

in the wake of terrorist attacks in New York City and Washington, D.C. on September 11, 2001.

AMENDMENT NO. 1820

At the request of Ms. COLLINS, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of amendment No. 1820 proposed to S. 1438, a bill to authorize appropriations for fiscal year 2002 for military activities of the Department of Defense, for military constructions, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ROCKEFELLER (by request):

S. 1488. A bill to amend title 38, United States Code, to authorize a cost-of-living adjustment in the rates of disability compensation for veterans with service-connected disabilities and dependency and indemnity compensation for the survivors of certain disabled veterans, to make modifications in the veterans home loan guaranty program, to make permanent certain temporary authorities, and for other purposes; to the Committee on Veterans' Affairs.

Mr. ROCKEFELLER. Madam President, today I introduce legislation requested by the Secretary of Veterans Affairs, as a courtesy to the Secretary and the Department of Veterans Affairs, VA. Except in unusual circumstances, it will be my practice to introduce legislation requested by the administration so that such measures will be available for review and consideration.

This "by-request" bill is titled the "Veterans' Benefits Act of 2001." It would, among other things, authorize a cost-of-living adjustment for fiscal year 2002 for VA disability compensation, make modifications the VA home loan guaranty program, and make permanent certain temporary authorities.

I ask unanimous consent that the text of the bill and Secretary Principi's transmittal letter that accompanied the draft legislation be printed in the RECORD.

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

S. 1488

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

SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the "Veterans' Benefits Act of 2001".

(b) **REFERENCES.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be con-

sidered to be made to a section or other provision of title 38, United States Code.

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

Section 1. Short title; references to title 38, United States Code; table of contents.

TITLE I—COMPENSATION PROGRAM

Sec. 101. Increase in compensation rates and limitations.

Sec. 102. Rounding down of cost-of-living adjustments in compensation and DIC rates.

TITLE II—HOUSING LOANS

Sec. 201. Vendee loan authority.

Sec. 202. Loan fees.

Sec. 203. Procedures on default.

TITLE III—TEMPORARY AUTHORITIES MADE PERMANENT

Sec. 301. Income verification authority.

Sec. 302. Limitation on pension for certain recipients of medicaid-covered nursing home care.

Sec. 303. Health-care and medication copayments.

Sec. 304. Third-party insurance collections.

TITLE I—COMPENSATION PROGRAM

SEC. 101. INCREASE IN COMPENSATION RATES AND LIMITATIONS.

(a) **RATE ADJUSTMENT.**—The Secretary of Veterans Affairs shall, effective on December 1, 2001, increase the dollar amounts in effect for the payment of disability compensation and dependency and indemnity compensation by the Secretary, as specified in subsection (b).

(b) **AMOUNTS TO BE INCREASED.**—The dollar amounts to be increased pursuant to subsection (a) are the following:

(1) **COMPENSATION.**—Each of the dollar amounts in effect under section 1114 of title 38, United States Code.

(2) **ADDITIONAL COMPENSATION FOR DEPENDENTS.**—Each of the dollar amounts in effect under section 1115(1) of such title.

(3) **CLOTHING ALLOWANCE.**—The dollar amount in effect under section 1162 of such title.

(4) **NEW DIC RATES.**—The dollar amounts in effect under paragraphs (1) and (2) of section 1311(a) of such title.

(5) **OLD DIC RATES.**—Each of the dollar amounts in effect under section 1311(a)(3) of such title.

(6) **ADDITIONAL DIC FOR SURVIVING SPOUSES WITH MINOR CHILDREN.**—The dollar amount in effect under section 1311(b) of such title.

(7) **ADDITIONAL DIC FOR DISABILITY.**—The dollar amounts in effect under sections 1311(c) and 1311(d) of such title.

(8) **DIC FOR DEPENDENT CHILDREN.**—The dollar amounts in effect under sections 1313(a) and 1314 of such title.

(c) **DETERMINATION OF INCREASE.**—(1) The increase under subsection (a) shall be made in the dollar amounts specified in subsection (b) as in effect on November 30, 2001.

(2) Except as provided in paragraph (3), each such amount shall be increased by the same percentage as the percentage by which benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 2001, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(3) Each dollar amount increased pursuant to paragraph (2) shall, if not a whole dollar amount, be rounded down to the next lower whole dollar amount.

(d) **SPECIAL RULE.**—The Secretary may adjust administratively, consistent with the increases made under subsection (a), the

rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 (72 Stat. 1263) who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

(e) **PUBLICATION REQUIREMENT.**—At the same time as the matters specified in section 215(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(D)) are required to be published by reason of a determination made under section 215(i) of such Act during fiscal year 2002, the Secretary shall publish in the Federal Register the amounts specified in subsection (b) as increased under this section.

SEC. 102. ROUNDING DOWN OF COST-OF-LIVING ADJUSTMENTS IN COMPENSATION AND DIC RATES.

(a) **COMPENSATION COLAS.**—Section 1104(a) is amended by striking out "fiscal years 1998 through 2002."

(b) **DIC COLAS.**—Section 1303(a) is amended by striking out "fiscal years 1998 through 2002."

TITLE II—HOUSING LOANS

SEC. 201. VENDEE LOAN AUTHORITY.

(a) **TERMINATION OF VENDEE LOAN AUTHORITY.**—Section 3733(a) is amended by striking out paragraphs (1) and (2) in their entirety and inserting in lieu thereof:

"(1) Prior to October 1, 2001, the Secretary may sell real property acquired by the Secretary as the result of a default on a loan guaranteed or made under this chapter with the purchase financed by a loan made by the Secretary."

(b) **INTERNAL REVENUE CODE AMENDMENT.**—Section 6103(I)(7)(D) of the Internal Revenue Code of 1986, is amended by striking out "Clause (viii) shall not apply after September 30, 2003."

SEC. 302. LIMITATION ON PENSION FOR CERTAIN RECIPIENTS OF MEDICAID-COVERED NURSING HOME CARE.

Section 5503(f) is amended by striking out paragraph (7).

SEC. 303. HEALTH CARE AND MEDICATION COPAYMENTS.

(a) Section 1710 is amended by striking out "before September 30, 2002," in subsection (f)(2)(B).

(b) Section 1722A is amended by striking out subsection (d).

SEC. 304. THIRD-PARTY INSURANCE COLLECTIONS.

Section 1729 is amended by striking out "before October 1, 2002," in subsection (a)(2)(E).

THE SECRETARY OF VETERANS AFFAIRS,
Washington, August 2, 2001.

Hon. RICHARD B. CHENEY,
President of the Senate,
Washington, DC.

DEAR MR. VICE PRESIDENT: There is transmitted herewith a draft bill, the "Veterans' Benefits Act of 2001," to authorize a cost-of-living adjustment (COLA) for fiscal year (FY) 2002 in the rates of disability compensation and dependency and indemnity compensation (DIC), to make modifications in the veterans home loan guaranty program, to make permanent certain temporary authorities, and for other purposes. All of the bill's provisions are in support of the President's FY 2002 budget request for the Department of Veterans Affairs (VA). I request that this bill be referred to the appropriate committee for prompt consideration and enactment.

Compensation and DIC COLA

Section 101 of the draft bill would direct the Secretary of Veterans Affairs to increase

administratively the rates of compensation for service-disabled veterans and of DIC for the survivors of veterans whose deaths are service related, effective December 1, 2001. As provided in the President's FY 2002 budget request, the rate of increase would be the same as the COLA that will be provided under current law to veterans' pension and Social Security recipients, which is currently estimated to be 2.5 percent. We estimate that enactment of this section would cost \$376 million during FY 2002, \$7.1 billion over the period FYs 2002–2006 and \$27.6 billion over the period FYs 2002–2011. Although this section is subject to the pay-as-you-go (PAYGO) requirement of the Omnibus Budget Reconciliation Act of 1990 (OBRA), the paygo effect would be zero because OBRA requires that the full compensation COLA be assumed in the baseline. We believe this proposed COLA is necessary and appropriate in order to protect the benefits of affected veterans and their survivors from the eroding effects of inflation. These worthy beneficiaries deserve no less.

Section 102 of the draft bill would amend 38 U.S.C. §§1104(a) and 1303(a), respectively, to provide that, in calculating the cost-of-living adjustment in the rates of disability compensation and dependency and indemnity compensation pursuant to the enactment of authorizing legislation governing payment of benefits in FY 2002 and thereafter, the Secretary of Veterans Affairs shall round down to the next lower whole dollar any rate that is not evenly divisible by one dollar. Currently, section 1104(a) requires the Secretary to utilize this round-down calculation method during FYs 1998 through 2002. This requirement was added by Public Law No. 105–33, §8031(a)(1), 111 Stat. 251, 668 (1997). This section was renumbered (from 1103 to 1104) by Public Law No. 105–368, §1005(a), 112 Stat. 3315, 3364 (1998). Section 102 is subject to the PAYGO requirement of OBRA. Enactment of this section would result in no cost savings in FY 2002, but would result in savings of \$14.5 million in FY 2003, \$196 million over the period FYs 2002–2006 and \$996 million over the period FYs 2002–2011.

Housing Loans

Section 201 of the draft bill would terminate, effective October 1, 2001, the authority of the Secretary to provide financing in connection with the sale of a single-family home acquired by (VA) following the foreclosure of a loan guaranteed or made by VA. Such financing is commonly referred to as a "vendee loan." After that date, purchasers of VA-owned properties would need to obtain financing from private lenders. Vendee loans are not a veterans benefit. Currently, all members of the public may purchase VA-owned homes and obtain vendee financing. Veterans receive a very limited preference with regard to purchasing such properties.

Subsection (a) would amend 38 U.S.C. §3733 to terminate vendee loans effective October 1, 2001, except with respect to properties for which VA accepted a purchase before such date.

Subsection (b) would make a conforming amendment to 38 U.S.C. §3720 regarding the powers of the Secretary to dispose of property acquired under the housing loan program.

Section 201 is subject to the PAYGO requirement of OBRA. Enactment of this section would result in a cost of \$18 million in FY 2002, and then savings of \$50 million over the period FYs 2002–2006 and savings of \$227 million over the period FYs 2002–2011.

Section 202 of the draft bill would make permanent the increases in the fees collected

from most veterans obtaining or assuming a loan guaranteed, insured, or made by VA. These increases were originally enacted by the Omnibus Budget Reconciliation Act of 1993 (OBRA '93). OBRA '93 increased the fees for most VA guaranteed housing loans by 75 basis points, or 0.75 percent of the loan amount, and established a fee of 3 percent of the loan amount on veterans who obtain a second no-downpayment loan under the VA program. The increased fees are now set to expire on September 30, 2008.

Section 202 is subject to the PAYGO requirement of OBRA. The enactment of section 202 would not result in cost savings until FY 2009. In FY 2009, cost savings would be \$275 million, and cost savings for the period FYs 2002–2011 would be \$841 million.

Section 203 would make permanent the VA "no-bid formula" contained in 38 U.S.C. §3732(c). This formula determines VA's liability to a loan holder under the guaranty and whether or not the holder would have the election to convey the property to VA following the foreclosure. As amended by OBRA '93, the no-bid formula requires VA to consider, in addition to other costs, VA's loss on the resale of the property. The no-bid formula currently applies to all loans closed before October 1, 2008.

Section 203 is subject to the PAYGO requirement of OBRA. The enactment of section 203 would not result in cost savings until FY 2009. In FY 2009, \$23 million would be saved as a result of enactment of this section. Total savings from FYs 2002–2011 would be \$2 million.

Extension of Temporary Authorities

Section 301 of the draft bill would amend 38 U.S.C. §5317 and 26 U.S.C. §6103, respectively, to permanently authorize VA to verify the eligibility of recipients of, or applicants for, VA's needs-based programs through data matching with the Internal Revenue Service and the Social Security Administration. VA's authority under 38 U.S.C. §5317 expires on September 30, 2008. However, authority under the Internal Revenue Code for this data matching expires on September 30, 2003. This section is subject to the PAYGO requirement of OBRA. Enactment of this section would result in cost savings of \$6 million in FY 2004, and would result in cumulative cost savings of \$18 million for the period FYs 2002–2006 and \$48 million for the period FYs 2002–2011.

Section 302 of the draft bill would make permanent the \$90 limitation on monthly VA pension payments that may be made to beneficiaries, without dependents, who are receiving Medicaid-covered nursing-home care by removing the existing September 30, 2008, expiration date set forth in 38 U.S.C. §5503(f). By reducing pension income, this provision reduces beneficiaries' share of their nursing home expenses. State Medicaid programs pay the difference, with a percentage of their expenditures reimbursed by the Federal government. This section is subject to the PAYGO requirement of OBRA. While section 302 would maintain higher State and Federal Medicaid costs, enactment of this section would result in VA cost savings of \$527 million in FY 2009. VA cost savings for the period FYs 2002–2011 would be \$1.6 billion.

Section 303(a) would amend 38 U.S.C. §1710(f)(2)(B) to make permanent a requirement that veterans eligible for health care under 38 U.S.C. §1710(a)(3) pay a copayment of \$10 for each day they receive VA hospital care. The requirement that veterans pay the copayment expires on September 30, 2002. Section 303(a) would also extend the current \$5 copayment for each day a veteran receives

nursing home care. However, that \$5 copayment will continue only until such time that VA publishes final regulations establishing a new copayment for nursing home care in accordance with requirements of 38 U.S.C. §1710B, a new provision added to title 38 by the Millennium Health Care and Benefits Act, Public Law No. 106–117. This section is subject to the PAYGO requirement of OBRA; however, the PAYGO effect would be zero because OBRA requires that collections be assumed in the baseline. Enactment of this section would result in continued collections of \$8 million beginning in FY 2003. For FYs 2002–2006, the collections would total \$40 million. For the period FYs 2002–2011, total collections would be \$80 million.

Subsection (b) would amend 38 U.S.C. §1722A to make permanent a requirement that certain veterans pay VA a copayment for each 30-day supply of medication that they receive on an outpatient basis. The requirement that veterans pay the copayment expires on September 30, 2002. The copayment amount is currently \$2 for each prescription, but section 1722A contains provisions allowing VA to increase the copayment amount and VA is likely to increase the amount during FY 2002. This section is subject to the PAYGO requirement of OBRA; however, the PAYGO effect would be zero because OBRA requires that collections be assumed in the baseline. Assuming continuation of only a \$2 copayment, enactment of this section would result in collections of \$100 million in FY 2003, \$500 million over the period FYs 2002–2006, and \$1 billion over the period FYs 2002–2011. In addition, enactment of this section would allow VA to implement the provision of the Veterans Millennium Health Care and Benefits Act increasing copayments, which would result in collections of \$268 million in FY 2003.

Section 304 would amend 38 U.S.C. §1729(a)(2)(E) to permanently authorize VA to collect from third-party private insurers for care VA provides to insured service-connected veterans for their nonservice-connected disabilities. Under existing law, the authority to collect from insurers expires on September 30, 2002. This section is subject to the PAYGO requirement of OBRA; however, the PAYGO effect would be zero because OBRA requires that collections be assumed in the baseline. Enactment of this section would result in collections of \$591 million in FY 2003. It would result in collections of \$2.5 billion for the period FYs 2002–2006 and \$5.9 billion over the period FYs 2002–2011.

Because this draft bill would affect direct spending and receipts, it is subject to the PAYGO requirement of OBRA. The Office of Management and Budget estimates that the provisions authorized by this draft bill would result in a total PAYGO cost of \$19 million for FY 2002, but a PAYGO savings of \$265 million for FYs 2002–2006, and \$2.6 billion for FYs 2002–2011.

The Office of Management and Budget has advised that there is no objection to the submission of this legislative proposal to the Congress, and that its enactment would be in accord with the program of the President.

Sincerely yours,

ANTHONY J. PRINCIPI.

By Ms. SNOWE (for herself and Mrs. FEINSTEIN):

S. 1489. A bill to provide for the sharing of information between Federal departments, agencies, and other entities with respect to aliens seeking admission to the United States, and for other purposes; to the Committee on the Judiciary.

By Ms. SNOWE:

S. 1490. A bill to establish terrorist lookout committees in each United States Embassy; to the Committee on Foreign Relations.

By Ms. SNOWE (for herself and Mrs. FEINSTEIN):

S. 1491. A bill to provide for the establishment and implementation of a fingerprint processing system to be used whenever a visa is issued to an alien; to the Committee on the Judiciary.

Ms. SNOWE. Madam President, I rise today to introduce three bills that will provide our first line of defense, our Consular Officers at our embassies and INS Inspectors at our ports-of-entry, with the resources and information they need to determine whether to grant a foreign national a visa or permit them entry to the United States. They are: The Terrorist Lookout Committee Act, the Visa Fingerprinting Act, and the Information Sharing to Strengthen America's Security Act.

I saw firsthand the consequences of serious inadequacies in coordination and communication during my twelve years as ranking member of the House Foreign Affairs International Operations Subcommittee and chair of the International Operations Subcommittee of the Senate Foreign Relations Committee. It was this lack of coordination that permitted the radical Egyptian Sheik Rahman, the mastermind of the 1993 World Trade Center bombing, to enter and exit the U.S. five times unimpeded even after he was put on the State Department's Lookout List in 1987, and allowed him to get permanent residence status by the INS even after the State Department issued a certification of visa revocation.

These bills are an essential step toward removing a vulnerability in our national security that has continued through the years. For example, the Inman report of 1984, which was commissioned by Secretary Shultz after three terrorist attacks against the U.S. Embassy and marines in Lebanon in 1983 and 1984, found that coordination between agencies must be improved. After the 1998 bombings of U.S. embassies in Kenya and Tanzania, the Accountability Review Board, a board which is required by law to make findings and recommendations upon the loss of life or property, made a recommendation that the FBI and State Department should improve their information sharing on terrorism. The 2000 National Commission on Terrorism also recommended that the FBI should establish a cadre of reports officers to distill and disseminate terrorism-related information once it is collected.

While intelligence is frequently exchanged, no law requires law enforcement and intelligence agencies to share information on dangerous aliens

with the State Department. The information sharing that does occur among agencies is done on a voluntary basis. Accordingly, the first bill I am introducing, the Information Sharing to Strengthen America's Security Act, requires all U.S. law enforcement agencies and the intelligence community to share information on foreign nationals with the State Department so that visas can be granted with the assurance that the sum total of the U.S. government has no knowledge why an alien should not be granted a visa to travel to the U.S.

This bill increases the information sharing among our law enforcement agencies, our intelligence community, and the State Department, so that foreign nationals who are known by any entity of the U.S. Government to be associated with, or members of, terrorist organizations are denied a visa. This includes the FBI, DEA, INS, Customs, CIA and the Defense Intelligence Agency, DIA, all vital agencies in the war on terrorism.

The second bill I am introducing—the Terrorist Lookout Committee Act, builds on the Information Sharing to Strengthen America's Security Act by requiring a Terrorist Lookout Committee to be established in every one of our embassies. This committee, which would be chaired by the Deputy Chief of Mission, will be comprised of the senior representatives of all law enforcement agencies and the intelligence community. The purpose of the mandated monthly meeting is to provide a forum for these officials to add names to the State Department's Consular Lookout and Support System, CLASS, of those who are considered dangerous aliens and, if they applied for a visa, should undergo a thorough review and possible denial of the visa.

If no names are submitted to the list then the chair is required to certify, subject to an Accountability Review Board, that no member had knowledge of any name that should be included. This requirement will elevate awareness of, and focus constant attention on, the necessity of maintaining the most accurate and current information possible. Finally, quarterly reports by the Secretary of State are to be submitted to the House International Relations Committee and the Senate Foreign Relations Committee.

To ensure that the foreign national who received the visa from our Embassy is the same person using it to enter the United States, I have introduced the Visa Fingerprinting Act. This bill requires the Secretary of State and the INS Commissioner to jointly establish and implement a fingerprint-backed check system. Foreign nationals would be fingerprinted before a visa could be issued, with information catalogued in a database accessible to Immigration officials. INS authorities at port-of-entry would then

be required to match fingerprint data with that of the foreign nationals seeking entry into the U.S., with the INS certifying to the match before permitting entry. My bill authorizes a one-time congressional expenditure to establish and implement the system, but the cost of operating the system would be funded through an increase in the visa service charge required for each visa.

The use of biometric technology such as fingerprint imaging, retinal and iris scans, and voice recognition, is no longer just a part of our science-fiction movies, but has become a widely used means of identity verification. The U.S. Government uses it at military and secret installations for access to both information and the installations themselves. Airports, such as Charlotte-Douglas International which utilizes iris scanning technology, have incorporated biometric technology to limit access to particular areas of the airport to authorized personnel only.

Interestingly, the INS already started down this road when, in 1998, it began to issue biometric crossing cards to Mexicans who cross the border frequently. These cards have a digital fingerprint image which, upon crossing, is matched to the fingerprint of the person possessing the card.

The bottom line is, we must stop terrorists not only at their points of entry, but more critically, at their point of origin. In America's war on terrorism, we can do no less.

By Mr. BOND:

S. 1493. A bill to forgive interest payments for a 2-year period on certain disaster loans to small business concerns in the aftermath of the terrorist attacks perpetrated against the United States on September 11, 2001, to amend the Internal Revenue Code of 1986 to provide tax relief for small business concerns, and for other purposes; to the Committee on Finance.

Mr. BOND. Madam President, I rise today to introduce the "Small Business Leads to Economic Recovery Act of 2001." The senseless terrorist attacks of September 11th have dealt a severe blow to the Nation and to our already struggling economy. The Small Business Administration estimates that 14,000 small businesses are within the disaster area in New York alone. These businesses clearly have been directly affected by this national disaster. But the economic impact does not stop there. For months small enterprises and self-employed individuals across the country have been struggling with the slowing economy. The recent terrorist attacks makes their situation even more dire.

In light of these events, the increasing calls from the small business community for economic stimulus legislation have understandably increased. As the Ranking Member of the Committee

on Small Business and Entrepreneurship, I receive on a daily basis pleas for help from small business in Missouri and across the Nation: small restaurants who have lost much of their business due to the fall off in business travel; local flight schools that have been grounded as a result of the recent terrorist attacks; and Main Street retailers who are struggling to survive in the slowing economy. Clearly, we must act and act soon.

In response to these urgent calls for help, I have prepared the Small Business Leads to Economic Recovery Act of 2001, which is designed to provide effective economic stimulus in three distinct but complementary ways: increasing access to capital for the Nation's small enterprises; providing tax relief and investment incentives for our small firms and the self-employed; and directing one of the Nation's largest consumers—the Federal Government—to shop with small business in America.

When the Disaster Relief Program at the Small Business Administration, SBA, was first established, the terrorist attack on New York City and the Pentagon was hardly contemplated. Now that we as a Nation are confronted with this nightmare, it is easy to see that are traditional approach to disaster relief will not be helpful to the thousands of small businesses located at or around the World Trade Center and the Pentagon.

In New York City, it may be a year or more before many of the small businesses destroyed or shut down by the terrorist attacks can reopen their doors for business. Small firms near the Pentagon, such as those at the Reagan National Airport or Crystal City, Virginia, are also shut down or barely operating. And there are small businesses throughout the United States that have been shut down for national security concerns. For example, General Aviation aircraft remain grounded, closing all flight schools and other small businesses dependent on single engine aircraft.

Regular small business disaster loans fall short of providing effective disaster relief to help these small businesses. Therefore, my bill will allow small businesses to defer for up to two years repayment of principal and interest on their SBA disaster relief loans. Interest that would otherwise accrue during the deferment period would be forgiven. It is my intention that this essential new ingredient will allow the small businesses to get back on their feet without jeopardizing their credit or diving them into bankruptcy.

Small enterprises located in the presidentially declared disaster areas surrounding the World Trade Center and the Pentagon are not the only business experiencing extreme hardship as the direct result of the terrorist attacks of September 11th. Nationwide,

thousands of small businesses are unable to conduct business or are operating at a bare-minimum level. Tens of thousands of jobs are at risk of being lost as our nation's small businesses weather the fall out from the September 11th attacks.

My bill provides a special financial tool to assist small businesses as they deal with these significant business disruptions. Small businesses in need of working capital would be able to obtain SBA-guaranteed "Emergency Relief Loans" from their banks to help them during this period. Fees normally paid by the borrower to the SBA would be eliminated, and the SBA would guarantee 95 percent of the loan. A key feature of my bill is the authorization for the bank to defer repayment of principal for up to one year.

My colleagues and I have been hearing time and time again during the last three weeks since the terrorist attacks that small businesses are experiencing significant hardship. Many small businesses were already experiencing a downturn in business activity prior to September 11th. As the White House Chief of Staff recently commented, our economy was in a downturn before September 11, and this downturn was further exacerbated by the terrorist attacks.

Historically, when our economy slows or turns into a recession, the strength of the small business sector helps to right our economic ship, leading the nation to economic recovery. Today, small businesses employ 58 percent of the U.S. workforce and create 75 percent of the net new jobs. Clearly, we cannot afford to ignore America's small businesses as we consider measures to stimulate our economy.

The Small Business Leads to Economic Recovery Act of 2001 also provides for changes in the SBA 7(a) Guaranteed Business Loan Program and the 504 Certified Development Company Loan Program to stimulate lending to small businesses that are most likely to grow and add new employees. These enhancements to the SBA's 7(a) and 504 loan programs are to extend for one year. They are designed to make the program more affordable during the period when the economy is weak and banks have tightened their underwriting requirements for small business loans.

Specifically, when the economy is slowing, it is normal for banks to raise the bar for obtaining commercial loans. However, making it harder for small businesses to survive is the wrong reaction to a slowing economy. By tweaking the 7(a) and 504 loans to make them more affordable to borrowers and lenders, we will be working against history's rules governing a slowing economy, thereby adding a stimulus for small businesses. Essentially, we will be providing a countercyclical action in the face a slow econ-

omy with the express purpose of accelerating the recovery.

I have agreed to cosponsor a bill that Senator JOHN KERRY, Chairman of the Committee on Small Business and Entrepreneurship, intends to introduce in the near future to improve and strengthen the credit and management assistance programs at the SBA in response to the September 11th terrorist attack. I am pleased to report that his bill will incorporate key ingredients of Title I of the Small Business Leads to Economic Recovery Act of 2001 by adopting the three tier approach to enhance the SBA's credit programs so they can respond more effectively and efficiently to the September 11th disaster.

With the contraction of the private-equity market over the past year, the Small Business Investment Company, SBIC, program has taken on a significant role in providing venture capital to small businesses seeking investments in the range of \$500,000 to \$3 million. In the current economic environment, the SBIC program represents an increasingly important source of capital for small enterprises.

While Debenture SBICs qualify for SBA-guaranteed borrowed capital, the government guarantee forces a number of potential investors, namely pension funds, to avoid investing in SBICs because they would be subject to tax liability for unrelated business taxable income, UBTI. When free to choose, tax-exempt investors generally opt to invest in venture capital funds that do not create UBTI.

As a result, 60 percent of the private-capital potentially available to these SBICs is effectively "off limits." The Small Business Leads to Economic Recovery Act of 2001 corrects this problem by excluding government-guaranteed capital borrowed by Debenture SBICs from debt for purposes of the UBTI rules. This change would permit tax-exempt organizations to invest in SBICs without the burdens of UBTI recordkeeping or tax liability. More importantly, this change in the law could double the amount of private capital being invested in small businesses through the Debenture SBIC program.

The access-to-capital provisions of the bill will go a long way toward easing the cash-flow burdens that small firms are now facing, but we can also tackle this problem from another perspective, reducing the tax burden of small businesses. Accordingly, the second component of my Small Business Leads to Economic Recovery Act provides substantial tax relief for small businesses. These provisions hold the greatest potential, in my opinion, for fast and effective tax stimulus for small enterprises.

First and foremost, this bill would permit small businesses to expense substantially more of their new equipment

purchases by raising the expensing limit to \$100,000 per year and by increasing the expensing phase-out threshold to \$500,000. In addition, for small businesses that cannot qualify for expensing, the bill reduces the depreciation-recovery period for computers, peripheral equipment and software to two years.

Together, these provisions have several important advantages for America's small businesses, especially in light of the current economic conditions. By allowing more equipment purchases to be deducted currently and reducing the recovery period for technology purchases that must be depreciated, we can provide much needed capital for small businesses. With that freed-up capital, a business can invest in new computer equipment, which will benefit the small enterprise and, in turn, stimulate the sagging technology industry. Finally, new computer equipment will contribute to continued productivity growth in the business community, which Federal Reserve Chairman Alan Greenspan has stressed is essential to the long-term vitality of our economy.

Finally, these modifications will simplify the tax law for countless small businesses. Greater expensing means less equipment subject to the onerous depreciation rules. And for businesses that do not qualify for expensing, shortening the recovery period for computer equipment from the current five-year period will add some common sense to the tax law. Since most computers have outlived their usefulness after two to three years, let alone five years, too many businesses are left to depreciate this property long after it has become obsolete.

In short, the equipment-expensing and depreciation changes I propose are a win-win for small businesses, the technology industry, and our national economy as a whole. But we do not stop there. The bill also addresses the limitation on depreciation that many small firms face with regard to the automobiles, light trucks and vans that are so essential to their operations.

Specifically, the Small Business Leads to Economic Recovery Act amends the limitations under section 280F of the tax code, which currently prohibit a small business from claiming a full depreciation deduction if the vehicle costs more than \$14,460, for vehicles placed in service in 2000. Although these limitations have been subject to inflation adjustments since they were adjusted in 1986, they have not kept pace with the actual cost of new vehicles in most cases. For many small businesses, the use of a car, light truck or van is an essential asset for transporting personnel to sales and service appointments and for delivering their products. Accordingly, the bill adjusts the thresholds so that a

business will not lose any of its depreciation deduction for vehicles costing less than \$25,000, which will continue to be indexed for inflation.

This provision of the bill will help ease the cash flow strains for many small businesses, freeing critical capital that can be used for investments in new business vehicles. In turn, purchases of new cars, light trucks or vans will offer much-needed stimulus for the nation's automotive industry. Again, multiple benefits for a small change in our tax code.

My bill also responds to the difficult times facing the nation's restaurant industry, which the National Restaurant Association estimates lost 60,000 jobs in September due to slower sales caused by the current economic conditions and the recent terrorist attacks. While by no means a complete solution, we can lend a hand to the restaurant industry, which is dominated by small businesses, by increasing the business-meals deduction to 100 percent. This will provide an incentive for businesses to return to their local restaurants, and at the same time assist non-restaurant businesses and the self-employed for whom business meals are an unavoidable fact of life.

At the National Women's Small Business Summit, which I hosted last June, a number of participants noted that unlike their large competitors, small enterprises often sell their products and services by word of mouth and close many business transactions on the road or in a local diner. In many ways the business breakfast with a potential customer is akin to formal advertising that larger businesses purchase in newspapers or on radio or television. While the newspaper ad is fully deductible, however, the business meal is only 50 percent deductible for the small business owner.

In addition, many self-employed individuals like sales representatives spend enormous amounts of time on the road with no choice but to eat in restaurants while away from home. For these individuals the current 50 percent limitation on the deductibility of business meals is a severe strain on cash flow, especially with the soft market conditions they face for selling their products and services. A 100 percent deduction will ease those strains and help small firms in these situations to weather the current economic storm.

The final tax provisions of my bill relate to a growing problem for small businesses—the alternative minimum tax, AMT. For the sole proprietors, partners, and S corporation shareholders, the individual AMT increases their tax liability by, among other things, reducing depreciation and depletion deductions, limiting net operating loss treatment, eliminating the deductibility of state and local taxes, and curtailing the expensing of research and experimentation costs. In

addition, because of its complexity, this tax forces small business owners to waste precious funds on tax professionals to determine whether the AMT even applies. For these reasons, the bill includes the recommendation of the Taxpayer Advocate to repeal the individual AMT. In light of the current economic situation facing our nation's small enterprises, my bill will repeal the individual AMT beginning this year.

For small corporations, the AMT story is much the same, high compliance costs and additional taxes draining away scarce capital from the business. Accordingly, for small corporate taxpayers, the bill increases the current exemption from the corporate AMT. As a result, a small corporation will initially qualify for the exemption if its average gross receipts are \$7.5 million or less, up from the current \$5 million, during its first three taxable years. Thereafter, a small corporation will continue to qualify for the AMT exemption for as long as its average gross receipts for the prior three-year period do not exceed \$10 million, up from the current \$7.5 million.

The tax component of the Small Business Leads to Economic Recovery Act will provide significant cash-flow relief for small enterprises and many incentives for them to continue investing in our economy for their long-term well being. Together with the access-to-capital component, the tax relief will give a significant boost to small businesses and our economy. But we can do more, we can call on the Nation's largest consumer, the Federal Government, to shop with small business in America.

Toward that end, my bill would make some subtle changes in the laws governing Federal procurement that will have a dramatic impact on expanding contracting opportunities for small businesses. For example, when the Brooks Act was enacted in 1982, it prohibited small business set asides for contracts to provide architectural and engineering services valued at \$85,000 or more. It has been almost twenty years, and the ceiling has not been adjusted, not even once, to reflect inflation or other changes in the economy. My bill would increase this ceiling to \$300,000 and would create immediate opportunities for contracting officers in Federal agencies to increase the number of contracts set aside for small businesses.

It is also the Federal Government's policy that contracts valued at less than \$100,000 be reserved for small businesses. This policy, however, is not followed by the General Services Administration, GSA, with respect to the Federal Supply Schedule, FSS. Too often contracts for less than \$100,000 are filed by large businesses. Therefore, my bill would require that all Federal agency contracts, requirements or procurements valued at less than \$100,000

be reserved for small businesses. Again, this change in our law would have an immediate positive effect by making more contracting opportunities available to small businesses.

For contracts for property or services not on the GSA's FSS, my bill would require that contracts valued at less than \$100,000 be reserved for competition among small businesses registered on the SBA's PRO-Net and the Central Contractor Register, CCR, at the Department of Defense, DoD. By using the two registries, small businesses would know where to go to begin the process of competing for government contracts, and contracting officers would have at their fingertips a list of hundreds of thousands of small businesses listed by industry category.

My bill would provide for a six-month announcement period, which would be followed by a one year phase-in period during which 25 percent of the dollar value of all contracts valued less than \$100,000 would be set aside for small businesses. After the first year, the set aside would increase to 50 percent in the second and subsequent years.

Minority-owned small businesses and small businesses located in economically distressed urban and rural areas are at a particular disadvantage when competing for Federal government contracts. My bill would offer improved opportunities for these small businesses as part of the disaster-recovery effort. It would provide that when a contracting officer directs a contract to a HUBZone or 8(a) small businesses, the current ceiling on sole-source contracting would be removed. This change would apply only to the money that is appropriated by the Congress specifically targeted to the September 11 disaster-recovery effort.

The Small Business Leads to Economic Recovery Act is a comprehensive bill to help the Nation as well as the owners and employees of small businesses. Its relief is targeted and is designed to work tomorrow and in the immediate future. Now is not the time to focus on ten year plans and lengthy phase-in periods. Small businesses need help, today, and my bill will put cash in the business' bank account and in employees' pockets. Small businesses have been the champions of past economic recoveries. My bill gives small businesses the tools to accelerate a recovery, so that our Nation's economic fortunes are reversed sooner rather than later.

Madam President, I ask unanimous consent that the text of the bill and a summary of its provisions be printed in the RECORD.

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

S. 1493

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 "Small Business Leads to Economic Recovery 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—SMALL BUSINESS EMERGENCY LOAN ASSISTANCE

Sec. 101. Short title.

Sec. 102. Definitions.

Sec. 103. Deferment of disaster loan payments.

Sec. 104. Refinancing existing disaster loans.

Sec. 105. Emergency relief loan program.

Sec. 106. Economic recovery loan and financing programs.

TITLE II—SMALL BUSINESS TAX PROVISIONS FOR ECONOMIC STIMULUS

Sec. 201. Amendment of 1986 Code.

Sec. 202. Increase in expense treatment of certain depreciable business assets for small businesses.

Sec. 203. Expensing of computer software.

Sec. 204. Modification of depreciation rules for computers and software.

Sec. 205. Adjustments to depreciation limits for business vehicles.

Sec. 206. Increased deduction for business meal expenses.

Sec. 207. Modification of unrelated business income limitation on investment in certain debt-financed properties.

Sec. 208. Repeal of alternative minimum tax on individuals.

Sec. 209. Exemption from alternative minimum tax for small corporations.

TITLE III—SMALL BUSINESS PROCUREMENTS

Sec. 301. Expansion of opportunity for small businesses to be awarded department of defense contracts for architectural and engineering services and construction design.

Sec. 302. Procurements of property and services in amounts not in excess of \$100,000 from small businesses.

Sec. 303. Sole Source Procurements of Property and Services under the 2001 Emergency Supplemental Appropriations Act for Recovery From and Response to Terrorist Attacks on the United States.

TITLE I—SMALL BUSINESS EMERGENCY LOAN ASSISTANCE

SEC. 101. SHORT TITLE.

This title may be cited as the "Small Business Emergency Loan Assistance Act of 2001".

SEC. 102. DEFINITIONS.

In this title—

(1) the term "Administration" means the Small Business Administration;

(2) the term "covered loan" means a loan made by the Administration to a small business concern—

(A) under section 7(b) of the Small Business Act (15 U.S.C. 636(b)); and

(B) located in an area which the President has designated as a disaster area as a result of the terrorist attacks perpetrated against the United States on September 11, 2001; and

(3) the term "small business concern" has the same meaning as in section 3 of the Small Business Act (15 U.S.C. 632).

SEC. 103. DEFERMENT OF DISASTER LOAN PAYMENTS.

(a) IN GENERAL.—Notwithstanding any other provision of law, payments of principal

or interest on a covered loan shall be deferred, and no interest shall accrue with respect to a covered loan, during the 2-year period following the date of issuance of the covered loan.

(b) RESUMPTION OF PAYMENTS.—At the end of the 2-year period described in subsection (a), the payment of periodic installments of principal and interest shall be required with respect to a covered loan, in the same manner and subject to the same terms and conditions as would otherwise be applicable to a loan made under section 7(b) of the Small Business Act (15 U.S.C. 636(b)).

SEC. 104. REFINANCING EXISTING DISASTER LOANS.

(a) IN GENERAL.—Any loan made under section 7(b) of the Small Business Act (15 U.S.C. 636(b)) that was outstanding as to principal or interest on September 11, 2001, may be refinanced by a small business concern that is also eligible to receive a covered loan under this Act, and the refinanced amount shall be considered to be part of the covered loan for purposes of this title.

(b) NO AFFECT ON ELIGIBILITY.—A refinancing under subsection (a) by a small business concern shall be in addition to any covered loan eligibility for that small business concern under this title.

SEC. 105. EMERGENCY RELIEF LOAN PROGRAM.

(a) BUSINESS LOAN AUTHORITY.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

"(31) TEMPORARY LOAN AUTHORITY FOLLOWING TERRORIST ATTACKS.—

"(A) IN GENERAL.—During the 1-year period beginning on the date of enactment of this paragraph, the Administration may make loans under this subsection to a small business concern that has suffered, or that is likely to suffer, significant economic injury as a result of the terrorist attacks perpetrated against the United States on September 11, 2001.

"(B) LOAN TERMS.—With respect to a loan under this paragraph—

"(i) for purposes of paragraph (2)(A), participation by the Administration shall be equal to 95 percent of the balance of the financing outstanding at the time of disbursement of the loan;

"(ii) no fee may be required or charged under paragraph (18);

"(iii) the applicable rate of interest shall not exceed a rate that is one percentage point above the prime rate as published in a national financial newspaper published each business day;

"(iv) no such loan shall be made if the total amount outstanding and committed (by participation or otherwise) to the borrower under this paragraph would exceed \$1,000,000;

"(v) upon request of the borrower, repayment of principal due on a loan made under this paragraph shall be deferred during the 1-year period beginning on the date of issuance of the loan; and

"(vi) the repayment period shall not exceed 7 years, including any period of deferment under clause (v).

"(C) APPLICABILITY.—The loan terms described in subparagraph (B) shall apply to a loan under this paragraph notwithstanding any other provision of this subsection, and except as specifically provided in this paragraph, a loan under this paragraph shall otherwise be subject to the same terms and conditions as any other loan under this subsection.

"(D) SIGNIFICANT ECONOMIC INJURY.—In this paragraph, the term "substantial economic

injury' means an economic harm to a small business concern that results in the inability of the small business concern—

“(i) to meet its obligations as they mature;
“(ii) to pay its ordinary and necessary operating expenses; or

“(iii) to market, produce, or provide a product or service ordinarily marketed, produced, or provided by the business concern.”.

SEC. 106. ECONOMIC RECOVERY LOAN AND FINANCING PROGRAMS.

(a) **ONE-YEAR SUSPENSION OF SECTION 7(a) FEES.**—Section 7(a)(18) of the Small Business Act (15 U.S.C. 636(a)(18)) is amended by adding at the end the following:

“(C) **ONE-YEAR WAIVER OF FEES FOLLOWING TERRORIST ATTACKS.**—No fee may be collected or charged, and no fee shall accrue under this paragraph during the 1-year period beginning on the date of enactment of the Small Business Terrorism Relief and Economic Stimulus Act of 2001.”.

(b) **ONE-YEAR INCREASE IN PARTICIPATION LEVELS.**—Section 7(a)(2) of the Small Business Act (15 U.S.C. 636(a)(2)) is amended—

(1) in subparagraph (A), by striking “subparagraph (B)” and inserting “subparagraphs (B) and (E)”;

(2) by adding at the end the following:
“(E) **TEMPORARY PARTICIPATION LEVELS FOLLOWING TERRORIST ATTACKS.**—During the 1-year period beginning on the date of enactment of the Small Business Terrorism Relief and Economic Stimulus Act of 2001, clauses (i) and (ii) of subparagraph (A) shall be construed to read as follows:

“(i) 85 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance exceeds \$150,000; or

“(ii) 90 percent of the balance of the financing outstanding at the time of disbursement of the loan, if such balance is less than or equal to \$150,000.”.

(c) **ONE-YEAR SUSPENSION OF OTHER FEES.**—Section 503 of the Small Business Investment Act of 1958 (15 U.S.C. 697) is amended—

(1) in subsection (b)(7)(A), by striking “which amount shall” and inserting “which amount shall not be assessed or collected, and no amount shall accrue, during the 1-year period beginning on the date of enactment of the Small Business Terrorism Relief and Economic Stimulus Act of 2001, and which amount shall otherwise”;

(2) in subsection (d)(2), by adding at the end the following: “No fee may be assessed or collected under this paragraph, and no fee shall accrue, during the 1-year period beginning on the date of enactment of the Small Business Terrorism Relief and Economic Stimulus Act of 2001.”.

TITLE II—SMALL BUSINESS TAX

PROVISIONS FOR ECONOMIC STIMULUS

SEC. 201. AMENDMENT OF 1986 CODE.

Except as otherwise expressly 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. INCREASE IN EXPENSE TREATMENT OF CERTAIN DEPRECIABLE BUSINESS ASSETS FOR SMALL BUSINESSES.

(a) **IN GENERAL.**—Section 179(b)(1) (relating to dollar limitation) is amended to read as follows:

“(1) **DOLLAR LIMITATION.**—

“(A) **IN GENERAL.**—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed \$100,000.

“(B) **INFLATION ADJUSTMENT.**—In the case of any taxable year beginning in a calendar

year after 2001, the dollar amount contained in subparagraph (A) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by
“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting “calendar year 2000” for “calendar year 1992” in subparagraph (B) thereof.

If any amount as adjusted under this subparagraph is not a multiple of \$1,000, such amount shall be rounded to the nearest multiple of \$1,000.”.

(b) **EXPANSION OF PHASE-OUT OF LIMITATION.**—Section 179(b)(2) is amended to read as follows:

“(2) **REDUCTION IN LIMITATION.**—

“(A) **IN GENERAL.**—The limitation under paragraph (1) for any taxable year shall be reduced (but not below zero) by the amount by which the cost of section 179 property for which a deduction is allowable (without regard to this subsection) under subsection (a) for such taxable year exceeds \$500,000.”

“(B) **INFLATION ADJUSTMENT.**—In the case of any taxable year beginning in a calendar year after 2001, the dollar amount contained in subparagraph (A) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by
“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting “calendar year 2000” for “calendar year 1992” in subparagraph (B) thereof.

If any amount as adjusted under this subparagraph is not a multiple of \$10,000, such amount shall be rounded to the nearest multiple of \$10,000.”.

(c) **TIME OF DEDUCTION.**—The second sentence of section 179(a) (relating to election to expense certain depreciable business assets) is amended by inserting “(or, if the taxpayer elects, the preceding taxable year if the property was purchased in such preceding year)” after “service”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 203. EXPENSING OF COMPUTER SOFTWARE.

(a) **COMPUTER SOFTWARE ELIGIBLE FOR EXPENSING.**—The heading and first sentence of section 179(d)(1) (relating to section 179 property) are amended to read as follows:

“(1) **SECTION 179 PROPERTY.**—For purposes of this section, the term ‘section 179 property’ means property—

“(A) which is—
“(i) tangible property to which section 168 applies, or

“(ii) computer software (as defined in section 197(e)(3)(B)) to which section 167 applies,
“(B) which is section 1245 property (as defined in section 1245(a)(3)), and

“(C) which is acquired by purchase for use in the active conduct of a trade or business.”.

(b) **NO COMPUTER SOFTWARE INCLUDED AS SECTION 197 INTANGIBLE.**—

(1) **IN GENERAL.**—Section 197(e)(3)(A) is amended to read as follows:

“(A) **IN GENERAL.**—Any computer software.”.

(2) **CONFORMING AMENDMENT.**—Section 167(f)(1)(B) is amended by striking “; except that such term shall not include any such software which is an amortizable section 197 intangible”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after December 31, 2000.

SEC. 204. MODIFICATION OF DEPRECIATION RULES FOR COMPUTERS AND SOFTWARE.

(a) **2-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF COMPUTERS AND PERIPHERAL EQUIPMENT.**—

(1) **IN GENERAL.**—Section 168(c) (relating to applicable recovery period) is amended by adding at the end the following flush sentence:

“In the case of 5-year property which is a computer or peripheral equipment, the applicable recovery period shall be 2 years.”.

(2) **CONFORMING AMENDMENTS.**—

(A) Section 168(g)(3)(C) (relating to alternative depreciation system for certain property) is amended to read as follows:

“(C) **QUALIFIED TECHNOLOGICAL EQUIPMENT.**—

“(i) **IN GENERAL.**—Except as provided in clause (ii), in the case of any qualified technological equipment, the recovery period used for purposes of paragraph (2) shall be 5 years.

“(ii) **COMPUTERS OR PERIPHERAL EQUIPMENT.**—In the case of any computer or peripheral equipment, the recovery period used for purposes of paragraph (2) shall be 2 years.”.

(B) Section 168(j)(2) (relating to depreciation of property on Indian reservations) is amended by adding at the end the following flush sentence:

“In the case of 5-year property which is a computer or peripheral equipment, the applicable recovery period shall be 1 year.”.

(C) Section 467(e)(3)(A) (relating to certain payments for the use of property or services) is amended by adding at the end the following flush sentence:

“In the case of 5-year property which is a computer or peripheral equipment, the applicable recovery period shall be 2 years.”.

(b) **2-YEAR DEPRECIATION PERIOD FOR COMPUTER SOFTWARE.**—Section 167(f)(1)(A) of the Internal Revenue Code of 1986 is amended by striking “36 months” and inserting “24 months”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after December 31, 2000.

SEC. 205. ADJUSTMENTS TO DEPRECIATION LIMITS FOR BUSINESS VEHICLES.

(a) **IN GENERAL.**—

(1) **INCREASE IN LIMITATION.**—Section 280F(a)(1)(A) (relating to limitation on amount of depreciation for luxury automobiles) is amended—

(A) by striking “\$2,560” in clause (i) and inserting “\$5,400”;

(B) by striking “\$4,100” in clause (ii) and inserting “\$8,500”;

(C) by striking “\$2,450” in clause (iii) and inserting “\$5,100”; and

(D) by striking “\$1,475” in clause (iv) and inserting “\$3,000”.

(2) **CONFORMING AMENDMENT.**—Section 280F(a)(1)(B)(ii) (relating to disallowed deductions allowed for years after recovery period) is amended by striking “\$1,475” each place that it appears and inserting “\$3,000”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after December 31, 2000.

SEC. 206. INCREASED DEDUCTION FOR BUSINESS MEAL EXPENSES.

(a) **IN GENERAL.**—Section 274(n)(1) (relating to only 50 percent of meal and entertainment expenses allowed as deduction) is amended by striking “50 percent” in the text and inserting “the allowable percentage”.

(b) **ALLOWABLE PERCENTAGE.**—Section 274(n) is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4),

respectively, and by inserting after paragraph (1) the following new paragraph:

“(2) ALLOWABLE PERCENTAGE.—For purposes of paragraph (1), the allowable percentage is—

“(A) in the case of amounts for items described in paragraph (1)(B), 50 percent, and
“(B) in the case of expenses for food or beverages, 100 percent.”.

(c) CLARIFICATION OF SPECIAL RULE FOR INDIVIDUALS SUBJECT TO FEDERAL HOURS OF SERVICE.—Section 274(n)(4) (relating to limited percentages of meal and entertainment expenses allowed as deduction), as redesignated by subsection (b), is amended to read as follows:

“(4) SPECIAL RULE FOR INDIVIDUALS SUBJECT TO FEDERAL HOURS OF SERVICE.—In the case of any expenses for food or beverages consumed while away from home (within the meaning of section 162(a)(2)) by an individual during, or incident to, the period of duty subject to the hours of service limitations of the Department of Transportation, paragraph (2)(B) shall apply to such expenses.”.

(d) CONFORMING AMENDMENT.—The heading for subsection (n) of section 274 is amended by striking “50 PERCENT” and inserting “LIMITED PERCENTAGES”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 207. MODIFICATION OF UNRELATED BUSINESS INCOME LIMITATION ON INVESTMENT IN CERTAIN DEBT-FINANCED PROPERTIES.

(a) IN GENERAL.—Section 514(c)(6) (relating to acquisition indebtedness) is amended—

(1) by striking “include an obligation” and inserting “include—
“(A) an obligation”.

(2) by striking the period at the end and inserting “, or”, and

(3) by adding at the end the following:

“(B) indebtedness incurred by a small business investment company licensed under the Small Business Investment Act of 1958 which is evidenced by a debenture—

“(i) issued by such company under section 303(a) such Act, or

“(ii) held or guaranteed by the Small Business Administration.”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to acquisitions made on or after the date of the enactment of this Act.

SEC. 208. REPEAL OF ALTERNATIVE MINIMUM TAX ON INDIVIDUALS.

(a) IN GENERAL.—

(1) REPEAL.—Section 55(a) (relating to alternative minimum tax) is amended by adding at the end the following new flush sentence:

“For purposes of this title, the tentative minimum tax on any taxpayer other than a corporation for any taxable year beginning after December 31, 2000, shall be zero.”.

(2) NONREFUNDABLE PERSONAL CREDITS FULLY ALLOWED AGAINST REGULAR TAX LIABILITY.—

(A) IN GENERAL.—Section 26(a) (relating to limitation based on amount of tax) is amended to read as follows:

“(a) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate amount of credits allowed by this subpart for the taxable year shall not exceed the taxpayer’s regular tax liability for the taxable year.”.

(B) CHILD CREDIT.—Section 24(d) is amended by striking paragraph (2) and by redesignating paragraph (3) as paragraph (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

SEC. 209. EXEMPTION FROM ALTERNATIVE MINIMUM TAX FOR SMALL CORPORATIONS.

(a) IN GENERAL.—Section 55(e)(1)(A) (relating to exemption for small corporations) is amended to read as follows:

“(A) \$10,000,000 GROSS RECEIPTS TEST.—The tentative minimum tax of a corporation shall be zero for any taxable year if the corporation’s average annual gross receipts for all 3-taxable-year periods ending before such taxable year does not exceed \$10,000,000. For purposes of the preceding sentence, only taxable years beginning after December 31, 1997, shall be taken into account.”.

(b) GROSS RECEIPTS TEST FOR FIRST 3-YEAR PERIOD.—Section 55(e)(1)(B) is amended to read as follows:

“(B) \$7,500,000 GROSS RECEIPTS TEST FOR FIRST 3-YEAR PERIOD.—Subparagraph (A) shall be applied by substituting “\$7,500,000” for “\$10,000,000” for the first 3-taxable-year period (or portion thereof) of the corporation which is taken into account under subparagraph (A).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

TITLE III—SMALL BUSINESS PROCUREMENTS

SEC. 301. EXPANSION OF OPPORTUNITY FOR SMALL BUSINESSES TO BE AWARDED DEPARTMENT OF DEFENSE CONTRACTS FOR ARCHITECTURAL AND ENGINEERING SERVICES AND CONSTRUCTION DESIGN.

Section 2855(b)(2) of title 10, United States Code, is amended by striking “\$85,000” and inserting “\$300,000”.

SEC. 302. PROCUREMENTS OF PROPERTY AND SERVICES IN AMOUNTS NOT IN EXCESS OF \$100,000 FROM SMALL BUSINESSES.

(a) SMALL BUSINESS SET-ASIDES.—Section 15 of the Small Business Act (15 U.S.C. 644) is amended by adding at the end the following:

“(q) PROCUREMENTS OF PROPERTY AND SERVICES NOT IN EXCESS OF \$100,000.—

“(1) FEDERAL SUPPLY SCHEDULE ITEMS.—The head of an agency procuring items listed on a Federal Supply Schedule in a total amount not in excess of \$100,000 shall procure the items from a small business.

“(2) OTHER PROPERTY AND SERVICES.—The head of an agency procuring property or services not listed on a Federal Supply Schedule in a total amount not in excess of \$100,000 shall procure the property or services from a small business registered on PRO-Net or the Centralized Contractor Registration System. Competitive procedures shall be used in the selection of sources for procurements from small businesses under this subsection.”.

(b) PHASED IMPLEMENTATION.—

(1) FIRST 2 YEARS.—During the 2-year period beginning on the effective date determined under subsection (c), the requirement of subsection (q)(1) of section 15 of the Small Business Act (as added by subsection (a) of this section) shall apply with respect to 25 percent of the procurements described in that subsection (determined on the basis of amount), and the requirement in subsection (q)(2) of that section shall apply with respect to 25 percent of the procurements described in subsection (q)(2) (determined on the basis of amount).

(2) ENSUING 2 YEARS.—During the 2-year period beginning on the day after the expiration of the period described in paragraph (1), the requirement of subsection (q)(1) of section 15 of the Small Business Act (as added by subsection (a) of this section) shall apply with respect to 50 percent of the procure-

ments described in that subsection (determined on the basis of amount), and the requirement in subsection (q)(2) of that section shall apply with respect to 50 percent of the procurements described in subsection (q)(2) (determined on the basis of amount).

(c) EFFECTIVE DATE.—Section 15(q) of the Small Business Act (as added by subsection (a) of this section) shall take effect on the first day of the first month that begins not less than 180 days after the date of enactment of this Act.

SEC. 303. SOLE SOURCE PROCUREMENTS OF PROPERTY AND SERVICES UNDER THE 2001 EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT FOR RECOVERY FROM AND RESPONSE TO TERRORIST ATTACKS ON THE UNITED STATES.

Notwithstanding the provisions of sections 8(a)(1)(D)(i)(II) and subclauses (I) and (II) of section 31(b)(2)(A)(ii) of the Small Business Act (15 U.S.C. 637(a)(1)(D)(i)(II), 658(b)(2)(A)(ii)(I), and 658(b)(2)(A)(ii)(II), respectively), a contracting officer may award non-competitive contracts with the budget authority provided by the 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (Public Law 107-38) or by subsequent emergency appropriations bill adopted pursuant thereto, if—

(a) such contracts are to be awarded to an eligible Program Participant under section 8(a) or to a qualified HUBZone small business concern under section 3(p)(5) of the Small Business Act (15 U.S.C. 637(a) and 632(p)(5)), and

(b) the head of the procuring agency certifies that the property or services needed by the agency are of such an unusual and compelling urgency that the United States would be seriously harmed by use of competitive procedures, pursuant to—

(1) section 2304(c)(2) of Title 10, United States Code, or

(2) section 303(c)(2) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(c)(2)).

S. 1493: SMALL BUSINESS LEADS TO ECONOMIC RECOVERY ACT OF 2001

DESCRIPTION OF PROVISIONS

TITLE I—SMALL BUSINESS EMERGENCY LOAN ASSISTANCE

Section 101. Short Title

This section sets forth the title, “Small Business Leads to Economic Recovery Act of 2001.”

Section 102. Definitions

This section provides the definitions of key words used in Title I.

Section 103. Deferment of Disaster Loan Payments

In recognition that the small businesses eligible for Disaster Assistance Loans will not be able to begin repayment of the loans for up to two years, the bill provides that both principal and interest payment will be deferred for two years from the date of loan origination. Interest that accrues during the deferment period would be forgiven.

Section 104. Refinancing Existing Disaster Loans

As the result of the World Trade Center bombing in 1993, there are small businesses in the Presidentially-declared disaster area that have outstanding SBA disaster loans. This section will permit small businesses to refinance outstanding disaster loans in the new disaster loans with the two-year deferment provision.

Section 105. Emergency Relief Loan Program

This section creates a special one-year program at the SBA using key components of the 7(a) guaranteed business loan program to create a working capital loan program for small businesses suffering significant economic injury as the result of the September 11, 2001, terrorist attacks on the World Trade Center and the Pentagon. The loans would have a 95 percent guarantee, and there would be no up-front borrower fee. The interest rate would be the Prime Rate plus 1 percent. Banks would have the option to defer principal payments for up to one year.

This special working capital loan program recognizes there are small businesses nationwide that are experiencing serious cash flow difficulties as the result of the terrorist attacks, e.g., travel agencies, flight training and other commercial users of single-engine VFR aircraft.

Section 106. Economic Recovery Loan and Financing Programs

As the result of the deteriorating economy, which was experiencing a downturn prior to September 11, 2001, banks had initiated steps to tighten the availability of credit to small businesses. For Fiscal Year 2001, it is projected that new loan originations may drop as much as 25 percent from the projections on October 1, 2000.

This section will make significant changes for one year to the 7(a) guaranteed business loan program. Loans would be available for all qualified borrowers. The up-front loan origination fee paid by the borrower, which ranges from 2.0 percent to 3.5 percent depending on loan size, would be eliminated. The guarantee percentage for the general loan program would be increased from 75 percent to 85 percent. For the LowDoc program, the guarantee percentage would increase from 80 percent to 90 percent.

This section would also make similar changes to the 504 Certified Development Company Loan Program. For one year, the up-front fee paid by the bank making the loan in the first loss position would be eliminated. Further, the annual fee paid by the borrower would also be dropped.

Section 107. Small Business Investment Company Enhancement Program

The Administration and the SBIC industry has recommended that the SBIC/Participating Securities Program become a fee-based program, which would eliminate the need for an annual appropriation. This change would entail enacting legislation to increase the SBIC fee from 1 percent to at least 1.38 percent. This section would allow the SBA to increase the annual fee to no more than 1.50 percent, which would support a program level of \$3.5 billion in Fiscal Year 2002.

TITLE II—SMALL BUSINESS TAX PROVISIONS FOR ECONOMIC STIMULUS

Section 201. Amendment of 1986 Code

This section clarifies that all changes in the bill are to the Internal Revenue Code of 1986, as previously amended.

Section 202. Increase in Expense Treatment of Certain Depreciable Business Assets for Small Businesses.

The bill amends section 179 of the Internal Revenue Code to increase the amount of equipment purchases that small businesses may expense each year from the current \$24,000 to \$100,000. This change will eliminate the burdensome recordkeeping involved in depreciating such equipment and free up capital for small businesses to grow and create jobs.

The bill also increases the phase-out limitation for equipment expensing from the current \$200,000 to \$500,000, thereby expanding the type of equipment that can qualify for expensing treatment. This limitation along with the annual expensing amount will be indexed for inflation under the bill.

Following the recommendation of the National Taxpayer Advocate, the bill also amends section 179 to permit expensing in the year that the property is purchased or the year that the property is placed in service, whichever is earlier. This will eliminate the difficulty that many small enterprises have encountered when investing in new equipment in one tax year, e.g., 2001 that cannot be placed in service until the following year, e.g., 2002. The equipment-expensing provisions will be effective for taxable years beginning after December 31, 2000.

Section 203. Expensing of Computer Software

In connection with the expanded equipment-expensing limits, the bill also permits taxpayers to expense computer software up to the new \$100,000 limit on annual equipment expensing. This provision will eliminate the compliance costs and burdens of depreciation software over a three-year period, which is often inconsistent with the product's actual useful life. This provision will be effective for taxable years beginning after December 31, 2000.

Section 204. Modification of Depreciation Rules for Computers and Software

For small business taxpayers who do not qualify for expensing treatment, the bill modifies the outdated depreciation rules to permit taxpayers to depreciate computer equipment and software over a two-year period. Under present law, computer equipment is generally depreciated over a five-year period and software is usually depreciated over three years. With the rapid advancements in technology, these depreciation periods are sorely out of date and can result in small businesses having to exhaust their depreciation deductions well after the equipment or software is obsolete. The bill makes the tax code in this area more consistent with the technological reality of the business world. This provision will be effective for computers and software placed in service in taxable years beginning after December 31, 2000.

Section 205. Adjustments to Depreciation Limits for Business Vehicles

The bill amends section 280F of the Internal Revenue Code, which limits the amount of depreciation that a business may claim with respect to a vehicle used for business purposes. Under the current thresholds, a business loses a portion of its depreciation deduction if the vehicle costs more than \$14,460, for vehicles placed in service in 2000. Although these limitations have been subject to inflation adjustments, they have not kept pace with the actual cost of new cars, light trucks and vans in most cases. For many small businesses, the use of a car, light truck or van is an essential asset for transporting personnel to sales and service appointments and for delivering their products. Accordingly, the bill adjusts the thresholds so that a business will not lose any of its depreciation deduction for vehicles costing less than \$25,000, which will continue to be indexed for inflation. This provision will be effective for vehicles placed in service in taxable years beginning after December 31, 2000.

Section 206. Increased Deduction for Business Meal Expenses

The bill increases the limitation on the deductibility of business meals from the cur-

rent 50 percent to 100 percent beginning in 2001 to provide an incentive for businesses to return to their local restaurants. At the same time, this provision will assist non-restaurant businesses and self-employed individuals level the playing field. Unlike their large competitors, small enterprises often sell their products and services by word of mouth and close many business transactions on the road or in a local diner. In many ways the business breakfast with a potential customer is akin to formal advertising that larger businesses purchase in newspapers or on radio or television. While the newspaper ad is fully deductible, however, the business meal is only 50 percent deductible for the small business owner.

In addition, many self-employed individuals like sales representatives spend enormous amounts of time on the road with no choice but to eat in restaurants while away from home, further straining their cash flow. By increasing the deduction to 100 percent, the bill addresses these problems, as well as the lack of parity that small business owners face with respect to individuals subject to the Federal hours-of-service limitations of the Department of Transportation, such as truck drivers, who are currently able to deduct a larger portion of their business meals.

Section 207. Modification of Unrelated Business Income Limitation on Investments in Certain Debt-Financed Properties

With the recent contraction of the private-equity market, the Small Business Investment Company, SBIC program, which is overseen by the SBA, has taken on a significant role in providing venture capital to small businesses seeking investments in the range of \$500,000 to \$3 million. Debenture SBICs qualify for SBA-guaranteed borrowed capital, which subjects tax-exempt investors that would otherwise be inclined to invest in Debenture SBICs to tax liability for unrelated business taxable income, UBTI. When free to choose, tax-exempt investors generally opt to invest in venture capital funds that do not create UBTI. As a result, 60 percent of the private-capital potentially available to Debenture SBICs is effectively "off limits."

The bill would exclude government-guaranteed capital borrowed by Debenture SBICs from debt for purposes of the UBTI rules. This change would permit tax-exempt organizations to invest in Debenture SBICs without the burdens of UBTI recordkeeping or tax liability, thereby providing additional capital for investment in small businesses across the nation. This provision would be effective for acquisitions made on or after the date of enactment of this bill.

Section 208. Repeal of Alternative Minimum Tax on Individuals

The bill repeals the individual Alternative Minimum Tax, AMT effective for taxable years beginning after December 31, 2000. For individual taxpayers, the individual AMT has become an increasingly burdensome tax. For the sole proprietors, partners, and S corporation shareholders, the individual AMT increases their tax liability by, among other things, limiting depreciation and depletion deductions, net operating loss treatment, the deductibility of state and local taxes, and expensing of research and experimentation costs. In addition, because of its complexity, this tax forces small business owners to waste precious funds on tax professionals to determine whether the AMT even applies.

Section 209. Expansion of the Exemption From the Alternative Minimum Tax for Small Corporations

For small corporate taxpayers, the bill increases the current exemption from the corporate AMT, under section 55(e) of the Internal Revenue Code. Under the bill, a small corporation will initially qualify for the exemption if its average gross receipts are \$7.5 million or less, up from the current \$5 million, during its first three taxable years. Thereafter, a small corporation will continue to qualify for the AMT exemption for so long as its average gross receipts for the prior three-year period do not exceed \$10 million, up from the current \$7.5 million. The increased limits for the small-corporation exemption from the corporate AMT will be effective for taxable years beginning after December 31, 2000.

TITLE III—SMALL BUSINESS PROCUREMENTS

Section 301. Expansion of Opportunity for Small Businesses To Be Awarded Department of Defense Contracts for Architectural and Engineering Services and Construction Design

The Brooks Act was enacted in 1982 and prohibits any small businesses set asides for architectural and engineering contracts valued at \$85,000 or more. No change in this ceiling has been made since enactment of the Brooks Act. This section would increase the ceiling to \$300,000, which would create, almost immediately, new Federal contracting opportunities for small businesses.

Section 302. Procurements of Property and Services in Amounts Not in Excess of \$100,000 From Small Businesses

This section would make more contracts valued at less than \$100,000 available to small businesses. Under the Federal Supply Schedule, FSS, at GSA, all agency contracts, requirements, or procurements valued at less than \$100,000 would be made from small businesses.

For contracts for property or services not on the GSA's FSS, the procuring agency would set aside such contracts, valued at less than \$100,000, for competition among small businesses registered on the SBA's PRO-Net and the DoD's Centralized Contractor Registration, CCR, System. There would be a two-year phase-in period. After an initial six-month period, during the first year, 25 percent of the dollar value of all contracts less than \$100,000 would be awarded to small businesses. This would increase to 50 percent in the second and subsequent years.

Section 303. HUBZone and 8(a) Sole-Source Contracts

Contracts for property and services made with funds from the "2001 Emergency Supplemental Appropriations Act for Recovery From and Response to Terrorist Attacks on the United States" will be exempt from the ceiling on sole-source contracts under the HUBZone and 8(a) programs. Currently, the ceilings are \$3 million for service contracts and \$5 million for manufacturing contracts.

By Mr. GRAHAM:

S. 1496. A bill to clarify the accounting treatment for Federal income tax purposes of deposits and similar amounts received by a tour operator for a tour arranged by such operator; to the Committee on Finance.

Mr. GRAHAM. Madam President, today I am introducing the Tour Operators Up-front Deposit Relief, TOUR, Act. This legislation codifies a long-

standing practice used by the tour operator industry to account for prepaid deposits received in advance of a customer's travel.

A tour operator puts together travel "packages" often involving a number of different elements: airlines, ground transportation, hotels, restaurants, local guides and other services for one or more destinations. Services often include the direct provision of tour components such as motor coaches. The packages are sold to the public, usually through travel agents. Approximately 70 percent of retail travel agent sales involve tour operator packages. A vacation package combines multiple travel elements into an all-inclusive price. A tour is a trip taken by a group of people who travel together and follow a pre-planned itinerary. In both instances, the travel has been planned by professionals whose group purchasing power insures substantial savings. In addition, prepayment covers all major expenses which minimizes budgeting concerns.

Tour operators employ a long standing, universally accepted method of accounting which recognizes deposits as income upon the date of departure of the passenger. This treatment defers income recognition while the customer still has the right to cancel the travel without substantial conditions and prior to the tour operator's performing many of the tasks and making many of the commitments required to insure a timely, safe and reliable trip.

Recently, the Internal Revenue Service, IRS, has adopted a position in selected tour operator audits which would, if generally applied, require virtually all tour operators to change their method of accounting for deposits. The IRS position is that tour operators must recognize deposits as income upon receipt even though they may not incur expenses for months, or in some cases, more than a year. This position is in direct contrast to guidance previously provided by the IRS. Revenue Procedure 71-21 acknowledges that accrual basis taxpayers should be allowed to defer advanced payment for services under certain circumstances but has improperly refused to interpret this ruling to apply to tour operators.

If the IRS continues to pursue its position, it will raise the cost of operations for tour operators. This added cost will be passed on to Americans seeking to travel. Given the difficulties facing this industry in light of the events of September 11, the IRS position is particularly misguided.

The legislation being introduced today clarifies that Revenue Procedure 71-21 applies to the tour operator industry. Under this Procedure, deposits become taxable income on the date the tour departs.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1496

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tour Operators Up-Front-Deposit Relief (TOUR) Act".

SEC. 2. METHOD OF ACCOUNTING FOR DEPOSITS RECEIVED BY ACCRUAL BASIS TOUR OPERATORS.

In the case of a tour operator using an accrual method of accounting, amounts received from or on behalf of passengers in advance of the departure of a tour arranged by such operator—

(1) shall be treated as properly accounted for under the Internal Revenue Code of 1986 if they are accounted for under a method permitted by Section 3 of Revenue Procedure 71-21, and

(2) for purposes of Revenue Procedure 71-21, shall be deemed earned as of the date the tour departs.

By Mr. HATCH:

S. 1497. A bill to convey certain property to the city of St. George, Utah, in order to provide for the protection and preservation of certain rare paleontological resources on that property, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. HATCH. Mr. President, I rise today to introduce the Virgin River Dinosaur Footprint Preservation Act. Originally introduced in the House by Representative JAMES HANSEN of Utah, this legislation is vital in guaranteeing the preservation of one of our Nation's most intact and rare pre-Jurassic paleontological discoveries. I applaud Chairman HANSEN for his leadership on this issue.

In February 2000, Sheldon Johnson of St. George, UT began development preparations on his land when he uncovered one of the world's most significant collections of dinosaur tracks, traildraggings, and skin imprints in the surrounding rock. The site has attracted thousands of visitors and the interest of some of the world's top paleontologists.

This valuable resource is now in jeopardy. The fragile sandstone in which the impressions have been made is in jeopardy due to the heat and wind typical of the southern Utah climate. We must act quickly if these footprints from our past are to be preserved. This bill would authorize the Secretary of the Interior to purchase the land where the footprints and traildraggings are found and convey the property to the city of St. George, UT, which will work with the property owners and the county to preserve and protect the area and resources in question. I urge my colleagues to support this effort to protect our national treasure.