

a Federal Government that is both active to promote opportunity and limited to preserve freedom.

Our new approach is compassionate:

It will revitalize our public schools by testing for achievement, rewarding schools that succeed, and giving more flexibility to parents of children in schools that persistently fail.

It will reinvigorate our civil society by putting Government on the side of faith-based and other local initiatives that work—that actually help Americans escape drugs, lives of crime, poverty, and despair.

It will meet our Nation's commitments to seniors. We will strengthen Social Security, modernize Medicare, and provide prescription drugs to low-income seniors.

This new approach is also responsible:

It will retire nearly \$1 trillion in debt over the next four years. This will be the largest debt reduction ever achieved by any nation at any time. It achieves the maximum amount of debt reduction possible without payment of wasteful premiums. It will reduce the indebtedness of the United States, relative to our national income, to the lowest level since early in the 20th Century and to the lowest level of any of the largest industrial economies.

It will provide reasonable spending increases to meet needs while slowing the recent explosive growth that could threaten future prosperity. It moderates the growth of discretionary spending from the recent trend of more than six percent to four percent, while allowing Medicare and Social Security to grow to meet the Nation's commitments to its retirees.

It will deliver tax relief to everyone who pays income taxes, giving the most dramatic reductions to the least affluent taxpayers. It will also give our economy a timely second wind and reduce the tax burden—now at the highest level as a percentage of Gross Domestic Product since World War II.

Finally, this new approach begins to confront great challenges from which Government has too long flinched. Social Security as it now exists will provide future beneficiaries with the equivalent of a dismal two percent real rate of return on their investment, yet the system is headed for insolvency. Our new approach honors our commitment to Social Security by reserving every dollar of the Social Security payroll tax for Social Security, strengthening the system by making further necessary reform feasible.

Medicare as it exists does not adequately care for our seniors in many ways, including the lack of prescription drug coverage. Yet Medicare spending already exceeds Medicare taxes and premiums by \$66 billion this year, and Medicare will spend \$900 billion more than it takes in over the next 10 years. Reform is urgently need-

ed. Our new approach will safeguard Medicare by ensuring that the resources for reform will be available.

New threats to our national security are proliferating. They demand a rethinking of our defense priorities, our force structure, and our military technology. This new approach begins the work of restoring our military, putting investments in our people first to recognize their importance to the military of the future.

It is not hard to see the difficulties that may lie ahead if we fail to act promptly. The economic outlook is uncertain. Unemployment is rising, and consumer confidence is falling. Excessive taxation is corroding our prosperity. Government spending has risen too quickly, while essential reforms, especially for our schools, have been neglected. And we have little time before the demographic challenge of Social Security and Medicare becomes a crisis.

We cannot afford to delay action to meet these challenges. And we will not. It will demand political courage to face these problems now, but I am convinced that we are prepared to work together to begin a new era of shared purposes and common principles. This budget begins the work of refining those purposes and those principles into policy—a compassionate, responsible, and courageous policy worthy of a compassionate, responsible, and courageous Nation.

GEORGE W. BUSH.
February 28, 2001.

□ 1015

PERMISSION FOR SPEAKER TO ENTERTAIN A MOTION TO SUSPEND RULES ON WEDNESDAY, FEBRUARY 28, 2001

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the Speaker be authorized to entertain a motion to suspend the rules relating to House Resolution 54, today, Wednesday, February 28, 2001.

The SPEAKER pro tempore (Mr. MILLER of Florida). Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

Record votes on postponed questions will be taken after debate has concluded on remaining motions.

FAMILY FARMER BANKRUPTCY RELIEF EXTENSION

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 256) to extend for 11 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted.

The Clerk read as follows:

H.R. 256

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

SECTION 1. AMENDMENTS.

Section 149 of title I of division C of Public Law 105-277, as amended by Public Law 106-5 and Public Law 106-70, is amended—

(1) by striking "July 1, 2000" each place it appears and inserting "June 1, 2001"; and

(2) in subsection (a)—

(A) by striking "September 30, 1999" and inserting "June 30, 2000"; and

(B) by striking "October 1, 1999" and inserting "July 1, 2000".

SEC. 2. EFFECTIVE DATE.

The amendments made by section 1 shall take effect on July 1, 2000.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentlewoman from Wisconsin (Ms. BALDWIN) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I will include in the RECORD the Congressional Budget Office's cost estimate of H.R. 256.

GENERAL LEAVE

Mr. SENSENBRENNER. 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. 256.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

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

Mr. Speaker, I rise in support of H.R. 256. Chapter 12 is a form of bankruptcy relief only available to family farmers enacted on a temporary basis to respond to the particularized needs of farmers in financial distress. As a part of the Bankruptcy Judges, United States Trustees and Family Farmer Bankruptcy Act of 1986, chapter 12 has been extended several times since 1986 until it lapsed on July 1 of last year.

Absent chapter 12, farmers are forced to file for bankruptcy relief under the Bankruptcy Code's other alternatives. None of these forms of bankruptcy relief, however, work quite as well for farmers as chapter 12. Chapter 11, for example, will require a farmer to sell the family farm to pay the claims of creditors. With respect to chapter 13, many farmers would simply be ineligible to file under that form of bankruptcy relief because of its debt limits. Chapter 11 is an expensive process that

does not accommodate the special needs of farmers.

In the last Congress, the House on two occasions passed legislation that would have extended chapter 12. Unfortunately, the other body did not act on these bills and chapter 12 expired on July 1, 2000 as a result. By virtue of H.R. 256, chapter 12 will be reenacted retroactive to July 1, 2000 and extended for 11 months to June 1 of this year. I must note, however, that H.R. 333, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2001, a bill that will be considered on the floor tomorrow, will make chapter 12 a permanent fixture of the Bankruptcy Code for family farmers. I urge my colleagues to vote for H.R. 256.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, February 26, 2001.

Hon. F. JAMES SENSENBRENNER, JR.,
Chairman, Committee on the Judiciary, House
of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 256, a bill to extend for 11 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Lanette J. Walker, who can be reached at 226-2860.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE
H.R. 256—A bill to extend for 11 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted

H.R. 256 would extend chapter 12 of title 11 of the U.S. Code until June 1, 2001. Chapter 12, which was created by the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (Public Law 99-554), specifies bankruptcy procedures available only to family farmers with regular annual income and is intended to facilitate an efficient and expeditious bankruptcy process. The authorization for such bankruptcy proceedings expired July 1, 2000.

CBO estimates that enacting H.R. 256 would have no significant budgetary impact. It would result in a small loss of offsetting collections to the U.S. Trustee System Fund, thus causing an insignificant increase in net outlays from this fund in 2001. In addition, CBO estimates that enacting H.R. 256 would result in a negligible loss of offsetting receipts and revenues in 2001. Because H.R. 256 would affect direct spending and governmental receipts pay-as-you-go procedures would apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Based on information from the Executive Office of the United States Trustees, CBO expects that, without the temporary extension of chapter 12, family farmers filing for bankruptcy would split their filings about evenly between chapter 11 and chapter 13. Chapter 12 has a \$200 filing fee and does not require the bankrupt party to pay quarterly fees to the government. Chapter 11, in contrast, requires an \$800 filing fee as well as quarterly

filing fees. (On average, \$1,000 is collected per case.) Chapter 13 requires only a \$130 filing fee.

Bankruptcy fees are recorded in three different places in the budget. Portions of the fees are recorded as governmental receipts (revenues), as offsetting collections to the appropriation for the U.S. Trustee System Fund, and as offsetting receipts to the Administrative Office of the United States Courts (AOUSC). The percentage of the fees allocated among these accounts varies by chapter. Because only 300 to 400 bankruptcy cases are likely to be affected by the bill, it would have only a small effect on the amount of fees collected in 2001.

The CBO staff contact for this estimate is Lanette J. Walker, who can be reached at 226-2860. This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.

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

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

Mr. Speaker, the bipartisan legislation before us, H.R. 256, which I am sponsoring with the gentleman from Michigan (Mr. SMITH) would restore needed bankruptcy protection for family farmers.

Last June the authorization for chapter 12 of the Bankruptcy Code expired. Since that time, family farmers who must turn to the Bankruptcy Code have faced almost certain liquidation of their assets and an end to their family farms and their way of life.

Our legislation, H.R. 256, would restore chapter 12 of the Bankruptcy Code through May 31, 2001. The bankruptcy reform bill which is scheduled for floor action tomorrow, that is H.R. 333, includes a permanent reauthorization of chapter 12.

But since the current authorization has expired, farmers need immediate relief. With planting season just about to begin, farmers need to know that they can reorganize and keep their farms. With milk at lowest prices in decades, far below the break-even point, dairy farmers need to know that they have this option, too.

Our bill would provide security for family farmers in crisis; the security that they need to decide whether they can stay in business during these incredibly difficult times.

I urge my colleagues to support this bill.

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

Mr. SENSENBRENNER. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan (Mr. SMITH), the author of the bill.

Mr. SMITH of Michigan. Mr. Speaker, I thank the chairman for yielding me this time. I thank the gentlewoman from Wisconsin (Ms. BALDWIN) for joining with me in introducing this bill. I thank the chairman especially for expediting the bill, bringing it to the floor, along with the full bankruptcy bill tomorrow.

This is so very important. The first thing I would urge is for the United

States Senate to try to immediately move this bill into effect.

Let me tell my colleagues the predicament. Since last July, farmers have not had the availability of chapter 12 which was originally designed and specifically written to accommodate their needs in a bankruptcy situation. We are now facing an environment in United States agriculture where commodity prices are at record lows. Many farmers that had become highly leveraged are now facing bankruptcy or the potential for bankruptcy.

Chapter 11 and chapter 13 do not accommodate the needs of a family farmer. In too many cases they simply have to sell out their equipment or other property. To tell a farmer to reorganize, but at the same time urging, insisting that that farmer sell their means of production, their livelihood, the way they can work themselves out of debt means often that those farmers are put out of business.

Congress I think has long recognized, Mr. Speaker, that farmers face special circumstances in bankruptcy not faced by other debtors. Congress provided special provisions for farmers in section 75 of the Bankruptcy Act in 1933. And certainly when Congress held hearings to determine whether the Bankruptcy Code adequately provided for family farmers, Congress concluded that it did not.

The enactment of chapter 12 removed many barriers that family farmers face when filing for a bankruptcy. For example, it is more streamlined and less complex and expensive than chapter 11 which is more suitable for large corporations.

A farmer, a dairy farmer, in fact, in Wisconsin has a herd of 65 cows and 60 heifers and is facing low commodity prices, depressed milk prices. He has part of his operation in a corporation designed to pass the farm on to his kids, and; therefore, he cannot even use chapter 13. Being forced to use chapter 11 may very well put that farmer out of business because chapter 12 is not available.

Another dairy farmer that I am aware of struggles to make a go of it with a 100 head herd which, Mr. Speaker, was about the size of my own herd right before I decided to get out of the dairy business and come into Congress. Because this particular farmer has more debt relative to assets than a lender will tolerate, he needs to restructure. Under chapter 12, he could rewrite his notes. If chapter 12 is not there, again, this farmer may very well be forced to sell his property and go out of business.

The enactment of chapter 12 has, according to testimony cited by the commission, reduced family farm failures. The commission concluded, and I would quote here, "The test of time has revealed that chapter 12 generally provides financially distressed family

farmers with an effective framework within which to reorganize their operations and restructure their debts.”

Now, although this provision was originally created as a temporary one, the commission recommended the Congress made it permanent. That is what our Committee on the Judiciary did in the full bankruptcy bill.

I urge my colleagues to move this forward, to move it to the Senate. I would urge that the Senate immediately consider the importance of this. Farmers have been without this provision since last July. This legislation simply extends it 3 months until June, a temporary extension which is so important.

Bankruptcy courts and bankruptcy judges are trying to hold in abeyance some of those farmers cases that need chapter 12 to survive. I hope we can move ahead quickly. I thank, again, the Committee on the Judiciary for moving this bill so quickly.

Mr. BEREUTER. Mr. Speaker, this Member rises today to express his support for H.R. 256, which extends chapter 12 bankruptcy for family farms and ranches until June 1, 2001. In fact, this legislation makes chapter 12 retroactively effective as of July 1, 2000, which is the previous expiration date. This legislation is very important to the nation's agriculture sector. It should have been enacted last year.

First, this Member would thank the distinguished gentleman from Michigan (Mr. SMITH) for introducing this legislation (H.R. 256). This Member would also like to express his appreciation to the distinguished gentleman from Wisconsin (Mr. SENSENBRENNER), the chairman of the Judiciary Committee, for his efforts in getting this measure to the House floor for consideration.

This Member supports this extension of chapter 12 bankruptcy since it allows family farmers to reorganize their debts as compared to liquidating their assets. Using the chapter 12 bankruptcy provision has been an important and necessary option for family farmers throughout the Nation. It has allowed family farmers to reorganize their assets in a manner which balances the interests of creditors and the future success of the involved farmer.

If chapter 12 bankruptcy provisions are not extended for family farmers, it will be another very painful blow to an agricultural sector already reeling from low-commodity prices. Not only will many family farmers have no viable option but to end their operations, it will also cause land values to likely plunge. Such a decrease in value of farmland will affect the ability of family farmers to earn a living. In addition, it will impact the manner in which banks conduct their agricultural lending activities. Furthermore, this Member has received many contacts from his constituents supporting the extension of chapter 12 bankruptcy because of the situation now being faced by our Nation's farm families—it is clear that the agricultural sector is hurting.

In closing, for these aforementioned reasons and many others, this Member urges his colleagues to support H.R. 256.

Mr. ETHERIDGE. Mr. Speaker, I rise today in strong support of this bill to extend for 11

months chapter 12 bankruptcy for America's small farmers. I also want to thank the Chairman, Mr. SENSENBRENNER, and the ranking member, Mr. CONYERS, of the House Judiciary Committee for moving so expeditiously in passing H.R. 256 out of committee and bringing it here to the floor today.

Chapter 12 of the bankruptcy code allows farmers the option to reorganize debt over 3 to 5 years rather than having to liquidate their assets when they declare bankruptcy. It also encourages responsible efforts by farmers facing bankruptcy by requiring them to designate income not needed for farm operations or family costs to pay off their debt. As these payments are made, chapter 12 prevents foreclosure on the family farm.

And we are talking about family farms here. To qualify for bankruptcy protection, these farmers will have to have at least 50 percent of their gross annual income coming from farming, no less than 80 percent of debts resulting in farm operations, and total debts not more than \$1.5 million.

It saddens me that this legislation is necessary in order to save family farms around the nation. But while most Americans have been enjoying the benefits of an unprecedented prosperous economy, family farmers have suffered from prolonged, depressed commodity prices. And most recently, farmers are confronting rising input costs for energy and fertilizer.

We are taking action today to make sure that small farmers can stay on their land and work through these hard times. With signs pointing to a possible slowdown in the American economy as a whole, I believe we should permanently extend the chapter 12 farmer bankruptcy provision. Small farmers should have one less worry every morning when they get up to harvest America's bounty that each of us enjoys every day.

I am pleased to cosponsor this legislation that we will be passing today and thank the bill's managers for their efforts to see it enacted into law. I strongly support this legislation on behalf of the hardworking, God-fearing farmers of North Carolina's Second District and across America.

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

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 256.

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. SENSENBRENNER. Mr. Speaker, on that I demand the yeas and nays. The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

□ 1030

EDWARD N. CAHN FEDERAL BUILDING AND UNITED STATES COURTHOUSE

Mr. LATOURETTE. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 558) to designate the Federal building and United States courthouse located at 504 West Hamilton Street in Allentown, Pennsylvania, as the “Edward N. Cahn Federal Building and United States Courthouse.”

The Clerk read as follows:

H.R. 558

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

SECTION 1. DESIGNATION.

The Federal building and United States courthouse located at 504 West Hamilton Street in Allentown, Pennsylvania, shall be known and designated as the “Edward N. Cahn Federal Building and United States Courthouse”.

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building and United States courthouse referred to in section 1 shall be deemed to be a reference to the “Edward N. Cahn Federal Building and United States Courthouse”.

The SPEAKER pro tempore (Mr. MILLER of Florida). Pursuant to the rule, the gentleman from Ohio (Mr. LATOURETTE) and the gentleman from Illinois (Mr. COSTELLO) each will control 20 minutes.

The Chair recognizes the gentleman from Ohio (Mr. LATOURETTE).

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

Mr. Speaker, this is an exciting day for this subcommittee and the full committee. I think this Congress already has passed 10 pieces of legislation and this will be the second and third piece of legislation that has come out of this hard-working subcommittee and the full Committee on Transportation and Infrastructure, headed by the gentleman from Alaska (Mr. YOUNG) and the ranking member, the gentleman from Minnesota (Mr. OBERSTAR).

I also, on a personal note, am excited about the opportunity that presents itself in this Congress to work with the gentleman from Illinois (Mr. COSTELLO). Unlike some matters we may take up in the 107th Congress, the work of this subcommittee will be bipartisan, nonpartisan, and will help with the business of building America.

Mr. Speaker, H.R. 558 designates the Federal building and United States courthouse in Allentown, Pennsylvania, as the Edward N. Cahn Federal building and United States courthouse. Judge Cahn was born and raised in Allentown, Pennsylvania, and graduated from Allentown, High School. He went on to attend Lehigh University, graduating magna cum laude in 1955. In addition to winning a high school basketball championship with Allentown