHNER, CASTLE and KILDEE.

There was no objection.

□ 1845

RAILROAD RETIREMENT AND SURVIVORS' IMPROVEMENT ACT OF 2001

Mr. YOUNG of Alaska. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1140) to modernize the financing of the railroad retirement system and to provide enhanced benefits to

employees and beneficiaries, as amended.

The Clerk read as follows:

H.R. 1140

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 "Railroad Retirement and Survivors' Improvement Act of 2001".

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

Sec. 1. Short title; table of contents.

TITLE I—AMENDMENTS TO RAILROAD RETIREMENT ACT OF 1974

Sec. 101. Expansion of widow's and widower's benefits.

Sec. 102. Retirement age restoration.

Sec. 103. Vesting requirement.

Sec. 104. Repeal of railroad retirement maximum.

Sec. 105. Investment of railroad retirement assets.

Sec. 106. Elimination of supplemental annuity account.

Sec. 107. Transfer authority revisions.

Sec. 108. Annual ratio projections and certifications by the Railroad Retirement Board.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

Sec. 201. Amendments to the Internal Revenue Code of 1986.

Sec. 202. Exemption from tax for National Railroad Retirement Investment Trust.

Sec. 203. Repeal of supplemental annuity tax.

Sec. 204. Employer, employee representative, and employee tier 2 tax rate adjustments.

TITLE I—AMENDMENTS TO RAILROAD RETIREMENT ACT OF 1974

SEC. 101. EXPANSION OF WIDOW'S AND WIDOWER'S BENEFITS.

(a) IN GENERAL.—Section 4(g) of the Railroad Retirement Act of 1974 (45 U.S.C. 231c(g)) is amended by adding at the end the following new subdivision:

"(10)(i) If for any month the unreduced annuity provided under this section for a widow or widower is less than the widow's or widower's initial minimum amount computed pursuant to paragraph (ii) of this subdivision, the unreduced annuity shall be increased to that initial minimum amount. For the purposes of this subdivision, the unreduced annuity is the annuity without regard to any deduction on account of work, without regard to any reduction for entitlement to an annuity under section 2(a)(1) of this Act, without regard to any reduction for entitlement to a benefit under title II of the Social Security Act, and without regard to any reduction for entitlement to a public service pension pursuant to section 202(e)(7), 202(f)(2), or 202(g)(4) of the Social Security Act.

"(ii) For the purposes of this subdivision, the widow or widower's initial minimum amount is the amount of the unreduced annuity computed at the time an annuity is awarded to that widow or widower, except that—

"(A) in subsection (g)(1)(i) '100 per centum' shall be substituted for '50 per centum'; and

"(B) in subsection (g)(2)(ii) '130 per centum' shall be substituted for '80 per centum' both places it appears.

"(iii) If a widow or widower who was previously entitled to a widow's or widower's

annuity under section 2(d)(1)(ii) of this Act becomes entitled to a widow's or widower's annuity under section 2(d)(1)(i) of this Act, a new initial minimum amount shall be computed at the time of award of the widow's or widower's annuity under section 2(d)(1)(i) of this Act."

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by this section shall take effect on the first day of the first month that begins more than 30 days after enactment, and shall apply to annuity amounts accruing for months after the effective date in the case of annuities awarded—

(A) on or after that date; and

(B) before that date, but only if the annuity amount under section 4(g) of the Railroad Retirement Act of 1974 (45 U.S.C. 231c(g)) was computed under such section, as amended by the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 357).

(2) SPECIAL RULE FOR ANNUITIES AWARDED BEFORE THE EFFECTIVE DATE.—In applying the amendment made by this section to annuities awarded before the effective date, the calculation of the initial minimum amount under new section 4(g)(10)(ii) of the Railroad Retirement Act of 1974 (45 U.S.C. 231c(g)(10)(ii)), as added by subsection (a), shall be made as of the date of the award of the widow's or widower's annuity.

SEC. 102. RETIREMENT AGE RESTORATION.

(a) EMPLOYEE ANNUITIES.—Section 3(a)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(a)(2)) is amended by inserting after "(2)" the following new sentence: "For purposes of this subsection, individuals entitled to an annuity under section 2(a)(1)(ii) of this Act shall, except for the purposes of recomputations in accordance with section 215(f) of the Social Security Act, be deemed to have attained retirement age (as defined by section 216(1) of the Social Security Act)."

(b) SPOUSE AND SURVIVOR ANNUITIES.—Section 4(a)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231c(a)(2)) is amended by striking "if an" and all that follows through "section 2(c)(1) of this Act" and inserting "a spouse entitled to an annuity under section 2(c)(1)(ii)(B) of this Act".

(c) CONFORMING REPEALS.—Sections 3(a)(3), 4(a)(3), and 4(a)(4) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(a)(3), 231c(a)(3), and 231c(a)(4)) are repealed.

(d) EFFECTIVE DATES.—

(1) GENERALLY.—Except as provided in paragraph (2), the amendments made by this section shall apply to annuities that begin to accrue on or after January 1, 2002.

(2) EXCEPTION.—The amount of the annuity provided for a spouse under section 4(a) of the Railroad Retirement Act of 1974 (45 U.S.C. 231c(a)) shall be computed under section 4(a)(3) of such Act, as in effect on December 31, 2001, if the annuity amount provided under section 3(a) of such Act (45 U.S.C. 231b(a)) for the individual on whose employment record the spouse annuity is based was computed under section 3(a)(3) of such Act, as in effect on December 31, 2001.

SEC. 103. VESTING REQUIREMENT.

(a) CERTAIN ANNUITIES FOR INDIVIDUALS.—Section 2(a) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(a)) is amended—

(1) by inserting in subdivision (1) "(or, for purposes of paragraphs (i), (iii), and (v), five years of service, all of which accrues after December 31, 1995)" after "ten years of service"; and

(2) by adding at the end the following new subdivision:

"(4) An individual who is entitled to an annuity under paragraph (v) of subdivision (1),

but who does not have at least ten years of service, shall, prior to the month in which the individual attains age 62, be entitled only to an annuity amount computed under section 3(a) of this Act (without regard to section 3(a)(2) of this Act) or section 3(f)(3) of this Act. Upon attainment of age 62, such an individual may also be entitled to an annuity amount computed under section 3(b), but such annuity amount shall be reduced for early retirement in the same manner as if the individual were entitled to an annuity under section 2(a)(1)(iii)."

(b) COMPUTATION RULE FOR INDIVIDUALS' ANNUITIES.—Section 3(a) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(a)), as amended by section 102 of this Act, is further amended by adding at the end the following new subdivision:

"(3) If an individual entitled to an annuity under section 2(a)(1)(i) or (iii) of this Act on the basis of less than ten years of service is entitled to a benefit under section 202(a), section 202(b), or section 202(c) of the Social Security Act which began to accrue before the annuity under section 2(a)(1)(i) or (iii) of this Act, the annuity amount provided such individual under this subsection, shall be computed as though the annuity under this Act began to accrue on the later of (A) the date on which the benefit under section 202(a), section 202(b), or section 202(c) of the Social Security Act began, or (B) the date on which the individual first met the conditions for entitlement to an age reduced annuity under this Act other than the conditions set forth in sections 2(e)(1) and 2(e)(2) of this Act and the requirement that an application be filed."

(c) SURVIVORS' ANNUITIES.—Section 2(d)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231a(d)(1)) is amended by inserting "(or five years of service, all of which accrues after December 31, 1995)" after "ten years of service".

(d) LIMITATION ON ANNUITY AMOUNTS.—Section 2 of the Railroad Retirement Act of 1974 (45 U.S.C. 231a) is amended by adding at the end the following new subsection:

"(i) An individual entitled to an annuity under this section who has completed five years of service, all of which accrues after 1995, but who has not completed ten years of service, and the spouse, divorced spouse, and survivors of such individual, shall not be entitled to an annuity amount provided under section 3(a), section 4(a), or section 4(f) of this Act unless the individual, or the individual's spouse, divorced spouse, or survivors, would be entitled to a benefit under title II of the Social Security Act on the basis of the individual's employment record under both this Act and title II of the Social Security Act."

(e) COMPUTATION RULE FOR SPOUSES' ANNUITIES.—Section 4(a) of the Railroad Retirement Act of 1974 (45 U.S.C. 231c(a)), as amended by section 102 of this Act, is further amended by adding at the end the following new subdivision:

"(3) If a spouse entitled to an annuity under section 2(c)(1)(ii)(A), section 2(c)(1)(ii)(C), or section 2(c)(2) of this Act or a divorced spouse entitled to an annuity under section 2(c)(4) of this Act on the basis of the employment record of an employee who will have completed less than 10 years of service is entitled to a benefit under section 202(a), section 202(b), or section 202(c) of the Social Security Act which began to accrue before the annuity under section 2(c)(1)(ii)(A), section 2(c)(1)(ii)(C), section 2(c)(2), or section 2(c)(4) of this Act, the annuity amount provided under this subsection

shall be computed as though the annuity under this Act began to accrue on the later of (A) the date on which the benefit under section 202(a), section 202(b), or section 202(c) of the Social Security Act began or (B) the first date on which the annuitant met the conditions for entitlement to an age reduced annuity under this Act other than the conditions set forth in sections 2(e)(1) and 2(e)(2) of this Act and the requirement that an application be filed."

(f) APPLICATION DEEMING PROVISION.—Section 5(b) of the Railroad Retirement Act of 1974 (45 U.S.C. 231d(b)) is amended by striking the second sentence and inserting the following new sentence: "An application filed with the Board for an employee annuity, spouse annuity, or divorced spouse annuity on the basis of the employment record of an employee who will have completed less than ten years of service shall be deemed to be an application for any benefit to which such applicant may be entitled under this Act or section 202(a), section 202(b), or section 202(c) of the Social Security Act. An application filed with the Board for an annuity on the basis of the employment record of an employee who will have completed ten years of service shall, unless the applicant specified otherwise, be deemed to be an application for any benefit to which such applicant may be entitled under this Act or title II of the Social Security Act."

(g) CREDITING SERVICE UNDER THE SOCIAL SECURITY ACT.—Section 18(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231q(2)) is amended—

(1) by inserting "(or less than five years of service, all of which accrues after December 31, 1995)" after "ten years of service" every place it appears; and

(2) by inserting "(or five or more years of service, all of which accrues after December 31, 1995)" after "ten or more years of service".

(h) AUTOMATIC BENEFIT ELIGIBILITY ADJUSTMENTS.—Section 19 of the Railroad Retirement Act of 1974 (45 U.S.C. 231r) is amended—

(1) by inserting "(or five or more years of service, all of which accrues after December 31, 1995)" after "ten years of service" in subsection (c); and

(2) by inserting "(or five or more years of service, all of which accrues after December 31, 1995)" after "ten years of service" in subsection (d)(2).

(i) CONFORMING AMENDMENTS.—

(1) Section 6(e)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231e(1)) is amended by inserting "(or five or more years of service, all of which accrues after December 31, 1995)" after "ten years of service".

(2) Section 7(b)(2)(A) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(b)(2)(A)) is amended by inserting "(or five or more years of service, all of which accrues after December 31, 1995)" after "ten years of service".

(3) Section 205(i) of the Social Security Act (42 U.S.C. 405(i)) is amended by inserting "(or five or more years of service, all of which accrues after December 31, 1995)" after "ten years of service".

(4) Section 6(b)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231e(b)(2)) is amended by inserting "(or five or more years of service, all of which accrues after December 31, 1995)" after "ten years of service" the second place it appears.

(j) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2002.

SEC. 104. REPEAL OF RAILROAD RETIREMENT MAXIMUM.

(a) EMPLOYEE ANNUITIES.—

(1) IN GENERAL.—Section 3(f) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(f)) is amended—

(A) by striking subdivision (1); and

(B) by redesignating subdivisions (2) and (3) as subdivisions (1) and (2), respectively.

(2) CONFORMING AMENDMENTS.—

(A) The first sentence of section 3(f)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(f)(1)), as redesignated by paragraph (1)(B), is amended by striking “, without regard to the provisions of subdivision (1) of this subsection.”.

(B) Paragraphs (i) and (ii) of section 7(d)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(d)(2)) are each amended by striking “section 3(f)(3)” and inserting “section 3(f)(2)”.

(b) SPOUSE AND SURVIVOR ANNUITIES.—Section 4 of the Railroad Retirement Act of 1974 (45 U.S.C. 231c) is amended by striking subsection (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 2002, and shall apply to annuity amounts accruing for months after December 2001.

SEC. 105. INVESTMENT OF RAILROAD RETIREMENT ASSETS.

(a) ESTABLISHMENT OF NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST.—Section 15 of the Railroad Retirement Act of 1974 (45 U.S.C. 231n) is amended by inserting after subsection (i) the following new subsection:

“(j) NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST.—

“(1) ESTABLISHMENT.—The National Railroad Retirement Investment Trust (hereinafter in this subsection referred to as the ‘Trust’) is hereby established as a trust domiciled in the District of Columbia and shall, to the extent not inconsistent with this Act, be subject to the laws of the District of Columbia applicable to such trusts. The Trust shall manage and invest its assets in the manner set forth in this subsection.

“(2) NOT A FEDERAL AGENCY OR INSTRUMENTALITY.—The Trust is not a department, agency, or instrumentality of the Government of the United States and shall not be subject to title 31, United States Code.

“(3) BOARD OF TRUSTEES.—

“(A) GENERALLY.—

“(i) MEMBERSHIP.—The Trust shall have a Board of Trustees, consisting of 7 members. Three shall represent the interests of labor, 3 shall represent the interests of management, and 1 shall be an independent Trustee. The members of the Board of Trustees shall not be considered officers or employees of the Government of the United States.

“(ii) SELECTION.—

“(I) The 3 members representing the interests of labor shall be selected by the joint recommendation of labor organizations, national in scope, organized in accordance with section 2 of the Railway Labor Act, and representing at least ⅔ of all active employees, represented by such national labor organizations, covered under this Act.

“(II) The 3 members representing the interests of management shall be selected by the joint recommendation of carriers as defined in section 1 of the Railway Labor Act employing at least ⅔ of all active employees covered under this Act.

“(III) The independent member shall be selected by a majority of the other 6 members of the Board of Trustees. A member of the Board of Trustees may be removed in the same manner and by the same constituency that selected that member.

“(iii) DISPUTE RESOLUTION.—In the event that the parties specified in subclause (I),

(II), or (III) of the previous clause cannot agree on the selection of Trustees within 60 days of the date of enactment or 60 days from any subsequent date that a position of the Board of Trustees becomes vacant, an impartial umpire to decide such dispute shall, on the petition of a party to the dispute, be appointed by the District Court of the United States for the District of Columbia.

“(B) QUALIFICATIONS.—Members of the Board of Trustees shall be appointed only from among persons who have experience and expertise in the management of financial investments and pension plans. No member of the Railroad Retirement Board shall be eligible to be a member of the Board of Trustees.

“(C) TERMS.—Except as provided in this subparagraph, each member shall be appointed for a 3-year term. The initial members appointed under this paragraph shall be divided into equal groups so nearly as may be, of which one group will be appointed for a 1-year term, one for a 2-year term, and one for a 3-year term. The Trustee initially selected pursuant to clause (ii)(III) shall be appointed to a 3-year term. A vacancy in the Board of Trustees shall not affect the powers of the Board of Trustees and shall be filled in the same manner as the selection of the member whose departure caused the vacancy. Upon the expiration of a term of a member of the Board of Trustees, that member shall continue to serve until a successor is appointed.

“(4) POWERS OF THE BOARD OF TRUSTEES.—The Board of Trustees shall—

“(A) retain independent advisers to assist it in the formulation and adoption of its investment guidelines;

“(B) retain independent investment managers to invest the assets of the Trust in a manner consistent with such investment guidelines;

“(C) invest assets in the Trust, pursuant to the policies adopted in subparagraph (A);

“(D) pay administrative expenses of the Trust from the assets in the Trust; and

“(E) transfer money to the disbursing agent or as otherwise provided in section 7(b)(4), to pay benefits payable under this Act from the assets of the Trust.

“(5) REPORTING REQUIREMENTS AND FIDUCIARY STANDARDS.—The following reporting requirements and fiduciary standards shall apply with respect to the Trust:

“(A) DUTIES OF THE BOARD OF TRUSTEES.—The Trust and each member of the Board of Trustees shall discharge their duties (including the voting of proxies) with respect to the assets of the Trust solely in the interest of the Railroad Retirement Board and through it, the participants and beneficiaries of the programs funded under this Act—

“(i) for the exclusive purpose of—

“(I) providing benefits to participants and their beneficiaries; and

“(II) defraying reasonable expenses of administering the functions of the Trust;

“(ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

“(iii) by diversifying investments so as to minimize the risk of large losses and to avoid disproportionate influence over a particular industry or firm, unless under the circumstances it is clearly prudent not to do so; and

“(iv) in accordance with Trust governing documents and instruments insofar as such

documents and instruments are consistent with this Act.

“(B) PROHIBITIONS WITH RESPECT TO MEMBERS OF THE BOARD OF TRUSTEES.—No member of the Board of Trustees shall—

“(i) deal with the assets of the Trust in the trustee’s own interest or for the trustee’s own account;

“(ii) in an individual or in any other capacity act in any transaction involving the assets of the Trust on behalf of a party (or represent a party) whose interests are adverse to the interests of the Trust, the Railroad Retirement Board, or the interests of participants or beneficiaries; or

“(iii) receive any consideration for the trustee’s own personal account from any party dealing with the assets of the Trust.

“(C) EXCULPATORY PROVISIONS AND INSURANCE.—Any provision in an agreement or instrument that purports to relieve a trustee from responsibility or liability for any responsibility, obligation, or duty under this Act shall be void: *Provided, however*, That nothing shall preclude—

“(i) the Trust from purchasing insurance for its trustees or for itself to cover liability or losses occurring by reason of the act or omission of a trustee, if such insurance permits recourse by the insurer against the trustee in the case of a breach of a fiduciary obligation by such trustee;

“(ii) a trustee from purchasing insurance to cover liability under this section from and for his own account; or

“(iii) an employer or an employee organization from purchasing insurance to cover potential liability of one or more trustees with respect to their fiduciary responsibilities, obligations, and duties under this section.

“(D) BONDING.—Every trustee and every person who handles funds or other property of the Trust (hereafter in this subsection referred to as ‘Trust official’) shall be bonded. Such bond shall provide protection to the Trust against loss by reason of acts of fraud or dishonesty on the part of any Trust official, directly or through the connivance of others, and shall be in accordance with the following:

“(i) The amount of such bond shall be fixed at the beginning of each fiscal year of the Trust by the Railroad Retirement Board. Such amount shall not be less than 10 percent of the amount of the funds handled. In no case shall such bond be less than \$1,000 nor more than \$500,000, except that the Railroad Retirement Board, after consideration of the record, may prescribe an amount in excess of \$500,000, subject to the 10 percent limitation of the preceding sentence.

“(ii) It shall be unlawful for any Trust official to receive, handle, disburse, or otherwise exercise custody or control of any of the funds or other property of the Trust without being bonded as required by this subsection and it shall be unlawful for any Trust official, or any other person having authority to direct the performance of such functions, to permit such functions, or any of them, to be performed by any Trust official, with respect to whom the requirements of this subsection have not been met.

“(iii) It shall be unlawful for any person to procure any bond required by this subsection from any surety or other company or through any agent or broker in whose business operations such person has any control or significant financial interest, direct or indirect.

“(E) AUDIT AND REPORT.—

“(i) The Trust shall annually engage an independent qualified public accountant to audit the financial statements of the Trust.

“(ii) The Trust shall submit an annual management report to the Congress not later than 180 days after the end of the Trust’s fiscal year. A management report under this subsection shall include—

- “(I) a statement of financial position;
- “(II) a statement of operations;
- “(III) a statement of cash flows;
- “(IV) a statement on internal accounting and administrative control systems;
- “(V) the report resulting from an audit of the financial statements of the Trust conducted under clause (i); and

“(VI) any other comments and information necessary to inform the Congress about the operations and financial condition of the Trust.

“(iii) The Trust shall provide the President, the Railroad Retirement Board, and the Director of the Office of Management and Budget a copy of the management report when it is submitted to Congress.

“(F) ENFORCEMENT.—The Railroad Retirement Board may bring a civil action—

“(i) to enjoin any act or practice by the Trust, its Board of Trustees, or its employees or agents that violates any provision of this Act; or

“(ii) to obtain other appropriate relief to redress such violations, or to enforce any provisions of this Act.

“(6) RULES AND ADMINISTRATIVE POWERS.—The Board of Trustees shall have the authority to make rules to govern its operations, employ professional staff, and contract with outside advisers, including the Railroad Retirement Board, to provide legal, accounting, investment advisory, or other services necessary for the proper administration of this subsection. In the case of contracts with investment advisory services, compensation for such services may be on a fixed contract fee basis or on such other terms and conditions as are customary for such services.

“(7) QUORUM.—Five members of the Board of Trustees constitute a quorum to do business. Investment guidelines must be adopted by a unanimous vote of the entire Board of Trustees. All other decisions of the Board of Trustees shall be decided by a majority vote of the quorum present. All decisions of the Board of Trustees shall be entered upon the records of the Board of Trustees.

“(8) FUNDING.—The expenses of the Trust and the Board of Trustees incurred under this subsection shall be paid from the Trust.”.

(b) CONFORMING AND TECHNICAL AMENDMENTS GOVERNING INVESTMENTS.—Section 15(e) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n(e)) is amended—

(1) in the first sentence, by striking “, the Dual Benefits Payments Account” and all that follows through “may be made only” in the second sentence and inserting “and the Dual Benefits Payments Account as are not transferred to the National Railroad Retirement Investment Trust as the Board may determine”;

(2) by striking “the Second Liberty Bond Act, as amended” and inserting “chapter 31 of title 31”; and

(3) by striking “the foregoing requirements” and inserting “the requirements of this subsection”.

Amend section 105 by adding at the end the following new subsection:

(c) MEANS OF FINANCING.—For all purposes of the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, and chapter 11 of title 31, United States Code, and notwithstanding section 20 of the Office of Management and Budget Circular No. A-11, the purchase or

sale of non-Federal assets (other than gains or losses from such transactions) by the National Railroad Retirement Investment Trust shall be treated as a means of financing.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the first day of the month that begins more than 30 days after enactment.

SEC. 106. ELIMINATION OF SUPPLEMENTAL ANNUITY ACCOUNT.

(a) SOURCE OF PAYMENTS.—Section 7(c)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(1)) is amended by striking “payments of supplemental annuities under section 2(b) of this Act shall be made from the Railroad Retirement Supplemental Account, and”.

(b) ELIMINATION OF ACCOUNT.—Section 15(c) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n(c)) is repealed.

(c) AMENDMENT TO RAILROAD RETIREMENT ACCOUNT.—Section 15(a) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n(a)) is amended by striking “, except those portions of the amounts covered into the Treasury under sections 3211(b),” and all that follows through the end of the subsection and inserting a period.

(d) TRANSFER.—

(1) DETERMINATION.—As soon as possible after December 31, 2001, the Railroad Retirement Board shall—

(A) determine the amount of funds in the Railroad Retirement Supplemental Account under section 15(c) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n(c)) as of the date of such determination; and

(B) direct the Secretary of the Treasury to transfer such funds to the National Railroad Retirement Investment Trust under section 15(j) of such Act (as added by section 105).

(2) TRANSFER BY THE SECRETARY OF THE TREASURY.—The Secretary of the Treasury shall make the transfer described in paragraph (1).

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—Subject to paragraph (2), the amendments made by subsections (a), (b), and (c) shall take effect January 1, 2002.

(2) ACCOUNT IN EXISTENCE UNTIL TRANSFER MADE.—The Railroad Retirement Supplemental Account under section 15(c) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n(c)) shall continue to exist until the date that the Secretary of the Treasury makes the transfer described in subsection (d)(2).

SEC. 107. TRANSFER AUTHORITY REVISIONS.

(a) RAILROAD RETIREMENT ACCOUNT.—Section 15 of the Railroad Retirement Act of 1974 (45 U.S.C. 231n) is amended by adding after subsection (j) the following new subsection:

“(k) TRANSFERS TO THE TRUST.—The Board shall, upon establishment of the National Railroad Retirement Investment Trust and from time to time thereafter, direct the Secretary of the Treasury to transfer, in such manner as will maximize the investment returns to the Railroad Retirement system, that portion of the Railroad Retirement Account that is not needed to pay current administrative expenses of the Board to the National Railroad Retirement Investment Trust. The Secretary shall make that transfer.”.

(b) TRANSFERS FROM THE NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST.—Section 15 of the Railroad Retirement Act of 1974 (45 U.S.C. 231n), as amended by subsection (a), is further amended by adding after subsection (k) the following new subsection:

“(l) NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST.—The National Railroad

Retirement Investment Trust shall from time to time transfer to the disbursing agent described in section 7(b)(4) or as otherwise directed by the Railroad Retirement Board pursuant to section 7(b)(4), such amounts as may be necessary to pay benefits under this Act (other than benefits paid from the Social Security Equivalent Benefit Account or the Dual Benefit Payments Account).”.

(c) SOCIAL SECURITY EQUIVALENT BENEFIT ACCOUNT.—

(1) TRANSFERS TO TRUST.—Section 15A(d)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n-1(d)(2)) is amended to read as follows:

“(2) Upon establishment of the National Railroad Retirement Investment Trust and from time to time thereafter, the Board shall direct the Secretary of the Treasury to transfer, in such manner as will maximize the investment returns to the Railroad Retirement system, the balance of the Social Security Equivalent Benefit Account not needed to pay current benefits and administrative expenses required to be paid from that Account to the National Railroad Retirement Investment Trust, and the Secretary shall make that transfer. Any balance transferred under this paragraph shall be used by the National Railroad Retirement Investment Trust only to pay benefits under this Act or to purchase obligations of the United States that are backed by the full faith and credit of the United States pursuant to chapter 31 of title 31, United States Code. The proceeds of sales of, and the interest income from, such obligations shall be used by the Trust only to pay benefits under this Act.”.

(2) TRANSFERS TO DISBURSING AGENT.—Section 15A(c)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n-1(c)(1)) is amended by adding at the end the following new sentence: “The Secretary shall from time to time transfer to the disbursing agent under section 7(b)(4) amounts necessary to pay those benefits.”.

(3) CONFORMING AMENDMENT.—Section 15A(d)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n-1(d)(1)) is amended by striking the second and third sentences.

(d) DUAL BENEFITS PAYMENTS ACCOUNT.—Section 15(d)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231n(d)(1)) is amended by adding at the end the following new sentence: “The Secretary of the Treasury shall from time to time transfer from the Dual Benefits Payments Account to the disbursing agent under section 7(b)(4) amounts necessary to pay benefits payable from that Account.”.

(e) CERTIFICATION BY THE BOARD AND PAYMENT.—Paragraph (4) of section 7(b) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(b)(4)) is amended to read as follows:

“(4)(A) The Railroad Retirement Board, after consultation with the Board of Trustees of the National Railroad Retirement Investment Trust and the Secretary of the Treasury, shall enter into an arrangement with a nongovernmental financial institution to serve as disbursing agent for benefits payable under this Act who shall disburse consolidated benefits under this Act to each recipient. Pending the taking effect of that arrangement, benefits shall be paid as under the law in effect prior to the enactment of the Railroad Retirement and Survivors’ Improvement Act of 2001.

“(B) The Board shall from time to time certify—

“(i) to the Secretary of the Treasury the amounts required to be transferred from the Social Security Equivalent Benefit Account

and the Dual Benefits Payments Account to the disbursing agent to make payments of benefits and the Secretary of the Treasury shall transfer those amounts;

“(ii) to the Board of Trustees of the National Railroad Retirement Investment Trust the amounts required to be transferred from the National Railroad Retirement Investment Trust to the disbursing agent to make payments of benefits and the Board of Trustees shall transfer those amounts; and

“(iii) to the disbursing agent the name and address of each individual entitled to receive a payment, the amount of such payment, and the time at which the payment should be made.”.

(f) **BENEFIT PAYMENTS.**—Section 7(c)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(1)) is amended—

(1) by striking “from the Railroad Retirement Account” and inserting “by the disbursing agent under subsection (b)(4) from money transferred to it from the National Railroad Retirement Investment Trust or the Social Security Equivalent Benefit Account, as the case may be”; and

(2) by inserting “by the disbursing agent under subsection (b)(4) from money transferred to it” after “Public Law 93-445 shall be made”.

(g) **TRANSITIONAL RULE FOR EXISTING OBLIGATION.**—In making transfers under sections 15(k) and 15A(d)(2) of the Railroad Retirement Act of 1974, as amended by subsections (a) and (c), respectively, the Railroad Retirement Board shall consult with the Secretary of the Treasury to design an appropriate method to transfer obligations held as of the date of enactment of this Act or to convert such obligations to cash at the discretion of the Railroad Retirement Board prior to transfer. The National Railroad Retirement Investment Trust may hold to maturity any obligations so received or may redeem them prior to maturity, as the Trust deems appropriate.

SEC. 108. ANNUAL RATIO PROJECTIONS AND CERTIFICATIONS BY THE RAILROAD RETIREMENT BOARD.

(a) **PROJECTIONS.**—Section 22(a)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231u(a)(1)) is amended—

(1) by inserting after the first sentence the following new sentence: “On or before May 1 of each year beginning in 2003, the Railroad Retirement Board shall compute its projection of the account benefits ratio and the average account benefits ratio (as defined by section 3241(c) of the Internal Revenue Code of 1986) for each of the next succeeding five fiscal years.”; and

(2) by striking “the projection prepared pursuant to the preceding sentence” and inserting “the projections prepared pursuant to the preceding two sentences”.

(b) **CERTIFICATIONS.**—The Railroad Retirement Act of 1974 (45 U.S.C. 231 et seq.) is amended by adding at the end the following new section:

“COMPUTATION AND CERTIFICATION OF ACCOUNT BENEFIT RATIOS

“SEC. 23. (a) **INITIAL COMPUTATION AND CERTIFICATION.**—On or before November 1, 2003, the Railroad Retirement Board shall—

“(1) compute the account benefits ratios for each of the most recent 10 preceding fiscal years, and

“(2) certify the account benefits ratios for each such fiscal year to the Secretary of the Treasury.

“(b) **COMPUTATIONS AND CERTIFICATIONS AFTER 2003.**—On or before November 1 of each year after 2003, the Railroad Retirement Board shall—

“(1) compute the account benefits ratio for the fiscal year ending in such year, and

“(2) certify the account benefits ratio for such fiscal year to the Secretary of the Treasury.

“(c) **DEFINITION.**—As used in this section, the term ‘account benefits ratio’ has the meaning given that term in section 3241(c) of the Internal Revenue Code of 1986.”.

TITLE II—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

SEC. 201. AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.

Except as otherwise provided, whenever in this title 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. 202. EXEMPTION FROM TAX FOR NATIONAL RAILROAD RETIREMENT INVESTMENT TRUST.

Subsection (c) of section 501 is amended by adding at the end the following new paragraph:

“(28) The National Railroad Retirement Investment Trust established under section 15(j) of the Railroad Retirement Act of 1974.”.

SEC. 203. REPEAL OF SUPPLEMENTAL ANNUITY TAX.

(a) **REPEAL OF TAX ON EMPLOYEE REPRESENTATIVES.**—Section 3211 is amended by striking subsection (b).

(b) **REPEAL OF TAX ON EMPLOYERS.**—Section 3221 is amended by striking subsections (c) and (d) and by redesignating subsection (e) as subsection (c).

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to calendar years beginning after December 31, 2001.

SEC. 204. EMPLOYER, EMPLOYEE REPRESENTATIVE, AND EMPLOYEE TIER 2 TAX RATE ADJUSTMENTS.

(a) **RATE OF TAX ON EMPLOYERS.**—Subsection (b) of section 3221 is amended to read as follows:

“(b) **TIER 2 TAX.**—

“(1) **IN GENERAL.**—In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the applicable percentage of the compensation paid during any calendar year by such employer for services rendered to such employer.

“(2) **APPLICABLE PERCENTAGE.**—For purposes of paragraph (1), the term ‘applicable percentage’ means—

“(A) 15.6 percent in the case of compensation paid during 2002,

“(B) 14.2 percent in the case of compensation paid during 2003, and

“(C) in the case of compensation paid during any calendar year after 2003, the percentage determined under section 3241 for such calendar year.”.

(b) **RATE OF TAX ON EMPLOYEE REPRESENTATIVES.**—Section 3211, as amended by section 203, is amended by striking subsection (a) and inserting the following new subsections:

“(a) **TIER 1 TAX.**—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the applicable percentage of the compensation received during any calendar year by such employee representative for services rendered by such employee representative. For purposes of the preceding sentence, the term ‘applicable percentage’ means the percentage equal to the sum of the rates of tax in effect under subsections (a) and (b) of section 3101 and subsections (a) and (b) of section 3111 for the calendar year.

“(b) **TIER 2 TAX.**—

“(1) **IN GENERAL.**—In addition to other taxes, there is hereby imposed on the income of each employee representative a tax equal to the applicable percentage of the compensation received during any calendar year by such employee representatives for services rendered by such employee representative.

“(2) **APPLICABLE PERCENTAGE.**—For purposes of paragraph (1), the term ‘applicable percentage’ means—

“(A) 14.75 percent in the case of compensation received during 2002,

“(B) 14.20 percent in the case of compensation received during 2003, and

“(C) in the case of compensation received during any calendar year after 2003, the percentage determined under section 3241 for such calendar year.

“(c) **CROSS REFERENCE.**—

“For application of different contribution bases with respect to the taxes imposed by subsections (a) and (b), see section 3231(e)(2).”.

(c) **RATE OF TAX ON EMPLOYEES.**—Subsection (b) of section 3201 is amended to read as follows:

“(b) **TIER 2 TAX.**—

“(1) **IN GENERAL.**—In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the applicable percentage of the compensation received during any calendar year by such employee for services rendered by such employee.

“(2) **APPLICABLE PERCENTAGE.**—For purposes of paragraph (1), the term ‘applicable percentage’ means—

“(A) 4.90 percent in the case of compensation received during 2002 or 2003, and

“(B) in the case of compensation received during any calendar year after 2003, the percentage determined under section 3241 for such calendar year.”.

(d) **DETERMINATION OF RATE.**—Chapter 22 is amended by adding at the end the following new subchapter:

“Subchapter E—Tier 2 Tax Rate Determination

“Sec. 3241. Determination of tier 2 tax rate based on average account benefits ratio.

“SEC. 3241. DETERMINATION OF TIER 2 TAX RATE BASED ON AVERAGE ACCOUNT BENEFITS RATIO.

“(a) **IN GENERAL.**—For purposes of sections 3201(b), 3211(b), and 3221(b), the applicable percentage for any calendar year is the percentage determined in accordance with the table in subsection (b).

“(b) **TAX RATE SCHEDULE.**—

"Average account benefits ratio"		Applicable percentage for sections 3211(b) and 3221(b)	Applicable percentage for section 3201(b)
At least	But less than		
	2.5	22.1	4.9
2.5	3.0	18.1	4.9
3.0	3.5	15.1	4.9
3.5	4.0	14.1	4.9
4.0	6.1	13.1	4.9
6.1	6.5	12.6	4.4
6.5	7.0	12.1	3.9
7.0	7.5	11.6	3.4
7.5	8.0	11.1	2.9
8.0	8.5	10.1	1.9
8.5	9.0	9.1	0.9
9.0		8.2	0

“(c) DEFINITIONS RELATED TO DETERMINATION OF RATES OF TAX.—

“(1) AVERAGE ACCOUNT BENEFITS RATIO.—For purposes of this section, the term ‘average account benefits ratio’ means, with respect to any calendar year, the average determined by the Secretary of the account benefits ratios for the 10 most recent fiscal years ending before such calendar year. If the amount determined under the preceding sentence is not a multiple of 0.1, such amount shall be increased to the next highest multiple of 0.1.

“(2) ACCOUNT BENEFITS RATIO.—For purposes of this section, the term ‘account benefits ratio’ means, with respect to any fiscal year, the amount determined by the Railroad Retirement Board by dividing the fair market value of the assets in the Railroad Retirement Account and of the National Railroad Retirement Investment Trust (and for years before 2002, the Social Security Equivalent Benefits Account) as of the close of such fiscal year by the total benefits and administrative expenses paid from the Railroad Retirement Account and the National Railroad Retirement Investment Trust during such fiscal year.

“(d) NOTICE.—No later than December 1 of each calendar year, the Secretary shall publish a notice in the Federal Register of the rates of tax determined under this section which are applicable for the following calendar year.”

(e) CONFORMING AMENDMENTS.—

(1) Section 24(d)(3)(A)(iii) is amended by striking “section 3211(a)(1)” and inserting “section 3211(a)”.

(2) Section 72(r)(2)(B)(i) is amended by striking “3211(a)(2)” and inserting “3211(b)”.

(3) Paragraphs (2)(A)(iii)(II) and (4)(A) of section 3231(e) are amended by striking “3211(a)(1)” and inserting “3211(a)”.

(4) Section 3231(e)(2)(B)(ii)(I) is amended by striking “3211(a)(2)” and inserting “3211(b)”.

(5) The table of subchapters for chapter 22 is amended by adding at the end the following new item:

“Subchapter E. Tier 2 tax rate determination.”

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years beginning after December 31, 2001.

The SPEAKER pro tempore (Mr. SUNUNU). Pursuant to the rule, the gentleman from Alaska (Mr. YOUNG) and the gentleman from Minnesota (Mr.

OBERSTAR) each will control 20 minutes.

Mr. SAM JOHNSON of Texas. Mr. Speaker, does the gentleman from Minnesota oppose the bill?

Mr. OBERSTAR. No, I do not.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I am opposed and I would claim the time in opposition.

The SPEAKER pro tempore. The gentleman from Alaska (Mr. YOUNG) and the gentleman from Texas (Mr. SAM JOHNSON) each will control 20 minutes.

The Chair recognizes the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Speaker, I ask unanimous consent to yield 10 minutes to the gentleman from Minnesota (Mr. OBERSTAR) for purposes of control.

The SPEAKER pro tempore. Without objection, the gentleman from Minnesota will control 10 minutes of the time.

There was no objection.

The SPEAKER pro tempore. The gentleman from Alaska is recognized for 10 minutes.

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself such time as I may consume.

I strongly support H.R. 1140, the Railroad Retirement and Survivors' Improvement Act of 2001. Thanks to the heroic efforts of the Speaker of the House, the Honorable DENNIS HASTERT, we have been able to reach an agreement on this historic legislation.

H.R. 1140 is virtually identical to the railroad retirement bill that passed the House last year, 391 to 25, but was not taken up by the other body. This Congress made several technical changes, such as inserting updated effective dates. We have also included language drafted by the House Committee on the Budget that clarifies the authors' intent that transferring funds to the new investment trust does not result in outlays.

To address concerns raised about protecting the investment of tier 2 pension assets from possible influence by the Federal Government, we have also in-

cluded labor and management selection process for the board of trustees who will manage those assets.

By moving a portion of the Railroad Retirement Trust Fund out of mandatory investment in Treasury bonds and giving it more investment flexibility, this landmark bill will provide enhanced benefits to railroad retirees, as well as reduced taxes on railroad employers.

A 2 percent increase in the rate of return, which is quite conservative based on historical trends, will provide the needed boost to allow for these benefit increases and payroll tax cuts.

H.R. 1140 includes safety provisions that automatically adjust payroll tax rates upward if historically predicted increases in retirement fund returns do not materialize. The burden of higher taxes will fall entirely on railroad employers, not the employees.

I would like to commend the subcommittee chairman, the gentleman from New York (Mr. QUINN), for prompting the negotiations between labor and management that produced this legislation.

The bipartisan comprehensive reform package we have before us today reduces the financial burden on employers as well as the employees, while providing an overall increase in benefits, a targeted increase for widows and widowers of railroad retirees, and a reduced tier 2 retirement age.

Let me briefly mention an unfounded concern that has been voiced about this bill. Many people have been told this bill involves a \$15 billion first-year hit on the U.S. Treasury. Thanks to the hard work of the Speaker of the House, the OMB and the House leadership have agreed on legislative language that avoids this fictional outlay. This language reflects the fact that taking the \$15 billion tier 2 pension fund out of the current approach of investing only in Treasury bonds, and allowing professional, diversified management of the investment, is not spending.

Mr. Speaker, the wisdom and widespread support of this bill is demonstrated by the fact that it has 371 sponsors. And for those who say the bill raids the Treasury, let me advise them that 30 of the 42 members of the Committee on the Budget are sponsors of the bill. Furthermore, even the CBO admits that the scoring of this bill is ill-suited to the type of reinvestment this bill would allow.

Mr. Speaker, this bill represents several years' effort and difficult negotiations between railroad labor and railroad management. I commend my colleagues on the railroading industry for their diligence and cooperation.

I am also very pleased that the bipartisan leadership of this committee worked cooperatively to move this legislation again in the 107th Congress. Working on a bipartisan basis in this committee has allowed us to enact significant legislation on behalf of our constituents. H.R. 1140 will set yet another example of this proud record.

I thank my colleague and ranking Democrat on the committee, the gentleman from Minnesota (Mr. OBERSTAR), and the subcommittee ranking member, the gentleman from Tennessee (Mr. CLEMENT) for their cooperation and support.

I urge swift passage of H.R. 1140.

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

Mr. SAM JOHNSON of Texas. Mr. Speaker, in deference to my colleagues both on that side and this side, I appreciate their position on this, but I rise in strong opposition to the Railroad Retirement and Survivors' Improvement Act.

This bill really is a fake, a fraud and a phony. It breaks every promise we have made to the American people and treats every other senior citizen as a second-class citizen.

This legislation gives preferential treatment to a select few, 900,000 railroad people. It raids the Social Security-Medicare Trust Funds. It is absurd that the Federal Government allows one group of people to retire at age 60 while others will have to wait until they turn 65 or in the future, age 67, and this bill does just that.

Under this fatally flawed legislation, railroad retirees will be able to retire at age 60 and receive Social Security equivalent retirement benefits. Every other American has to wait until at least age 65 to get full Social Security, and 67 for those that are following us.

For the same group of railroaders, we have decided to break open the Social Security and Medicare lockbox to give railroaders their new benefits. Nobody can say with a straight face that this measure will not raid the Social Security and Medicare Trust Funds.

A provision added to the bill today would direct the OMB to pretend that the bill does not cost anything. In reality, it costs \$15 billion in the first

year and an additional \$7 billion over the next 10 years, and the Committee on Transportation and Infrastructure's own analysis cites that.

Worse, the program is already receiving subsidies from the Social Security Trust Fund. Since 1958, the Railroad Trust Fund has needed money. The subsidy has been nearly \$84 billion, and last year alone, the railroad retirement bilked \$3.5 from the Social Security Trust Fund. In fact, the Social Security Administration spends more money on the railroad retirement system than it spends on all Social Security administrative costs, not to mention this bill sets a terrible precedent for the future of Social Security. Instead of private accounts, it puts the government in charge.

The bill, as written, sets up a government-run investment board that makes decisions about where the money is invested. These are not private accounts, nor is there a private board making these decisions. The board is controlled by six railroad insiders, with only one representative looking out for the American taxpayer.

In short, this bill allows the government to use tax dollars to play in the market. This is wrong. The Federal Government ought not be involved in the stock market.

Railroad retirement benefits are substantially higher than Social Security benefits. For instance, on average, it gives career railroad retirement retirees more than double the amount of money per month than all other seniors collecting Social Security.

It is wrong for the American taxpayer and the Social Security Trust Fund to subsidize these higher benefits. It is not fair to treat one group of retirees better than anyone else. To add insult to injury, this bill allows felons sitting in jail to receive railroad benefits. Why should they? Felons were eliminated from the Social Security program in welfare reform several years ago. What is next, telling all of the people with the letter "J" in their last name they can retire at 63.5?

Lastly, the measure also violates three of President Bush's five sacred Social Security reform proposals. One, the bill demands using Social Security funds to subsidize other benefits. Two, the Federal Government, disguised as the investment trust, would invest in the private sector. Three, the bill would prohibit personal retirement accounts for railroad employees or retirees.

Every one of the 407 Members of Congress who voted for the Medicare-Social Security lockbox ought to vote against this bill because this bill will raid Social Security and Medicare. Just last week the Office of Management and Budget and the Congressional Budget Office both scored this bill at a cost of \$15 billion in its first year; but all of a sudden today it now costs the taxpayer nothing.

How can that be? How can we cash in \$15 billion of U.S. Treasury bonds, and say that it does not have an effect on the Medicare and Social Security surplus. I just do not understand. Are we cooking the books?

Call your Senator if you are listening, (202) 225-3121, to stop this fraud in America.

Mr. Speaker, I urge my colleagues to vote against raiding the Social Security-Medicare Trust Funds, and to vote against this bill.

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

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

Mr. Speaker, notwithstanding the relatively hostile remarks and misguided comments of our very otherwise thoughtful colleague from Texas, I today brought with me my 83-year-old railroad watch, 15 size Illinois, in memory of the railroad workers who have waited nearly that long for justice in their retirement program.

This legislation will bring truly significant benefits to the more than one-quarter million men and women who work on America's railroads, and to the 700,000 retirees and survivors of retired railroad workers.

The bill allows for a significant reduction in payroll taxes paid by the U.S. railroads. This is one of those special occasions in the legislative arena when all parties benefit. In this case, railroads, railroad labor, retired railroad workers, and their survivors. All of them come out ahead.

This legislation, as our chairman so well expressed, is the result of an historic agreement reached by railroad management and labor over more than 2 years of intense, difficult negotiations. The benefit improvements, as well as tax cuts, are made possible by changing current law that limits the investment of Railroad Retirement Trust Fund assets to government securities.

The proposed changes governing the Railroad Retirement Trust Fund will not affect the solvency of the railroad retirement system. The tier 1 program which provides Social Security benefits, will continue to be invested only in government securities. Only tier 2 funds, the original railroad retirement program, will be eligible for investment in assets other than government securities.

The projected increases in Trust Fund income from these changes are based on fairly conservative forecasts of the rates of returns that could be earned by a diversified portfolio. That would be about 2 percentage points above the return on government securities.

But more importantly, if the investments fail to perform as well as expected, worker's pensions are protected because the legislation requires, as agreed to in the negotiations between

management and labor, requires the railroads to absorb any future tax increases that might be necessary to keep the system solvent. Ultimately, the Federal Government continues to be responsible for the security of the railroad retirement system.

This is the first really significant benefit in 25 years, although as I said, it seems more like 83. Those benefits are: The age at which employees can retire with full benefits is reduced from 62 to 60 with 30 years of service; the number of years required for vesting is reduced from 10 to 5 years; the benefits of widows and widowers are expanded; and the limits on tier 2 annuities are repealed.

The bill calls for automatic future improvements if the retirement plan becomes overfunded. It reduces the payroll taxes paid by railroads. That means that for tier 2 benefits, the railroad's taxes decline from 16.1 percent to 13.1 percent.

By the third year after passage of this bill, after enactment of this legislation, the railroads stand to gain nearly \$400 million annually from lower payroll taxes, and that will allow them to invest that money into needed rail and track and rolling stock improvements, and it allows them also to improve the wages and working conditions of railroad workers.

Mr. Speaker, we passed this bill last year, with former Chairman SHUSTER and me working together on a bipartisan basis, and I want to reflect again on the splendid working relationship we have had with the gentleman from Alaska (Mr. YOUNG) on bringing this legislation through to this point.

We passed this bill last year 391 to 25. We ought to do the same this year.

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

□ 1900

Mr. YOUNG of Alaska. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. QUINN), chairman of the Subcommittee on Railroads.

Mr. QUINN. Mr. Speaker, I appreciate the gentleman from Alaska yielding time. I also want to begin by thanking the gentleman from Alaska (Mr. YOUNG); the gentleman from Minnesota (Mr. OBERSTAR); and the gentleman from Tennessee (Mr. CLEMENT), my partner on the Subcommittee on Railroads, for the work that has been done, 2 long years now. I also want to thank the gentleman from Texas (Mr. SAM JOHNSON) for his observations.

We bring this bill forward, this afternoon, Mr. Speaker, in a real spirit of bipartisanship. A couple of our speakers have already mentioned that this is 2 years in the works. We have back and forth talked about the interests, particularly since the new administration has come into town, about not confusing this issue with Social Security. My esteemed colleague, the gentleman

from Texas, suggests that we pick out the letter J in somebody's last name for Social Security. I would like to suggest that we use the letter J in somebody's first name, in my father's name who was a railroad worker for 35 years and in my grandfather's name when he came from Ireland and began to work on the railroad when he first came to America.

I do not have a personal ax to grind in this discussion this afternoon, Mr. Speaker; but I can tell the gentleman from Texas, I can tell anybody else who wants to listen, that I know a little bit about railroaders and their families. We have not tried to structure this bill this afternoon to give anybody an unfair advantage. We have not structured it to give anybody an opportunity to take advantage of the Social Security fund. We are not talking, Mr. Speaker, about tier 1. We are talking only about tier 2 money. This is the workers' own money. This is their money.

We have described it to our friends as we have talked on the subcommittee and we have had 380 to 400 cosponsors almost. It is like this commonsense approach, that if you have money in the bank and you decided to take it from the bank and put it in a mutual fund, you would not be spending that money on a car, you would not be depositing the money at the front doorstep of the bank, and you would not be raiding anybody else's money, such as the Social Security system.

What we have tried to do in this bipartisan effort these last 2 years is to strike a balance. We would like to say that we can get rail labor and rail management together with retired workers on the railroads and their widows and widowers to say that we will let you do what you think is best with that portion of the money that does not affect Social Security. The provision reflects a commonsense approach that trading in a bank account for a retirement savings account is not the same as taking that money in the bank account and spending it on a car. It is just not the same.

I want to thank the Members that have worked with us these past 2 years, particularly in the last 3 or 4 months, and most particularly the last 24 hours, to get us through a discussion with the administration, with those people who disagree with some of the things that we have talked about, but disagree respectfully.

Finally, I would like to thank the gentleman from Minnesota (Mr. OBERSTAR) and the gentleman from Tennessee (Mr. CLEMENT) both for their efforts these long 2 years, particularly the last 4 or 5 months.

I urge my colleagues to vote "yes" when they have an opportunity this afternoon.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

I appreciate the comments the gentleman made, his father and previous people in his family. I love the railroaders. They are good guys. We ought to take care of them, but I do not think they ought to get extra dollars. The railroad trust fund gets roughly a \$300 million subsidy from general revenues when income taxes on tier 2 private pension equivalent, which the gentleman is talking about, are returned to the trust fund rather than general revenue. No other Americans have the taxes on their pensions returned to their pension funds.

The railroad retirement needed a \$3.5 billion subsidy in 2000 from Social Security to stay afloat. I just find it hard to believe that you can say that you are looking out for them, and I hope you will, but to drop the age limit down to 60 when Social Security is up to 65 to 67, going to 67, it is hard to rationalize that.

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

Mr. SMITH of Michigan. Mr. Speaker, there are a couple of concerns that I have about this legislation:

One, it does mean absolutely that we are going to raid the Social Security and Medicare Trust Fund lockbox next year. So that is a real concern. Regardless of the kind of scoring, it is going to take the \$15 billion coming from someplace. And so that is real money and that comes out of the surplus because it is dollars that are going to be given to this fund.

My second concern is that eventually, sometime, someplace, somewhere down the road we take the American taxpayer off the hook and say, Look, you're not going to be responsible for this private pension plan anymore.

It dates back to 1934 when we started Social Security. At that time railroaders were put under the Social Security Act. Railroaders had already started a pretty good pension forum, and so they came to Congress with significant political influence, as they have today. They came to Congress and said, Look, we want you to allow us to have the equivalent of a Social Security deduction on our payroll, but we want to go into our own private account. So by 1937, the Congress changed the law and allowed them to have this sort of quasi-governmental retirement system.

The other problem that I think is significant, by not taking the American taxpayer off the hook to bail out this system again, we are looking at a situation that by 2028, the revenues coming into the trust fund are going to be way below what is needed to meet the requirements of benefits. The simple bottom line fact is this bill increases benefits, it increases benefits to widowers, and says that you only have to be 60 years old now to receive full benefits if you put the required number of years in service.

So we increase the benefits, where in Social Security instead of 60 years old, you have got to go till 67 years old eventually down the road. That is the bill that we passed. So we are reducing the revenues contributed by railroad management, and we are increasing the benefits to retirees; and we are taking \$15 billion out of our surplus money. That means we have got to go into the lockbox, and we are simply never taking the American taxpayer off the hook.

So when these taxes are required to go up to 40 and 50 percent in the year 2028, what do you think is going to happen in terms of the railroaders coming back to Congress to say, Look, having that kind of a payroll tax is impossible?

I would like to ask somebody sometime, why do we not consider taking the American taxpayer off the hook? Let me just give Members the statistics on what the gentleman from Texas was saying in terms of the Federal contribution. The railroad retirement system has spent more than it has collected in payroll taxes every year since 1957, an average of \$4 billion a year they spend in benefits more than they take in in their payroll contribution towards that benefit plan. The cumulative shortfall now exceeds \$90 billion. But because of taxpayer subsidies for this railroad fund, we end up with an accounting that in the trust fund is \$20 billion, \$15 billion of which we are going to take and say it is going to help solve the problems of the railroad retirement system.

Everybody wants fairness for every pension plan. The question is, how often, how much should the American taxpayer be asked to fund this system? And so with interest it is the equivalent of \$90 billion now and the \$15 billion is going out of the lockbox of Social Security and Medicare.

I think the challenge for us is certainly to assist the railroad retirees but not in the way that it is going to jeopardize the benefits of future Social Security recipients.

Mr. OBERSTAR. Mr. Speaker, I yield 2½ minutes to the gentleman from Tennessee (Mr. CLEMENT), the ranking member of the Subcommittee on Railroads.

Mr. CLEMENT. Mr. Speaker, I thank the gentleman from Minnesota for yielding me this time. I always refer to the gentleman from Minnesota (Mr. OBERSTAR), our leader on the Democratic side on the Committee on Transportation and Infrastructure, as our walking encyclopedia and historian, because I do not think there is anyone who knows more about the facts and the information than he does when it comes to some of these tough, controversial decisions.

I want to also say to the gentleman from Alaska (Mr. YOUNG), the gentleman is our new chairman of the

Committee on Transportation and Infrastructure and is doing an outstanding job. He had many others prior to him. He has gotten off to a very, very good start, not only representing the great State of Alaska but our entire country. And to the gentleman from New York (Mr. QUINN), who is the chairman of the Subcommittee on Railroads, and I am the ranking Democrat, we are working together as partners. That is somewhat unusual in the U.S. House of Representatives for a Democrat and Republican to work so closely together for the common good of the people of this country. We have worked together and the Subcommittee on Railroads has been very active. This is a prime example of something that we worked on very hard, and we made up our mind very early that other Congresses had tried but not been able to move this legislation, and we want to move it.

We know that a quarter of a million men and women work on America's railroads that will be affected by this legislation. There are 700,000 retirees and survivors of retired railroad workers that will be affected by this legislation. H.R. 1140, the Railroad Retirement Improvement Act of 2001, what we are talking about tonight, is important legislation. I am pleased to be one of the original cosponsors. We have almost every Member of Congress that has signed on as a cosponsor.

Every week in my office, railroad workers and retirees call me about the status of this bill. In my district, the Fifth District of Tennessee, there are 364 active railroad workers. My district includes 1,226 beneficiaries of the railroad retirement system. This number includes retired employees, their spouses and survivors.

This legislation is important. Let us pass it now and send it to the U.S. Senate where hopefully they will take action.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield such time as he may consume to the gentleman from Connecticut (Mr. SHAYS).

Mr. SHAYS. Mr. Speaker, I thank the gentleman for yielding time. I thank him for his courage and service to our country, and frankly his courage tonight. This is not a pleasant thing that the gentleman is having to do. He is having to basically oppose his friends. He is having to ask for time in opposition. He is doing it because I believe when he got elected to Congress, he wanted us to be honest with each other. I believe when he got elected to Congress, he wanted us to tell the truth.

The truth is quite simple. Rail management and unions came to an agreement. It is a wonderful agreement. It is also bipartisan, Republicans and Democrats. It is a great plan: increase the benefits, reduce contributions to the fund, and have the taxpayers pay for it.

What a system. Why would management oppose that?

□ 1915

The taxpayers pay. Why would the beneficiaries oppose? They will get increased benefits, and they will contribute less. It is a wonderful plan, so why are we not all for it? There are over 300 for it, and why would they not be for it? They are going to have everybody call them up, all their railroad workers, and we all have them, and they are saying increase my benefits, take care of my needs.

So that is logical. Let us take care of their needs. It is just dishonest. It is blatantly dishonest. It is asking the taxpayers to pay for something that is, in fact, a private benefit.

We are going to reduce the contributions to the fund, we are going to increase the benefits from the fund, and we are going to ask the taxpayers to pay for it, and we all should just fall in line, fall in step. There is a problem with that. The problem is, we have a responsibility to run the government. We have a moral obligation to run this government.

We reduced taxes in this government. I did. I was happy to reduce taxes, because it seemed very clear to me why we should do it: if we leave the money on the table, it is going to be spent, and this is one of the great examples.

We beat our chests and say how we are protecting the Social Security trust fund, but we are not, because right now we are going to raid it. And we say we are going to increase the age of retirement for beneficiaries from 65 to 67, but we are allowing railroad workers to retire at age 60 using Social Security trust fund money.

Give me a break. I do not get it. I do not understand why we do it.

I just thank the gentleman from Texas (Mr. SAM JOHNSON) for exhibiting the same kind of courage he exhibited when he was in Vietnam, to say this is wrong, we have got to stop it, and we should not do it. He was a hero for me for many years. I read his book, and I am just proud to be fighting the same cause.

Mr. OBERSTAR. Mr. Speaker, I am pleased to yield 2 minutes to the distinguished gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, I appreciate the gentleman's courtesy in sharing a few of these scarce moments with me.

I join, first of all, in expressing my appreciation to the leadership of our committee that has focused on the health and future of America's railroads. The gentleman from Alaska (Chairman YOUNG), the gentleman from Minnesota (Mr. OBERSTAR), the gentleman from Tennessee (Mr. CLEMENT), the gentleman from New York (Mr. QUINN), I think are doing an outstanding job; and I am looking forward to working in the future with them.

One of the important parts of their job is to modernize this pension program. It is not Social Security. If they were part of Social Security and had been for years, this would be a much different situation. This is independently funded. These people are paying now 36.3 percent of total payroll into this. It is a significant tax on industry and these individuals.

The proposal that has been worked out retains the individual contribution, and it is still going to be 33 percent total investment. They are not pulling rabbits out of the hat. They are modernizing the system with a tier 2 benefits like you would any other modern pension program and diversifying the investment, moving beyond low-yield bonds.

I think we are going to be able to hit the target and exceed the target. This is certainly more conservative than the assumptions that some people have used to justify voting for the Bush tax program, but that is a different issue.

We have, I do think, an obligation to be honest; and I think we are doing a good job in terms of putting forward alternative sources of revenue, modernizing the rate of return, allowing industry to reinvest in badly needed infrastructure, being fair to almost 1 million participants, and bring this pension plan into the modern era.

But, please, do not confuse this with Social Security. It took us up until a few minutes ago, and I do not know what the chair and ranking member did to convince OMB to understand that this is a separate program. They have done it. I am glad you could do it with OMB. I hope you will be as successful with some of the other programs.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 1 minute to the gentleman from Nebraska (Mr. TERRY).

Mr. TERRY. Mr. Speaker, I thank the gentleman for yielding to speak on this important act for the 7500 retirees in my district.

I rise in support of this act. Why? Because these reforms in this act allow the railroad workers to move to a pension system that, frankly, mirrors most in the industrial world, manufacturing, teachers, firemen. These reforms allow railroad workers to have some level of control over their money and their pensions, being able to direct them into safe investments and earn a greater return so they can pay them back with better benefits.

Yes, government will continue to hold the majority of these dollars in the tier 1, the archaic system, but at least we inch forward to a modern system. These reforms allow for greater benefits for widows, who now receive 50 percent of their deceased spouse's benefit. I have heard from many widows in my district who have a great deal of difficulty making ends meet. This act will allow these widows a little bit more money and a lot of peace of mind.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to point out that there are not a lot of other industries that have a retirement program such as this. The steel industry does not, and teachers and other people do not either. They pay into their own programs, but not into Social Security, for the most part. Social Security does not finance them.

Let me make a point here that Social Security, according to the reform proposal that was handed out that goes with this bill and that has been occurring for a long time, tier 1 tax revenues are benefited by the Social Security benefit account. The Social Security benefit account also makes periodic transfers to tier 2, which is supported also by Social Security. So to say Social Security is not involved is a misnomer.

The fact of the matter is, the gentleman from Connecticut (Mr. SHAYS) pointed out earlier that I have a military background, and I have to tell you, I am scared to death that we are neglecting our military. If we pass this thing, which is a \$15 billion hit almost immediately, there is not going to be any money left for our military to survive. To me, that is what the Congress ought to be talking about, is protecting our Nation.

I would like to add at this point that the Citizens for Sound Economy are urging a "no" vote on this bill, and they say, "Perhaps the most troubling part of the bill is it pretends to pay for itself. The railroad retirement trust fund currently holds \$15.3 billion in government bonds. H.R. 1140," that is the bill number, "would cash them in and set up a new railroad retirement investment trust to invest the money in the stock market."

They are going to score this as a key vote. I thought Members should know that.

Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. SMITH).

Mr. SMITH of Michigan. Mr. Speaker, they are having a real problem with railroad retirement, but almost every corporation and company that is in the United States, as people live longer, as our medical technology allows them to live longer, we end up having problems, whether it is Social Security or other pension plans. To say that the Federal Government should bail out this private pension plan I think is probably an unfair imposition on the rest of our taxpayers and on the Social Security system.

Now, Social Security right now has three workers, we are down to three workers, for every one retiree. Thirty years ago we had 30 workers financing every one retiree. Today there are three workers financing Social Security. Guess what it is in the railroad system? There is one worker trying to

fund three railroad retirees, one worker in railroad trying to fund three retirees.

Mr. Speaker, that is a huge burden, but, still, they have to run their own pension system. They cannot keep coming back to government. Again, \$4 billion every year that they pay out in benefits more than they withhold in their taxes.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. GILMAN).

(Mr. GILMAN asked and was given permission to revise and extend his remarks.)

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

Mr. Speaker, I rise in strong support of H.R. 1140, the Railroad Retirement Survivors Improvement Act of 2001. I commend the gentleman from Alaska (Mr. YOUNG) for proposing this important measure.

This bill will bring much needed improvements to the 65-year-old railroad retirement program on which our Nation's retired railroad employees and families rely. The modernization of this program includes steps toward the increased privatization of the program's tier 2 pension plan, which will be achieved through the establishment of a nonprofit Railroad Retirement Investment Trust which will oversee and invest the assets of the program's trust fund. The trust will be managed by a panel of trustees, who have been chosen by rail management and rail labor and that will give greater control of the program to the men and women who benefit from it.

H.R. 1140 also contains a provision which will permit retired railroad employees to work in non-rail jobs with no penalties to their benefits. In addition, the bill also allows widows and widowers of retired rail workers to collect the full amount of their deceased spouses' pension.

It is clear that this Roosevelt-era program is due for an appropriate restructuring that will reflect the current needs of our Nation's rail workers and their families. Accordingly, I urge my colleagues to fully support H.R. 1140.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 1 minute to my good friend and new colleague, the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Speaker, I rise in strong support of H.R. 1140, the Railroad Retirement and Survivors Improvement Act. This landmark legislation will reform an antiquated retirement system, improve benefits for railroad retirees, increase benefits for approximately 50,000 railroad retiree widows, and reduce taxes on railroad employees.

Opponents of H.R. 1140 say the bill will have a first year cost of \$15 billion and will reduce funds available for other important programs. The truth

is, truth in budgeting, and this bill should never have been scored the way it was. We restore truth in budgeting through this bill.

H.R. 1140 has the support of both labor and industry management and deserves the overwhelming support of this House.

This legislation is good for railroad families, it is good for America, and I urge the strong support for this legislation.

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

Mr. Speaker, I listened with great interest to the gentleman from Connecticut who said, "I don't get it." Well, the reason he does not get it is that he does not understand it.

The fact is that only tier 2 benefits are affected by this legislation. You cannot get early retirement under Social Security as a railroad worker. You have got to wait until your time under the Social Security law. You get your retirement early under the tier 2 benefits for railroad workers under that ancient law that predates Social Security. We are just trying to update it.

This is not a raid on the taxpayers, for heavens sakes. We are reducing the tax that the railroad companies pay into this system and the workers pay into their tier 2 benefits.

So, we are trying to make it a little bit better. But it is not a raid on Social Security. They waited their time to get those benefits.

Just read the law. When all else fails and you do not understand it, read the bill. And the bill is very clear, we are only dealing with railroad workers' benefits.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 1 minute to the gentlewoman from West Virginia (Mrs. CAPITO), a member of the committee.

Mrs. CAPITO. Mr. Speaker, I thank the gentleman from Alaska (Chairman YOUNG) and the ranking member, the gentleman from Minnesota (Mr. OBERSTAR).

Mr. Speaker, I rise quickly to express my support for the passage of H.R. 1140, the Railroad Retirement Survivors Improvement Act. As the title suggests, this bill aims to provide equitable and fitting compensation for those who have served and those who are currently serving the railroad industry.

The move to modernize the railroad retirement trust fund is revolutionary, yet vital. With this bill, the railroad retirement trust fund will receive increased revenues for its beneficiaries through investment in a diversified portfolio.

In my home State of West Virginia, almost 12,000 railroad employees, retirees, spouses, and widows have benefited from this plan. In my district alone, 3,000 railroad beneficiaries would benefit from this. Many of these people have called my office over the past few months asking me to support this bi-

partisan effort. Widows of former rail workers have told me stories about the minimum benefits they receive, where they can barely pay their bills. Such stories should encourage us to act and act quickly.

Over the past century, the hard work, long hours, and true dedication of many men and women have built an effective network of rail tracks around this country.

Mr. Speaker, I urge this body to pass this legislation.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to read from a letter from the U.S. Railroad Retirement Board, from a person who is a labor member there.

□ 1930

They ask, how do the average monthly railroad retirement and Social Security benefits paid to retired employees and their spouses compare?

The average age annuity being paid by the Railroad Retirement Board at the end of 2000 to career railroad employees was \$1,760 a month, and for all employees, the average was \$1,300. The average age retirement benefit being paid by Social Security was about \$800 a month, and spouse benefits averaged about \$530.

So the Railroad Retirement Act does not need fixing, it needs support monetarily, and guess where they are going to get it? They are going to get it from the Social Security Trust Fund.

Mr. Speaker, I would like to just reiterate that the President's proposals under this bill are violated. The bill demands using Social Security funds to subsidize other benefits. The Federal Government, disguised as the investment trust, would invest in the private sector, and also the bill would prohibit personal retirement accounts for railroad employees. Every one of us should vote against this bill.

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

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself such time as I may consume.

I want to compliment everybody who has spoken tonight. I would just suggest again that this is tier 2; it is their money, they want to reinvest it. Yes, it is in government bonds, but it came from the workers. I thought this body was trying to set up a system where we did not take money from the workers to spend on other things. This is our retirement system. This is the railroad retirement system. It only affects tier 2.

For those people who are not on the floor tonight, I urge people watching the show to vote for this legislation. Keep in mind, this had 371 cosponsors. I expect 380 votes on this. It is the right thing to do for our railroads and our railroad workers.

Mr. WELLER. Mr. Speaker, I rise in strong support of H.R. 1140, The Railroad Retirement and Survivors' Improvement Act of 2001.

The Railroad Retirement and Survivors' Improvement Act of 2001 is historic legislation that will improve the lives of railroad workers and their spouses. I am proud to be a cosponsor with 367 of my colleagues of this important bill. H.R. 1140 guarantees a better standard of retirement for the nearly 3,500 retirees in the 11th Congressional District of Illinois which I represent and for all future retirees and their families.

Under H.R. 1140, the quality of life for widows and widowers is significantly improved. Under current law, spouses are limited to one-half of the deceased employee's Tier 2 benefits. However, under this legislation, the bill increases Tier 2 benefits for widows and widowers to 100 percent of the deceased employee's benefits on the date of death. Thus, widows and widowers will continue to receive the same benefits as their spouse received prior to death. Widows should not have to face a loss of income in addition to the death of a spouse. This bill ensures that is no longer a reality—widows will receive full benefits under this legislation.

Additionally, H.R. 1140 reduces the years of covered service to be vested in the railroad retirement system from the present 10 years to 5 years. Ten years is too long to wait to be vested in the railroad retirement system, and this legislation corrects this problem. Further, the retirement age is reduced from 62 to 60. By reducing this age, workers are given the opportunity to retire earlier without a corresponding loss of benefits.

H.R. 1140 also fixes the cap on the "maximum benefit." Present law limits the total amount of monthly railroad retirement benefits payable to an employee and an employee's spouse at the time the employee's annuity payout begins. The Railroad Retirement and Survivors' Improvement Act of 2000 removes this cap so that there is not a maximum benefit limit.

Further, the legislation ensures the solvency of the Railroad Retirement Investment Trust. Through private investing, the trust fund will grow faster while decreasing taxes assessed on railroads. Seven private individuals will oversee the Railroad Retirement Investment Trust, thus ensuring any possible implication of a government role in investing is eliminated. Labor and rail management will each select three trustees to reflect their interests, and these six trustees will select the seventh trustee. Approximately one-quarter of all employees in the rail industry work for commuter and passenger rail, a growing industry. It is my sincere hope that the Trust include a representative from all three categories of rail service: commuter, passenger and freight from among those appointees designated for rail management.

Mr. Speaker, this is good, important legislation that will help 670,000 retirees and dependents and 245,000 active rail employees. I ask for all my colleagues to cast their vote in favor of H.R. 1140.

Mr. RAHALL. Mr. Speaker, in the Third District of West Virginia, we have 8,300 citizens who will benefit from the Railroad Retirement and Survivors' Improvement Act of 2001. This

ranks southern West Virginia seventh in the nation.

My constituents have been calling and writing to me on an ongoing basis, asking me when this bill will come to the House floor for a vote. Today I hope to be able to tell them it will pass in the House and we can send it on to the other body, where we hope it will get speedy consideration.

I want to thank the Chairman and Ranking Member of the Transportation Committee, Mr. YOUNG and Mr. OBERSTAR, for working to bring this bill to the floor with overwhelming bipartisan support.

I also want to thank the Chairman and Ranking Member of the Railroad Subcommittee, Mr. QUINN and Mr. CLEMENT, for bringing this bill through the Subcommittee process quickly. And I want to thank the Ways and Means Committee for their cooperation.

My constituents have been anxious to see this bill get enacted into law because it will double benefits for widows of railroad retirees, reduce the retirement age from 62 to 60 years of age with 30 years of service, and allow a person to be vested in the system after five years of service, rather than 10 years, as currently required.

This bill includes the exact provisions of H.R. 4844, which I helped to write last year, and which passed the House by an overwhelming vote.

My constituents were disappointed and frustrated last year when the bill was not enacted into law, especially since it is a product of two years of negotiation between railroad workers and management of the railroad industry. With 368 co-sponsors in the House, this bill has overwhelming bipartisan support, once again.

With 71 bipartisan cosponsors in the Senate, I look forward to its passage on the Senate floor, and I ask President Bush to sign the bill into law expeditiously.

Once this bill becomes law, it will enable railroad retirees and widows to enjoy a better quality of life, by receiving the increased benefits they worked for and deserve. They spent their working lives paying into their retirement and they deserve to reap good benefits.

Mr. CRANE. Mr. Speaker, I rise, today, to discuss a specific issue regarding H.R. 1140, the Railroad Retirement and Survivors' Improvement Act of 2001, specifically, the representation of commuter rail on the Board of Trustees for the Railroad Retirement Investment Trust that is created by the bill. My district is served by Metra, the nation's second largest commuter rail system in the country. Last year, Metra provided nearly 82 million passenger trips—setting a 32-year ridership record. Over the years, Metra has received numerous awards and accolades for its outstanding service, and none of those would have been possible were it not for the hard work and dedication of its more than 2,500 employees.

These 2,500 employees of Metra join their counterparts in other commuter and passenger rail systems around the country, and together they account for approximately one-quarter of all employees in the rail industry. This percentage of commuter and passenger rail employees is only expected to increase in the near future as customer demand for more commuter rail service grows. I have long sup-

ported Metra and commuter rail, and I believe their unique interests deserve a voice on the Board of Trustees created in this legislation. Consequently, it is my hope that the Board of Trustees will include a representative from the ranks of commuter rail along with representatives from the other categories of rail service—passenger and freight. Such representation would ensure that commuter rail's interests are heard along with the interests of the other rail industry categories. This representation would be a substantial acknowledgement of the growing importance of commuter rail.

Mr. ENGLISH. Mr. Speaker, this legislation represents the culmination of years of discussions between rail management and a sizable majority of rail labor.

I am pleased to support the Railroad Retirement and Survivors' Improvement Act of 2001. This legislation is designed to improve significantly the financing and benefits of railroad retirement benefits.

H.R. 1140 improves the performance of the Railroad Retirement Account (RRA) by enhancing employees benefits, reducing employer and employee tax rates, and promoting financial growth of the railroad retirement trust fund. More than 3,400 of my constituents in northwestern Pennsylvania will benefit from reforming the current railroad retirement system. In fact, many of those people have called my offices urging Congress to pass this legislation that represents benefit improvements for them and their families including:

- an expansion of widow(er)s' benefit by guaranteeing no less than the amount of the annuity that the retiree received;

- liberalized early retirement which allows retirement at age 60 with 30 years of service without a benefit reduction; and

- expanded vesting which means bringing this requirement consistent with private industry practices. This entails the reductions of the ten-year requirement to vest for Tier I and Tier II annuities to five years.

This is a strong proposal and I urge my colleagues to support it.

Thank you Mr. Speaker. I yield back the balance of my time.

Mr. CUMMINGS. Mr. Speaker, I urge my colleagues to vote in support of H.R. 1140, the Railroad Retirement and Survivors' Improvement Act of 2001.

This legislation serves to modernize the current railroad retirement system and will benefit hundreds of thousands of retirees, and surviving widows and dependents. I believe that passage of this bill would bring us significantly closer to achieving retirement security for rail workers and retirees. Surviving spouses and dependents suffer substantial reductions in benefits upon the death of a railroad worker or retiree. This bill will provide a guaranteed minimum benefit for survivors. While benefitting survivors, H.R. 1140 will also benefit railroads by reducing payroll taxes.

This is a good piece of legislation—it's good for workers, it's good for survivors, and it's good for the railroads. Following two years of negotiations between railroad management and rail labor we have a bill whose time has come.

H.R. 1140 is essentially the same legislation that we overwhelmingly passed last year by a vote of 391 to 25. Let us be just as supportive this time around.

I strongly urge my colleagues pass H.R. 1140.

Mr. UDALL of New Mexico. Mr. Speaker, I strongly support H.R. 1140, the Railroad Retirement and Survivors' Improvements Act of 2001. This critical legislation makes important improvements in the benefit structure for retired railroad workers, especially for widows and widowers.

After many railroad bankruptcies during the Depression, the government assumed responsibility for workers' pensions, financed with a special payroll tax paid by both rail concerns and their employees. The system is now \$40 billion short of what would be required to pay benefits to all the workers who have yet to retire and their survivors.

Congress has a responsibility to provide railroad retirees and their survivors with increased benefits, as well as making necessary changes to update and modernize the railroad employee benefit system.

To that end, I urge my colleagues to join me in support of H.R. 1140. More than 670,000 retirees and dependents and 245,000 active rail employees will benefit from the improvements made by the Railroad Retirement and Survivors' Improvement Act of 2001. Please support our nation's railroad workers, rail retirees and spouses by supporting this critical reform package. Vote yes on H.R. 1140.

Mr. REYES. Mr. Speaker, I rise today in strong support of the Railroad Retirement and Survivors' Improvement Act of 2001. This bill has almost 370 cosponsors and I urge my colleagues to vote in favor of this bill. This bill amends the Railroad Retirement Act of 1974 and increases benefits to railroad employees and their beneficiaries. In addition, this important legislation provides for full annuities to employees and their spouses at age 60 with 30 years of service. This bill also reduces the vesting requirement for railroad retirement benefits for employees and survivors from ten to five years of service. This legislation is fair and must be enacted into law.

El Paso, Texas has a long history and association with the railroad. In fact, the original Arizona & Southwestern Railroad, built in 1888–1889 by the Copper Queen Consolidated Mining Co., a subsidiary of Phelps Dodge Corporation, was built to transport copper from a smelter in Bisbee, Arizona to a refinery in El Paso, Texas. The railroad and its workers have always played an integral role in the fabric of our city.

The Railroad Retirement and Survivors' Improvement Act of 2001 recognizes the work that our rail workers perform in service of this country and takes into account their extremely physical work. Again, Mr. Speaker, there are almost 370 cosponsors of this legislation representing literally millions of people across the country. I urge my colleagues to vote in favor of this extremely important piece of legislation.

Mr. PETRI. Mr. Speaker, with many railroad retirees amongst my constituents, I am pleased to rise in strong support of this legislation.

Several years ago, as Chairman of the Surface Transportation Subcommittee, I became aware of the need to increase the retirement security of our nation's railroad workers. The members of the Transportation committee

worked hard to bring all the stakeholders together to work out a comprehensive plan to reform the railroad retirement system.

I am quite pleased that this legislation represents the product of that work. By diversifying the investment vehicles for retirement accounts, this legislation improves retirement benefits and reduces taxes on railroad employers. This sensible legislation is supported by both railroad management and most labor unions.

Last year, this House overwhelmingly passed similar legislation, but the Senate failed to act on it. Let's not make our railroad retirees and their families wait any longer for this needed reform. I urge my colleagues in both chambers to support quick passage and enactment of this legislation.

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

The SPEAKER pro tempore (Mr. SUNUNU). The question is on the motion offered by the gentleman from Alaska (Mr. YOUNG) that the House suspend the rules and pass the bill, H.R. 1140, as amended.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. YOUNG of Alaska. 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 384, nays 33, not voting 16, as follows:

[Roll No. 305]

YEAS—384

Abercrombie
Ackerman
Aderholt
Akin
Allen
Andrews
Army
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Barcia
Barr
Barrett
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggart
Bilirakis
Bishop
Blagojevich
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brady (TX)
Brown (FL)
Brown (OH)
Brown (SC)

Bryant
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Castle
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Collins
Combest
Condit
Conyers
Cooksey
Costello
Coyne
Crane
Crenshaw
Crowley
Cubin
Culberson
Cummings
Cunningham
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
Davis, Tom
Deal
DeFazio
DeGette
Delahunt

DeLauro
Deutsch
Diaz-Balart
Dicks
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Fletcher
Foley
Forbes
Ford
Fossella
Frank
Frost
Gallegly
Ganske
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Gonzalez
Goode
Goodlatte
Gordon

Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grucci
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Harman
Hart
Hastings (WA)
Hayes
Hayworth
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Holden
Holt
Honda
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Inslie
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kerns
Kildee
Kilpatrick
Kind (WI)
King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kucinich
LaFalce
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
LoBiondo
Lofgren
Lowey
Lucas (KY)

Lucas (OK)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCreery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-
Holt
McDonald
Miller, George
Mink
Mollohan
Moore
Moran (KS)
Morella
Murtha
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Oliver
Ortiz
Osborne
Ose
Otter
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (PA)
Petri
Phelps
Pickering
Platts
Pombo
Pomeroy
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogers (KY)
Rogers (MI)
Ros-Lehtinen
Ross
Rothman
Roukema

NAYS—33

Ballenger
Chabot
Cox
DeLay
DeMint
Flake
Frelinghuysen
Hefley
Herger

Hoekstra
Johnson, Sam
Jones (NC)
Kolbe
Largent
Miller (FL)
Miller, Gary
Myrick
Paul

Pence
Pitts
Rohrabacher
Royce
Schaffer
Sensenbrenner
Shadegg
Shays
Smith (MI)

Stenholm
Sununu
Tancredo
Taylor (MS)
Thomas
Weldon (FL)

Cramer
Hastings (FL)
Hutchinson
Hyde
Jones (OH)
Leach

Lipinski
Markey
Moran (VA)
Nadler
Oxley
Peterson (MN)

NOT VOTING—16

□ 1956

Mr. THOMAS and Mr. TAYLOR of Mississippi changed their vote from "yea" to "nay."

Mr. BLUNT changed his vote from "nay" to "yea."

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

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Ms. WATSON of California. Mr. Speaker, on rollcall No. 305, had I not been detained at a speaking event, I would have voted "aye" on rollcall No. 305.

GENERAL LEAVE

Mr. YOUNG of Alaska. 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. 1140, the bill just passed.

The SPEAKER pro tempore (Mr. SUNUNU). Is there objection to the request of the gentleman from Alaska?

There was no objection.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

(Mr. SMITH of Michigan addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. BROWN) is recognized for 5 minutes.

(Mr. BROWN of Ohio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

□ 2000

BONUSES FOR TOP U.S. POSTAL SERVICE EXECUTIVES

The SPEAKER pro tempore (Mr. SHUSTER). Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.