HOUSE OF REPRESENTATIVES—*Thursday, May 17, 2001*

The House met at 10 a.m.

The Reverend F. Kenneth Hoffer, Mount Culmen Evangelical Congregational Church, East Earl, Pennsylvania, offered the following prayer:

Almighty God, Ruler of all nations, we give our thanks for Your guidance which has preserved our Nation and for the peaceful continuity of government in America.

We look gratefully to the past, thanking You that from the foundations of America You granted our forefathers courage and wisdom, as they trusted in You. By their example to lead, guide and direct, inspire this Congress whom You have entrusted leadership to serve and wage the struggle to find peace and justice in our world.

For our leaders, diplomats and military, let our resources be a strength to all, regardless of race, creed, faith, age, sex or national origin. May we work together towards justice, righteousness and goodness for all peoples of all nations.

We pray to You, O God. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. DIAZ-BALART. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. DIAZ-BALART. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Pursuant to clause 8, rule XX, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Pennsylvania (Mr. HOLDEN) come forward and lead the House in the Pledge of Allegiance.

Mr. HOLDEN led the Pledge of Allegiance as follows:

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

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair recognizes the gentleman from Pennsylvania (Mr. HOLDEN) for 1 minute. All other 1-minutes will be postponed until the end of the day.

THE REVEREND F. KENNETH HOFFER

(Mr. HOLDEN asked and was given permission to address the House for 1 minute.)

Mr. HOLDEN. Mr. Speaker, I would like to thank my colleagues and Father Coughlin for providing my constituent, Reverend F. Kenneth Hoffer, the opportunity to offer the opening prayer this morning in the House Chamber.

Pastor Hoffer resides in Reading, Pennsylvania, and is the pastor at the Mount Culmen Evangelical Congregational Church in East Earl, Pennsylvania. He was born in Lancaster County, Pennsylvania, and graduated from Manheim Central High School.

Mr. Speaker, he served with distinction in the United States Navy during World War II. He graduated from Lebanon Valley College in 1953 and went on to study theology at the Evangelical School of Theology in Myerstown, Pennsylvania.

He and his wife Anna have been married for 48 years and are the proud parents of a son, Craig, and three grandchildren.

On behalf of all of my colleagues, I would like to thank Reverend Hoffer for his spiritual guidance this morning.

THE JOURNAL

The SPEAKER. Pursuant to clause 8 of rule XX, the pending business is the question of agreeing to the Chair's approval of the Journal of the last day's proceedings.

The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. GOSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 336, nays 68, answered ''present'' 1, not voting 26, as follows:

[Roll No. 122]

YEAS—336

Abercrombie
Ackerman
Akin
Allen
Andrews
Armey
Baca
Bachus
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop
Blagojevich
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Boswell
Boyd
Brady (TX)
Brown (OH)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Capps
Cardin
Carson (IN)
Carson (OK)
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Collins
Combest
Conyers
Cooksey
Cox
Coyne
Cramer
Crenshaw
Culberson
Cunningham
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
Davis, Tom
Deal
DeGette
Delahunt
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Dingell
Doggett
Dooley
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
Eshoo
Etheridge
Everett
Farr
Fattah
Ferguson
Flake
Fletcher
Foley
Ford
Fossella
Frank
Frelinghuysen
Gallegly
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gonzalez
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grucci
Hall (TX)
Hansen
Harman
Hart
Hastings (WA)
Hayes
Hill
Hilleary
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Honda
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jenkins
John
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (RI)
Kerns
Kildee
Kind (WI)
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
Lampson
Langevin
Lantos
Largent
Larson (CT)
Latham
LaTourette
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McHugh
McInnis
McIntyre
McKeon
Meehan
Meek (FL)
Meeks (NY)
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Mink
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Ortiz
Osborne
Ose

Otter
Owens
Oxley
Pascrell
Paul
Payne
Pelosi
Pence
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Regula
Rehberg
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Roukema
Royce
Rush
Ryan (WI)
Ryun (KS)
Sandlin
Sawyer
Saxton
Scarborough
Schakowsky
Schiff
Schrock
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Simmons
Simpson
Skeen
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spence
Spratt
Stearns
Stump
Sununu
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Upton
Velázquez
Vitter
Walden
Walsh
Wamp
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Wexler
Whitfield
Wilson
Wolf
Woolsey
Wynn
Young (FL)

NAYS—68

Aderholt
Baird
Bonior
Brown (FL)
Capuano
Condit
Costello
Crane
Crowley
Cummings
DeFazio
DeLauro
Evans
Filner
Frost
Gutierrez
Gutknecht
Hall (OH)
Hastings (FL)
Hefley
Hilliard
Hinchey
Holt
Hutchinson
Jackson-Lee (TX)
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (MN)
Kucinich
LaFalce
LaHood
Larsen (WA)
Lee
LoBiondo
McDermott
McGovern
McNulty
Menendez
Miller, George
Moore
Oberstar
Obey
Olver
Pallone
Pastor
Peterson (MN)
Pomeroy
Ramstad
Rothman
Sabo
Sanchez
Schaffer
Slaughter
Stark
Stenholm
Strickland
Stupak
Sweeney
Tanner
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Udall (NM)
Visclosky
Waters
Wu

ANSWERED ''PRESENT''—1

Tancredo

NOT VOTING—26

Borski
Boucher
Brady (PA)
Cubin
Doyle
English
Ganske
Gilman
Gordon
Hayworth
Herger
Hunter
Jefferson
Johnson (CT)
Kilpatrick
Kleczka
Leach
Lucas (OK)
McKinney
Moakley
Rangel
Roybal-Allard
Sanders
Weller
Wicker
Young (AK)

□ 1027

So the Journal was approved.

The result of the vote was announced as above recorded.

Stated for:

Mr. PENCE. Mr. Speaker, on rollcall No. 122 I was unavoidably detained. Had I been present, I would have voted "yea."

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, May 17, 2001.

Hon. J. DENNIS HASTERT,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: I have the honor to transmit herewith a copy of the unofficial results received from Dick Filling, Commissioner, Bureau of Commissions, Elections and Legislation, Commonwealth of Pennsylvania, indicating that, according to the unofficial results of the Special Election held on May 15, 2001, the Honorable Bill Shuster was elected to the Office of Representative in Congress, from the Ninth Congressional District, Commonwealth of Pennsylvania.

With best wishes, I am,

Sincerely,

JEFF TRANDAHL,
Clerk.

Attachment.

SPECIAL ELECTION, REPRESENTATIVE IN THE U.S. CONGRESS, 9TH CONGRESSIONAL DISTRICT, COUNTIES OF BEDFORD, BLAIR, CENTRE, CLEARFIELD, FRANKLIN, FULTON, HUNTINGDON, JUNIATA, MIFFLIN, PERRY AND SNYDER, MAY 15, 2001

Unofficial Results

	Vote Totals
Republican—Bill Shuster	55,549
Democratic—H. Scott Conklin	47,049
Green—Alanna K. Hartzok	4,420

SWEARING IN OF THE HONORABLE BILL SHUSTER OF PENNSYLVANIA AS A MEMBER OF THE HOUSE

Mr. ARMEY. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania (Mr. BILL SHUSTER) be permitted to take the oath of office today.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER. Will the Representative-elect and the Members of the Pennsylvania delegation present themselves in the well of the House and take the oath of office.

Mr. SHUSTER appeared at the bar of the House and took the oath of office, as follows:

Do you solely swear that you will support and defend the Constitution of the United States against all enemies, foreign and domestic; that you will bear true faith and allegiance to the same; that you will take this obligation freely, without any mental reservation or purpose of evasion; and that you will well and faithfully discharge the duties of the office on which you are about to enter. So help you God.

The SPEAKER. Congratulations. You are now a Member of the 107th Congress of the United States.

□ 1030

INTRODUCTION OF BILL SHUSTER, NEW MEMBER FROM PENNSYLVANIA

(Mr. GEKAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, it is my honor and extreme privilege to introduce the newest Member of the House to its Members here. He succeeds an individual who has become anonymous and who is little known in this Chamber but, despite that, we will present him with the distinction that he carries a name that has been a part of our traditions for many, many years. He is, of course, the son of Bud Shuster.

Beyond that, he, as an individual, was elected in the heart of Pennsylvania, was born and raised in that area, in Hollidaysburg, where he went to school and became a star athlete in three varsity sports, and who then went to Dickinson College. And by the way, what that does is double the number of Dickinson College graduates of this body in the Dickinson College Caucus, which I chair. Then he went and received a master's degree from American University. All the way up, he worked as a farm laborer, as a construction worker, in various businesses, until, at the time of his election, he was an entrepreneur in the automobile business.

His two children, who are with him, Ali, age 13, and Garrett, who is nine, are with him, as is the mother of the children, Rebecca, and a whole host of Shuster family and supporters. He is ready to tackle the job. He has talked about nothing except his future service in the House of Representatives. He is eager to take his place among us. We are ready to hear him and to help him and to help him become a great Member of the House of Representatives. BILL SHUSTER.

READY TO REPRESENT THE PEOPLE OF THE NINTH DISTRICT OF PENNSYLVANIA

(Mr. SHUSTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHUSTER. Mr. Speaker, I thank the gentleman from Pennsylvania very much for the introduction.

Mr. Speaker, it is truly an honor to stand here today as the newest Representative from the Ninth District from Pennsylvania. I want to thank the voters of central Pennsylvania for this incredible privilege. The faith and trust the people of Pennsylvania have placed in me is indeed an awesome responsibility.

Over the past 4½ months, I have traveled throughout the 11 counties that make up the ninth district, from DuBois to Chambersburg. I have listened closely to the concerns of the people: teachers, factory workers, senior citizens, business owners, young people and farmers. And I come here today ready to represent their values and bring their voices and concerns to Washington.

Job creation, tax relief for our families and businesses, strengthening and securing Social Security and Medicare for this generation and the next are among my top priorities. I am particularly honored to be sworn in today and cast my first vote for H.R. 1, the President's education plan. As the father of two young children in public schools and the husband of a schoolteacher, I can tell my colleagues that reforming and improving our education system is one of the most important areas that Congress can act on.

Mr. Speaker, I look forward to the days and months ahead working with my colleagues, and especially those in the Pennsylvania delegation, in accomplishing the people's business.

Finally, I want to thank my family and friends, many of whom have traveled down here to be with me today. Without their continued love and support, I would not be here. I would especially like to thank my mother, Pat; and my father, Bud; my wife, Becky; and my two children, Ali and Garrett. Again, none of this would be possible without their love and support.

HOPE FOR CHILDREN ACT

Ms. PRYCE of Ohio. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 141 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 141

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes. The bill shall be considered as read for amendment. The amendment recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; and (2) one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. LATOURETTE). The gentlewoman from Ohio is recognized for 1 hour.

Ms. PRYCE of Ohio. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to my good friend and colleague, the gentleman from Ohio (Mr. HALL); pending which I yield myself such time as I may consume. During consideration of the resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 141 makes in order the bill H.R. 622, the Hope for Children Act, under a closed rule. The rule provides for 1 hour of debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. The rule waives all points of order against consideration of the bill. Finally, the rule provides for one motion to recommit with or without instructions.

While this is a closed rule, it is important for my colleagues to understand that this bill represents a bipartisan effort that has the support of 289 Members of this body and could be passed under suspension. However, this rule will provide extra time for my colleagues to debate and discuss the importance of the adoption tax credit.

Mr. Speaker, adoption is an issue that holds a special place in my heart. It blesses a loving couple with the joy of parenthood and provides wanting children the chance to find permanency in their lives and love in their hearts. As an adoptive parent, I know firsthand this joy, but I also understand the financial burdens that it places on a family. Tragically, this burden can be so high that it prevents a couple from becoming a family and sadly leaves a needing child without a home.

Mr. Speaker, as an original cosponsor of the legislation that created this tax credit 5 years ago, and an original cosponsor of this, the Hope for Children Act, I am proud to be here today discussing these important changes that serve to update the adoption credit. Since the passage of the original credit 5 years ago, Congress has been working hard to strengthen adoption laws in the United States.

In the 1996 legislation, we included a provision that prohibited discrimination in adoption or foster care placements, helping to assure that the cultural, ethnic or racial background of a child would not hinder the placement into a loving home. Then, in 1997, Congress passed one of the most important child welfare laws in 20 years, the Adoption and Safe Families Act. This legislation helped to ensure that consideration of a child's safety is paramount in placement decisions.

June of 2000 saw the introduction of the adoption stamp, which many in Congress supported as a way to bring awareness to the 122,000 children waiting to be adopted in this country alone. In October of 2000, with passage of the Intercountry Adoption Act, the United States became the 39th country to ratify the Hague Convention, a cooperative framework between countries which ensures that a child's best interests are safeguarded during intercountry adoption processes.

That same month, Congress passed the Child Citizenship Act, a bill that grants automatic citizenship to foreign-born children adopted by American parents. And then came the Strengthening Abuse and Neglect Courts, which bolsters the efficiency and effectiveness of courts so that children in our child welfare system are not kept from permanent homes due to delays in the court system.

Now, in 2001, this House will consider the Hope for Children Act, legislation designed to help foster and facilitate adoptions; legislation that will strengthen families across the Nation; and legislation that will help to provide loving homes to children who desperately need them.

Current law provides a $5,000 tax credit to families for qualifying adoption expenses when adopting a child and $6,000 for a child with special needs. This is set to expire. Over 289 Members of the House have cosponsored the Hope for Children Act to show their support for extending and updating these sections of the code. H.R. 622 would begin by making the current tax credits a permanent part of the Tax Code. It would also raise the credit limitations to better reflect the costs of adoptions, allowing families to claim up to $10,000 in qualifying expenses upon adoption.

Statistics from the National Adoption Information Clearinghouse show that the cost of adoptions range from $4,000 on the low end to sometimes over $30,000 on the high end, depending on such factors as the cost of birth-parent counseling, adoptive-parent home study and preparation, the child's birth expenses and post-placement supervision until the adoption is finalized. This bill will update the credit to better reflect the costs associated with adoption today. This increase will provide an additional $4,000 to the tax credit for special needs adoptions.

Mr. Speaker, 63 percent of the children waiting in foster care are between the ages of 6 and 18. With this increased age comes an increased likelihood that these children will be classified by the State as special-needs children due to histories of emotional, physical, and sexual abuse. We have children waiting to be adopted that bring with them physical handicaps, and entire sibling groups that need to be placed in a home together. These children, more than any others, need a loving, permanent home; and families that will open their hearts should be given the utmost support. All of these important changes will be available to families beginning with expenses incurred in the 2002 tax year.

Mr. Speaker, we have to reduce the financial burden that adoption can place on families so that couples can become families and more children can sleep peacefully under the roof of loving parents. The Hope for Children Act will continue the hard work and dedication this Congress has devoted to adoption by reducing this huge financial barrier. It will help more children find the love of a family.

I urge all my colleagues to support both the rule and this important legislation.

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

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume, and I thank my friend, the gentlewoman from Ohio (Ms. PRYCE), for yielding me this time.

Mr. Speaker, this is a closed rule. It will allow for the consideration of the bill called the Hope for Children Act, H.R. 622. As my colleague from Ohio has described, this rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

□ 1045

Under the rule, no amendments are in order.

Mr. Speaker, this bill permanently extends the adoption tax credit. It raises it to $10,000. The bill also permanently extends the exclusion from income for employer-provided adoption assistance and raises it to $10,000. Under current law the amount in both provisions is $6,000 for special-needs children and $5,000 for other children.

Special-needs children include those who have physical, mental or emotional handicaps that make difficult placing the child with adoptive parents.

Mr. Speaker, permanently placing foster children with loving, adoptive parents is an important goal for our society. In doing so, we are setting a firm foundation in life for these children and strengthening our society as a whole. Therefore, it is appropriate for our government, including the Federal Tax Code, to encourage adoptions.

I am proud to join the gentlewoman from Ohio (Ms. PRYCE) and close to 200 of my House colleagues as a cosponsor of the bill. Almost two-thirds of the House has cosponsored this legislation. I regret that this is a closed rule which will not permit any amendments. Even in the case of tax bills, it is often customary to permit one substitute amendment.

Mr. Speaker, the bill before us does not offer sufficient incentives to promote the adoption of special-needs children; and although the bill does increase the size of the adoption tax credit, the definition of qualified adoption expenses is inadequate to help the overwhelming majority of families adopting special-needs children. Because this is a closed rule, there will be no opportunity to improve this on the House floor.

It is the understanding of concerned Democratic members of the Committee on Ways and Means that this issue will be addressed later in the legislative process. I am concerned about this closed rule. However, the bill was approved by the Committee on Ways and Means with Democratic support. The bill clearly has the overwhelming support of House Members on both sides of the aisle; therefore, I support the passage of the bill.

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

Ms. PRYCE of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. CUNNINGHAM), an adoptive father himself.

Mr. CUNNINGHAM. Mr. Speaker, I stand in support of the rule. I do not like closed rules myself, but I think in this case with the bipartisan support that we have on the bill, I doubt if there will be very many people opposed to it. I support the rule and am a cosponsor of the bill.

I have a son. He happens to be adopted. I would like to tell people that there is no difference between a natural son and an adopted son as far as the love and care, through better and worse. Like all children, you have problems; but it has been a blessing to my wife and myself.

I would also tell you a story. My brother, when he was going to college, was dating a young lady. Unbeknownst to him, the young lady became pregnant. She went away to Kansas City and gave birth to this child without my brother's knowledge.

Later on, my brother married this same young lady. They had two children. Later on, the adopted child wanted to know who her parents were. My niece, Louise, sought to find her mother. It took almost 2 years. She arrived in St. Louis and called my sister-in-law and said, ''I think you are my mother.'' Louise had been adopted. She turned out to be living about a mile away from her natural parents.

When she arrived, she had no idea she had a natural father and a natural brother and sister. Louise is now pregnant with her third child. No, the child will not be aborted; and the child will have a loving family from Josh and Louise. A loving mother who supported her daughter's right to seek her natural parents is very close to my brother and the entire family.

So the story, Mr. Speaker, is that adopted children, there are success stories. And it is a wonderful thing that I think Members on both sides of the aisle are doing here by making it possible to go forward with this bill. Mr. Speaker, I thank the sponsors of this bill.

Mr. HALL of Ohio. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. Mr. Speaker, I too rise in support of the rule and the underlying bill. I was among its original cosponsors, and I want to take a moment to commend the gentlewoman from Ohio (Ms. PRYCE) and the gentleman from Michigan (Mr. CAMP) for their leadership.

The bill will make it possible for many more families to provide children with loving and permanent homes. But I would be remiss not to acknowledge my disappointment that the bill we are considering today is not the one that I cosponsored originally. It has been stripped of one of its most important provisions which was designed to help those adoptive families most in need of our assistance, those who adopt children with special needs.

Children with special needs are those who, because of their age, race, disability or other characteristics, would be unlikely to find a permanent home without special assistance. Many are older, some have mental or physical or emotional problems. Not only are these children the least likely to find a loving home, but when they do find a home, their adoptive parents typically face financial burdens in caring for them.

There are some 125,000, approximately, children in foster care now who are eligible for adoption and who continue to wait and wait and wait for a permanent placement. The vast majority of these children are so-called children with special needs.

The credit actually does little for these families, unfortunately, because it can be applied to only such adoption-related expenses as adoption fees, court costs and attorneys' fees. Most special-needs children are adopted from foster care and publicly-supported institutions, and the families who do adopt them do not incur these kinds of expenses. That is why the Department of Treasury reported last October that only 15 percent of these families were able to claim any tax benefits under the credit for 1998.

The provision that was removed from the bill would have remedied this situation by providing a $10,000 tax credit for families who adopt special-needs children irrespective of the nature of the expenses they incur in providing for the child.

Mr. Speaker, this would have ensured that all adoptive parents could partake equally in the benefits of the credit. Most importantly, it would have provided a meaningful incentive to those who are eager to adopt children with special needs but maybe are unable to absorb all of the extraordinary financial burdens that this can entail.

As an adoptive father myself, I believe we have a strong interest as a society, as a Nation, in encouraging all adoptions, but especially those that provide a permanent home to a child with special needs.

As I indicated, I am going to support the bill, but I hope very much that a way can be found to reinstate the provision before it is sent to the President for his signature.

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I, too, regret that the provision that the gentleman spoke of is not included. However, we have assurances from our Committee on Ways and Means that this matter will be subject to hearings. I think there is great

support for it in the Senate. I, too, hope it is added before it goes to the President for signature.

Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. CAMP), a member of the Committee on Ways and Means and a champion of the issue of adoption in the House of Representatives.

Mr. CAMP. Mr. Speaker, I thank the gentlewoman for yielding me this time, and for her leadership on the issue of adoption.

Mr. Speaker, since 1995, we have made tremendous progress from the creation of the credit, to ending discrimination in adoption, to the Adoption in Safe Families Act, a stamp commemorating adoption, the Intercountry Adoption Act to help people who are adopting children from abroad, and the Child Citizenship Act to make sure that children who are foreign born who are adopted by American parents receive automatic citizenship. That had been a real hang-up for families who are adopting. And also for the Abuse and Neglect Act; and now, of course, today increasing the credit.

Mr. Speaker, I support this rule. This bill represents a unanimous bipartisan effort from the Committee on Ways and Means and from the House. There are well over 289 cosponsors, a significant amount of support.

This rule will provide extra time for my colleagues to debate and discuss the importance of this act. The credit, as I said, was originally enacted in the mid-1990s. A portion of that original law is set to expire. So if we do not act, we will lose the adoption credit, and we need to update the language of this bill to better reflect the realities and cost of adoption today.

The Hope for Children Act will make permanent an update of the adoption tax credit, increasing the credit to $10,000 per eligible child and raising the income caps and exempting the credit from the Alternative Minimum Tax, so there are no adverse tax consequences for people who use this credit.

It will also extend the gross income exclusion for employer-provided adoption assistance programs and raise that maximum exclusion to $10,000 as well.

As has been stated, this is about children and families and about finding a loving home for children who do not have homes. That is the most important thing in this bill.

Mr. Speaker, again I wanted to commend the leadership on the bipartisan effort of this bill, and especially the leadership of the gentlewoman from Ohio (Ms. PRYCE) who has brought the issue of adoption to the floor.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of the bill and also the rule, and for the very strong pro-family, pro-adoption tax relief policy, Hope for Children Act. Children's issues, and specifically promoting adoption and improving foster care, have been important legislative goals in my career. I am proud to have worked with President Clinton and his staff in a bipartisan way in this Congress back in 1996 when we passed the original bill that helped break down the financial and bureaucratic barriers to adoption, giving every child what every child needs and deserves: loving parents and a strong, stable home.

This legislation eases the cost of adoption by increasing the adoption tax credit that expired this year from $5,000 to $10,000 for all adoptions, and increases the employer adoption assistance exclusion to $10,000.

Every child deserves a loving family. This legislation helps provide assistance to those families who wish to add a child to their lives. All parents today face the stark reality that raising children, although wonderful and a true joy, is also increasingly expensive. The simple cost of going through the adoption process can be very expensive.

Mr. Speaker, I am hopeful that this Congress will also be able to address the item that my colleague from Massachusetts raised, the needs of parents who wish to adopt special-needs children. And I am pleased that my colleague, the gentlewoman from Ohio (Ms. Pryce), states a commitment from the Committee on Ways and Means to address this later in the session has been forthcoming.

These children are often older and have handicaps and medical conditions, and I urge my colleagues to work with the gentlewoman and others in the future to make sure that this is also included.

Again, I applaud the bipartisan leadership on this bill. With so many children in need of homes, it is morally right for Congress to relieve some of the financial burdens for these families.

All Members of Congress know that our doors are continually beaten down by those seeking various tax benefits for specific special interests. Children's voices often fail to be heard today in Washington, and I am pleased to stand in support with my colleagues of our Nation's children. This will help thousands of children waiting for a family that wants them, and it will help thousands of middle-class parents adopt them. It is an important bill. I urge a ''yes'' vote on the rule and the underlying bill.

□ 1100

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 1 minute to the distinguished gentleman from Indiana (Mr. PENCE).

Mr. PENCE. I thank the gentlewoman for yielding me this time.

Mr. Speaker, I rise today in support of the rule and of the Hope for Children Act. I thank my colleagues on the Hope Coalition for their bipartisan leadership on this issue, especially the gentlewoman from Ohio.

Mr. Speaker, there are very few things that can touch a life more than providing a home for a child without a family. The presence of parents in a child's life is undoubtedly the single most important aspect of their development. However, many would-be parents of children without homes are prevented from opening their doors due to the high cost of adoption.

Mr. Speaker, the Hope for Children Act will tear down the financial barriers to adoption by doubling the adoption tax credit from $5,000 to $10,000. While this credit may cause a relatively small loss in revenue for the Federal Government, it is a significant step to placing loving families and children together.

Mr. Speaker, I urge all of my colleagues to vote for the Hope for Children Act. It is said that He puts the lonely in families. It is the Hope for Children Act that puts the Congress in the business of putting lonely children into the families of America.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 2 minutes to the distinguished gentleman from Florida (Mr. STEARNS).

Mr. STEARNS. Mr. Speaker, I thank the distinguished gentlewoman from Ohio for yielding me this time.

I support the rule. This bipartisan legislation addresses the needs of this country's most vulnerable citizens, the children. Many families who would like to open their homes to children in need are prevented from doing so because of the $8,000 to $30,000 cost that is associated with this. The increase in the adoption tax credit to $10,000 for all adoptions would greatly facilitate the placement of children into permanent homes.

In Congress, we are limited as to what we can do to promote healthy families. We cannot legislate kindness from parents towards their children nor can we legislate responsible parental behavior. Therefore, it is our duty to do what is in our power to encourage strong families. One such thing we can do is to enable these families who would like to open their households as permanent and loving homes for children in need. This legislation relieves the heavy financial burden placed on these families.

Any family who wishes to care for these children in a permanent way should have the support of this body. I support the rule and urge passage of the bill.

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

This is a good piece of legislation. I think many of us are very proud to be on it. We hope as the bill makes its way through the legislative process that this amendment addressing special-needs children is added. We support the bill and the rule.

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

Ms. PRYCE of Ohio. Mr. Speaker, I yield myself the balance of my time.

This issue is very close to my heart and a personal priority. By reducing the financial burden that adoption can place on families, more couples can share their love with lonely, wanting children. That is what it is all about, fulfilling the dreams of those who long for a family.

I would like to give my personal thanks to the gentleman from California (Mr. THOMAS) and the Committee on Ways and Means for their extraordinary efforts on behalf of this bill; the majority leader, the gentleman from Texas (Mr. ARMEY); and the Adoption Caucus. I urge all my colleagues to support both the rule and this important legislation.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. LATOURETTE). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HALL of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 415, nays 1, not voting 16, as follows:

[Roll No. 123]

YEAS—415

Abercrombie
Ackerman
Aderholt
Akin
Allen
Andrews
Armey
Baca
Bachus
Baird
Baker
Baldacci
Baldwin
Ballenger
Barcia
Barr
Barrett
Bartlett
Barton
Bass
Becerra
Bentsen
Bereuter
Berkley
Berman
Berry
Biggert
Bishop
Blagojevich
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Boswell
Boucher
Boyd
Brady (TX)
Brown (FL)
Brown (OH)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Collins
Combest
Conyers
Costello
Cox
Coyne
Cramer
Crane
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
Davis, Tom
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Flake
Fletcher
Foley
Ford
Fossella
Frank
Frelinghuysen
Frost
Gallegly
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grucci
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Harman
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kerns
Kildee
Kind (WI)
King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Pomeroy
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Rahall
Ramstad
Rangel
Regula
Rehberg
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Schiff
Schrock
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spence
Spratt
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tiberi
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NAYS—1

Stark

NOT VOTING—16

Bilirakis
Borski
Brady (PA)
Condit
Cooksey
Cubin
Ganske
Gilman
Hunter
Kilpatrick
Largent
Lewis (GA)
Lucas (OK)
Pence
Radanovich
Tierney

□ 1126

Mr. THOMPSON of Mississippi changed his vote from ''nay'' to ''yea.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 141, I call up the bill (H.R. 622) to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. LATOURETTE). Pursuant to House Resolution 141, the bill is considered read for amendment.

The text of H.R. 622 is as follows:

H.R. 622

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 ''Hope for Children Act''.

SEC. 2. EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL.—

(1) ADOPTION CREDIT.—Section 23(a)(1) of the Internal Revenue Code of 1986 (relating to allowance of credit) is amended to read as follows:

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

''(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(B) in the case of an adoption of a child with special needs, $10,000.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137(a) of such Code (relating to adoption assistance programs) is amended to read as follows:

''(a) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program. The amount of the exclusion shall be—

''(1) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(2) in the case of an adoption of a child with special needs, $10,000.''.

(b) DOLLAR LIMITATIONS.—

(1) DOLLAR AMOUNT OF ALLOWED EXPENSES.—

(A) ADOPTION EXPENSES.—Section 23(b)(1) of the Internal Revenue Code of 1986 (relating to allowance of credit) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'',

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)(A)''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(1) of such Code (relating to dollar limitations for adoption assistance programs) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'', and

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(2) PHASE-OUT LIMITATION.—

(A) ADOPTION EXPENSES.—Clause (i) of section 23(b)(2)(A) of such Code (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(2)(A) of such Code (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) of the Internal Revenue Code of 1986 (relating to year credit allowed) is amended by adding at the end the following new flush sentence:

''In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.''.

(d) REPEAL OF SUNSET PROVISIONS.—

(1) CHILDREN WITHOUT SPECIAL NEEDS.—Paragraph (2) of section 23(d) of the Internal Revenue Code of 1986 (relating to definition of eligible child) is amended to read as follows:

''(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

''(A) has not attained age 18, or

''(B) is physically or mentally incapable of caring for himself.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 of such Code (relating to adoption assistance programs) is amended by striking subsection (f).

(e) ADJUSTMENT OF DOLLAR AND INCOME LIMITATIONS FOR INFLATION.—

(1) ADOPTION CREDIT.—Section 23 of the Internal Revenue Code of 1986 (relating to adoption expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(1)(B) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 of such Code (relating to adoption assistance programs), as amended by subsection (d), is amended by adding at the end the following new subsection:

''(f) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(f) LIMITATION BASED ON AMOUNT OF TAX.—

(1) IN GENERAL.—Section 23(c) of the Internal Revenue Code of 1986 (relating to carryforwards of unused credit) is amended by striking ''the limitation imposed'' and all that follows through ''1400C)'' and inserting ''the applicable tax limitation''.

(2) APPLICABLE TAX LIMITATION.—Section 23(d) of such Code (relating to definitions) is amended by adding at the end the following new paragraph:

''(4) APPLICABLE TAX LIMITATION.—The term 'applicable tax limitation' means the sum of—

''(A) the taxpayer's regular tax liability for the taxable year, reduced (but not below zero) by the sum of the credits allowed by sections 21, 22, 24 (other than the amount of the increase under subsection (d) thereof), 25, and 25A, and

''(B) the tax imposed by section 55 for such taxable year.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 26(a) of such Code (relating to limitation based on amount of tax) is amended by inserting ''(other than section 23)'' after ''allowed by this subpart''.

(B) Section 53(b)(1) of such Code (relating to minimum tax credit) is amended by inserting ''reduced by the aggregate amount taken into account under section 23(d)(3)(B) for all such prior taxable years,'' after ''1986,''.

(g) CREDIT RENAMED THE TOM BLILEY ADOPTION CREDIT.—

(1) The heading of section 23 of such Code is amended to read as follows:

''SEC. 23. TOM BLILEY ADOPTION CREDIT.''.

(2) The item relating to section 23 in the table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended to read as follows:

''Sec. 23. Tom Bliley adoption credit.''.

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

The SPEAKER pro tempore. The amendment printed in the bill is adopted.

The text of H.R. 622, as amended, is as follows:

H.R. 622

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 ''Hope for Children Act''.

SEC. 2. INCREASED TAX INCENTIVES FOR ADOPTIONS.

(a) INCREASE IN MAXIMUM BENEFIT.—Section 23(b)(1) of the Internal Revenue Code of 1986 (relating to dollar limitation) is amended by striking ''$5,000'' and all that follows and inserting ''$10,000.''.

(b) BENEFITS MADE PERMANENT FOR ALL CHILDREN.—Paragraph (2) of section 23(d) of such Code is amended to read as follows:

''(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

''(A) has not attained age 18, or

''(B) is physically or mentally incapable of caring for himself.''.

(c) INCREASE IN PHASEOUT.—Clause (i) of section 23(b)(2)(A) of such Code (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(d) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subsection (b) of section 23 of such Code is amended by adding at the end the following new paragraph:

''(4) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (c) of section 23 of such Code is amended—

(i) by striking ''section 26(a)'' and inserting ''subsection (b)(4)'', and

(ii) by striking ''reduced by the sum of the credits allowable under this subpart (other than this section and section 1400C)''.

(B) Paragraph (1) of section 26(a) of such Code is amended by inserting ''(other than section 23)'' after ''this subpart''.

(C) Section 904(h) of such Code is amended by inserting ''(other than section 23)'' after ''chapter''.

(D) Subsection (d) of section 1400C of such Code is amended by inserting ''and section 23'' after ''this section''.

(e) AMENDMENTS RELATED TO EMPLOYER-PROVIDED ADOPTION ASSISTANCE.—

(1) Paragraph (1) of section 137(b) of such Code is amended by striking ''$5,000'' and all that follows and inserting ''$10,000.''.

(2) Subparagraph (A) of section 137(b)(2) of such Code is amended by striking ''$75,000'' and inserting ''$150,000''.

(3) Section 137 of such Code is amended by striking subsection (f) (relating to termination).

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(2) EXPENSES PAID OR INCURRED IN PRIOR YEARS.—Expenses paid or incurred during any taxable year beginning before January 1, 2002, may be taken into account in determining the credit under section 23 of the Internal Revenue Code of 1986 for a taxable year beginning on or after such date only to the extent the aggregate of such expenses does not exceed the applicable limitation under section 23(b)(1) of such Code as in effect on the day before the date of the enactment of this Act.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) and the gentleman from Maryland (Mr. CARDIN) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentleman from California (Mr. THOMAS).

□ 1130

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

Before us today is H.R. 622, the Hope for Children Act. Most importantly, I want to thank the gentleman from South Carolina (Mr. DEMINT) and the gentlewoman from Ohio (Ms. PRYCE) for their leadership in moving this piece of legislation forward. But as chairman of the Committee on Ways and Means, I also want to congratulate Members on both sides of the aisle on the Committee on Ways and Means.

The bill before us today is not as the bill was introduced. It was amended in committee to bring together both the idea of the Tax Code assisting in adoption and the President's proposals as outlined during the campaign. This bill may, in fact, be changed as it moves through the legislative process with the Senate; but the heart of the bill, the fundamental purpose of the bill, will not change; that is, that the dollar amounts currently in law, some of them subject to termination, will be made permanent and increased in the hope that adoption will be utilized more frequently in this country.

Mr. Speaker, I have a Statement of Administration Policy that I would like inserted in the RECORD. The heart of the Statement of Administration Policy is ''H.R. 622 is consistent with the President's priorities, which include permanently extending and increasing the adoption tax credit.''

That is the focus that we should place on this bill, and this is one of those opportunities to engage in a discussion and debate on the floor of the House in a way that we do not do it as often as we would like; but joining together on this particular bill, it will be a very rewarding morning.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, May 17, 2001.

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES)

The Administration supports House passage of H.R. 622, the Hope for Children Act, as an important pro-family and pro-adoption tax relief initiative. H.R. 622 is consistent with the President's priorities, which include permanently extending and increasing the adoption tax credit. The Administration looks forward to working with Congress through the legislative process to achieve a result that best embodies the objectives of the President's plan.

Pay-As-You-Go Scoring

Any law that would reduce receipts is subject to the pay-as-you-go requirements of the Balanced Budget and Emergency Deficit Control Act. Accordingly, H.R. 622 or any substitute amendment in lieu thereof, that will also reduce revenues, will be subject to the pay-as-you-go requirement. The Administration will work with Congress to ensure that any unintended sequester of spending does not occur under current law or the enactment of any other proposals that meet the President's objectives to reduce the debt, fund priority initiatives, and grant tax relief to all income tax paying Americans.

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

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

Mr. Speaker, there is broad support for the underlying goals of H.R. 622, to assist families in meeting their needs on adoption. The bill, as the chairman has indicated, would increase the adoption credit to $10,000. That is broadly supported in this body.

Secondly, it would make permanent the adoption credit. In current law, the adoption credit for special-needs children is already permanent, and this bill would make it permanent for all adoptions to use the credit; and there is broad support for that provision.

Mr. Speaker, let me point out two concerns that we have with this bill. As I indicated, we supported the bill, but we have two concerns. First, this is the eighth tax bill that has been considered by this body. This bill is not part of the $1.25 trillion budget that has passed both this body and the other body. So we are already starting to see additional tax bills that are going to be considered that are going to go beyond the $1.25 trillion.

One of the concerns that has been expressed by the Democrats is that we, in fact, are going to be having tax relief far in excess of what is provided in the budget resolution. I regret this will probably not be the last time that we will be making this point, that there will be other tax bills that are going to be brought forward that exceed the budget resolution that was passed by this body.

The second concern, and we have already heard this by other speakers speaking on the rule, is that there is not enough help in this legislation for parents who want to adopt special-needs children. The children that fall into this category are our most difficult children to place with adoptive parents. These are usually older children, children that come out of foster care, children that have one or more disabilities. We want to help these children find permanent homes.

Unfortunately, today, only one out of seven parents who adopt a child with special needs can take advantage of the credit that is in the law for adoption expenses; and the main reason for this is that the expenses that qualify for the adoption credit are normally paid for by the social agencies that are involved in adoption of children with special needs. Those parents who can take advantage of the adoption credit find that they do not have as much expenses and they do not reach the limit. The percentage of parents who are using the adoption credit with special-needs children are much lower in reaching the credit than those that are adopting other children. So, therefore, this bill that costs $2.5 billion over the 10-year window will have little benefit for helping children with special needs find permanent placements.

Mr. Speaker, there are 122,000 children waiting for adoption with special needs. I think we can do more to help families. The original bill had a provision in it that allowed the $10,000 credit without the documentation of costs. That amendment would cost about $125 million, a small fraction of the money that the underlying bill that has been reported to this body would cost.

Mr. Speaker, we support this bill; but I would hope that we could do better. I would like just, if I might, to quote from the Committee Report, and I thank the chairman for including this language in our committee report: ''The committee, however, is aware that families adopting special-needs children may incur continuing expenses after the adoption is finalized that are not eligible for these benefits. The committee will continue to search for ways to help alleviate these post-adoption expenses.''

I want the chairman to know that we want to work with him in finding a way in which we can provide additional assistance to families who are adopting special-needs children. We think we can do better, and we hope as the bill works its way through the legislative process we will find a way to take care of that need.

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

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume, in part to respond to my colleague from Maryland.

In terms of his concerns about finding money to pay for this particular program or, indeed, any other program, because notwithstanding the budget reconciliation numbers, there is included in that budget reconciliation an estimated revenue stream outside of reconciliation of more than $18 billion over 10 years, more than enough to pay for this particular program, and for a number of others that I would say the Committee on Ways and Means will probably be looking at. These are not large amounts of money, and they can be accommodated.

The question is ordering our priorities; and it seems to me that based upon the support of this bill that this ought to be very high on our priority list to claim its fair share of that revenue outside of reconciliation.

Mr. Speaker, at this time I ask unanimous consent that the gentleman from Michigan (Mr. CAMP) be permitted to control the remaining time, someone who has been instrumental in helping us shape this legislation and move it forward.

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

There was no objection.

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

I want to thank the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, for his leadership on this very important issue. This bill would not have come to the floor without his support and effort. Also, I am grateful for the bipartisan effort that this bill has enjoyed.

Mr. Speaker, I think it is important to also mention that the former chairman of the Committee on Commerce, the gentleman from Virginia (Mr. BLILEY), originally introduced this bill in

the last Congress, and along with the gentlewoman from Ohio (Ms. PRYCE) and the gentleman from South Carolina (Mr. DEMINT) helped bring this bill to the floor.

Obviously, I support the Hope for Children Act, H.R. 622, which would raise the tax credit for adoption to $10,000. Currently the maximum credit is $6,000 for families who adopt a special-needs child and $5,000 for all other adoptions. The credit is set to expire this year, and H.R. 622 would make the credit permanent. The special-needs credit, as the gentleman from Maryland mentioned, is permanent now. But furthermore, the Hope for Children Act applies to all adoptions, both domestic and intercountry. As the lead sponsor of the Adoption and Safe Families Act, which was signed into law in November of 1997, I am pleased that we are continuing our efforts to make adoptions easier.

I supported the legislation which was signed into law that provided adoptive parents a $5,000 per child adoption credit, but now it is time to expand this tax credit and make it permanent. Families can spend anywhere from $8,000 to $30,000 to adopt a child; and we need to ease the financial burden that really gets in the way of children finding permanent and loving homes.

I have heard from many families like William and Susan Logan of Midland, Michigan, who would like to open their home to a child, but are prevented or delayed from doing so because of the high cost of adoption. The good news is that the Logans will be traveling abroad in the next couple of weeks to bring home the newest addition to their family.

Regrettably, there are thousands more children who are without permanent families, and it is time we work together to ensure they find a loving home. I believe that now is the time to help those children find the families they are waiting for so that they may enjoy a wonderful, loving relationship. I urge my colleagues to vote ''yes'' on H.R. 622.

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

Mr. CARDIN. Mr. Speaker, it is my pleasure to yield 5 minutes to the gentleman from Minnesota (Mr. OBERSTAR).

Mr. OBERSTAR. Mr. Speaker, I thank the gentleman for yielding this time and for being so generous with his time.

Mr. Speaker, this is a very nostalgic moment for me. My late wife, Jo, and I started our family with adoption. We brought Ted into our family in April of 1968; and there followed Noelle and Annie and Monica, and now grandchildren, granddaughters. It would not have been possible without adoption.

I started thinking about what we were able to do, how we were able to afford the cost of adoption. But there are many others who could not. And in 1977, I introduced what then was recognized as the very first bill to provide financial assistance for adoption, a modest $1,500 tax deduction. Well, it was rejected by Treasury as costing too much; Treasury could not afford it. There was not really much of a movement across this country for adoption in those days. So I began to work to build a consensus. With the help of Members on both sides of the aisle, it is remarkable how I found support, for example, from our former colleague, Mr. Lightfoot of Iowa, who himself was an adopted child; from Mr. BLILEY, the gentleman from Virginia, who was an adoptive parent. Over time, we built a consensus and a bipartisan momentum until in 1996, 20 years later, legislation was enacted to provide, not a tax deduction, but a much more valuable $5,000 tax credit. Never in my wildest dreams did I think we could achieve that goal.

I thank the gentleman from South Carolina (Mr. DEMINT); the gentlewoman from Ohio (Ms. PRYCE); the gentleman from Alabama (Mr. BACHUS); the gentleman from New York (Mr. KING); and the gentleman from Michigan (Mr. CAMP), who is currently the floor manager; and the chairman of the committee; and my very, very dear friend, the gentleman from Maryland (Mr. CARDIN), for championing this cause within the Committee on Ways and Means, and there are many others.

Mr. Speaker, I am disappointed that the committee did not follow my suggestion that we name this the Bliley Adoption Tax Credit, but I understand that the Chair has reservations about naming provisions of tax bills for sponsors. However, we do have the Keogh bill; we do have many other provisions of law that are named after former or, at the time, Members of Congress who were their sponsors. Nonetheless, the time will come, when this provision will be known as the Bliley Tax Credit and perhaps just because of his activism. But the gentleman from Virginia (Mr. Bliley) and I did join forces in crafting this legislation, securing 289 cosponsors; and I know that he is very pleased. It would be nice if his name were attached to it, but the recognition is there.

Now, I do feel, as the gentleman from Maryland said so well, that this was an opportunity to go farther, to do more.

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I feel somewhat ill at ease saying that we should have done more when we already are doing something. But let us never stop. We should never rest in finding homes for children.

A modest number, I think, 122,000 already identified special-needs children will benefit, hopefully, from this legislation with loving parents who will take these children into their homes.

If we want to look at the cost side of it, think of the enormous cost savings to society. The best insurance policy we have against violence in our society, against crime, is a loving family, a home for these children who are not condemned to a life adrift.

But there are further considerations; we do have to think about these: home and vehicle modifications, out-of-pocket medical expenses, lost income, no reimbursement for such lost income for parents who need to take time to deal with their special needs adoptive child. They are not reimbursed by the State; they are not eligible for the current adoption tax credit.

There is much to be commended in this legislation. It is a big step forward. I am delighted with it. I urge all those parents, all those would-be parents to take a look when this becomes law and move quickly on it, and show that we have acted in good faith and that there is a response, and that children will be taken out of institutions and into loving families.

I will say in closing, that it is not the tax credit by itself that is going to make the difference in whether these children are adopted. Parents will find homes for them. But we should use the Tax Code to make it easier; to show that our government, our tax system, has a heart, and we are opening that heart today a little wider, opening the doors wider to a generous society, a loving society, one that respects life from conception all the way through every stage of human existence.

Mr. CAMP. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina (Mr. DEMINT), the sponsor of the bill.

Mr. DeMINT. Mr. Speaker, it does give me great joy to stand here today to celebrate the thousands of moms, dads, and children who become bigger and stronger families through adoption.

The Hope for Children Act that we will pass in the House today will help build more loving, stable families in America, and send a strong signal across our land that every child is a wanted child.

Like many Americans, I grew up in a family without my father in the home. While my mother and eventually my stepfather did all they could to compensate for this missing piece in my life, nothing could dispel the haunting in my heart that regularly whispered that I was not wanted.

Too many Americans grow up with this sense of not being wanted. But every year in America, thousands of children have an infinitely more positive experience. When a married couple decides to adopt a child, they not only fill a void in their own lives, they send a clear signal to their child that he or she is loved and wanted.

The Hope for Children Act sends a strong signal that America wants her children, all of her children. By helping new parents with the high financial

cost of adoption, we as a nation encourage the building of strong, happy families.

I introduced H.R. 622 earlier this year, along with my colleagues in the Hope Coalition, the gentleman from Minnesota (Mr. OBERSTAR), the gentlewoman from Ohio (Ms. PRYCE), the gentleman from Alabama (Mr. BACHUS), and the gentleman from New York (Mr. KING), to work to ensure enactment of the Hope for Children Act this year.

However, as has been mentioned, the original Hope for Children Act to permanently extend and double the tax credit for adoption was introduced in the last Congress by the gentleman from Virginia, our former, our former colleague, Tom Bliley. Chairman Bliley worked tirelessly on adoption issues during his tenure in Congress and paved the way for this legislation.

While he is retired from the House, it is our privilege to carry on his work to pass Hope for Children today. The provisions in this bill are an excellent step in making adoption a reality to more families. As we work with the Senate to help the Hope for Children Act become law, we look forward to exploring the best policy methods to address the unique circumstances of special-needs adoptions in relation to the adoption tax credit.

I want to take a moment to thank my colleagues in the House for showing their overwhelming support for this bill. With 289 cosponsors, this bill is truly bipartisan.

As we celebrate this pro-child, pro-family legislation today, I want to thank the chairman, the gentleman from California (Mr. THOMAS), and the members of the Committee on Ways and Means.

I also want to thank the distinguished majority leader, the gentleman from Texas (Mr. ARMEY), for taking a special interest in moving this important legislation.

Lastly, I would like to thank the members of the Hope Coalition and their staffs for working as a team to make the passage of this legislation a reality.

I especially need to thank a member of my staff, Courtney Weise, who has made this her passion for the last 6 months. It is only because of her that we pulled this off today.

Mr. Speaker, this past Sunday we celebrated Mother's Day; next month, Father's Day. Being a mom or dad is the greatest privilege in life, and this bill will help make moms and dads all across the country, and make America a better place to live.

Mr. CARDIN. Mr. Speaker, I am pleased to yield 5 minutes to my colleague, the gentleman from Illinois (Mr. DAVIS).

Mr. DAVIS of Illinois. Mr. Speaker, I want to thank my colleague, the gentleman from Maryland, for yielding time to me.

I also want to commend and congratulate the gentleman from South Carolina (Mr. DEMINT) for introducing this meaningful legislation.

Mr. Speaker, I rise to join with my colleagues in expressing the importance of the Hope for Children Act. In our country, there are thousands of children without a family to care for them. At the same time, there are thousands of families who would like to bring these children into their homes but cannot because of the rising cost of adoption.

Families today often spend between $8,000 and $30,000 just to adopt a child. Yet, the adoption credit to them is only $5,000. For many families, this makes adoption impossible simply because of the huge financial burden.

Last year, the Illinois Department of Children and Family Services consummated 6,281 adoptions. However, this year, DCFS reports that 1,600 children are still waiting to be adopted immediately; and there are 29,000 children in Illinois living in non-permanent substitute homes. By increasing the adoption tax credit to $10,000, the Hope for Children Act will allow more families to adopt, give them the opportunity to adopt. It will help more children bypass the foster care system and become part of a permanent family. It will also help to encourage the development of more stable families.

Children are indeed the future of our country, and it is necessary that we give them the opportunity to grow up in stable and permanent environments.

So I commend all of those families who would adopt and bring children into their homes. They are indeed what I would call the salt of the Earth, the pillars of the universe: those who are willing to share and give of themselves so that others might have a more meaningful life.

I also want to thank my intern who just joined us, Kate Perdzik, who actually wrote these comments, and the importance of the issue was captured by her, not much more than a child herself, but one who really understands the value of families taking into consideration the needs of others.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. HORN).

Mr. HORN. Mr. Speaker, I enthusiastically support H.R. 622, the Hope for Children Act. One of the caseworkers in my district office has adopted five children. The costs of adoptions are exorbitant, often running $40,000 to $50,000 per child. Doubling the adoption tax credit to $10,000 is a positive first step in helping families meet these costs.

Easing the financial burden of adoption makes it possible for more families to give children a loving family and a stable home, something every child deserves.

I thank the chairman, the gentleman from California (Mr. THOMAS), for this beginning. I am proud to support this important bill, and I urge my colleagues to do so as well. Vote aye for H.R. 622.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH), a distinguished member of the Committee on Ways and Means.

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

Mr. Speaker, it is fundamental that the family is the central institution of American society. Mr. Speaker, many families open their hearts and open their homes to children through adoption. They know that they can provide a child with a loving home, and they know that they can grow as individuals and as a couple by experiencing the love of a child.

Our enlightened social policy and tax policy should encourage this. Unfortunately, the average adoption in 1998 cost roughly $5,900, with 25 percent of adoptive parents reporting expenses of more than $10,000. That price tag prohibits many families from growing, leaving more than 118,000 foster care children waiting to be adopted.

Given the financial commitment being made by families who adopt a child, the current credit does not go far enough. The Hope for Children Act opens the doors for many families who wish to adopt children but find the cost absolutely prohibitive.

H.R. 622 increases the maximum adoption tax credit to $10,000 from $6,000 for special-needs children and $5,000 for all other adoptions, while increasing the income cap for those who claim the credit from $75,000 to $150,000. It also makes the credit permanent for all adoptions, not just special-needs children.

The bill allows the credit to apply against the AMT, so families are not unfairly pushed into the AMT by claiming this credit. This plan also increases the exclusion for employer-provided adoption assistance to $10,000 for all adoptions and makes this provision permanent.

Mr. Speaker, many families in my district and around the United States know firsthand the joy of adopting a child. We should not allow cost to stand as a barrier to all families that wish this experience, to experience it. Passing this legislation will advance the goal of providing every child with a loving home.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Speaker, I rise today in support of the Hope for Children Act. As a member of the Hope Coalition, I would like to thank the gentleman from South Carolina (Mr. DEMINT) and the gentlewoman from Ohio (Ms. PRYCE) for their energy on this bill this year, for guiding it through the Committee on Ways and Means.

I would like to thank the members of the Committee on Ways and Means. I would also like to thank the gentleman from New York (Mr. KING), the other member of the Hope for Children Coalition, and the gentleman from Minnesota (Mr. OBERSTAR).

Mr. Bliley, as others have said, first introduced this legislation in the 106th Congress. I was the lead sponsor the next year. The gentleman from Minnesota (Mr. OBERSTAR) has always been a real driver and a real enthusiastic supporter of this legislation.

All of us, no matter what party we belong to or what political philosophy we subscribe to, we want children to have a loving and a permanent home. No children should ever be denied the chance to live with a family that will love and cherish them. This tax credit will make it possible for more families to open their homes and their hearts to a child through adoption.

The high cost of adoption is an insurmountable obstruction to many families who want to adopt a child. With this tax credit, we can help ease that financial burden, sometimes enormous, and ensure more children find a permanent, loving home.

In conclusion, Mr. Speaker, many people do not realize just how expensive adoptions are: medical bills, legal fees, travel costs. We owe it to those wanting children to ease these burdens. Passage of this bill will unquestionably make a meaningful difference in the lives of thousands of children.

One of those children is the son of my chief of staff, who Members can imagine has been very enthusiastic since he adopted Wyatt Emerson about a year and a half ago. I can tell the Members that Wyatt has made a difference in the Emerson family, and the Emerson family has made a difference in him.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentlewoman from Virginia (Mrs. JO ANN DAVIS).

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Mrs. JO ANN DAVIS of Virginia. Mr. Speaker, I rise today in support of H.R. 622, the Hope for Children Act.

In the past quarter century, the number of children in foster care has grown much faster than the number of children adopted. Yet, despite the large number of children of adoptable age, the adoption rate is still significantly low. A primary reason for this is the costs of adoption which can require a family to spend, as my colleagues have heard, up to $30,000 to provide a child with a home.

The average American family just does not have this kind of money. The Hope for Children Act seeks to remedy this problem by increasing the adoption tax credit to $10,000. There are more people who want to adopt than there are children who are eligible for adoption.

This essential legislation will allow more children to be adopted by loving families who so desperately want them. These children deserve to be loved and deserve to be wanted. We need to help these families be joined together.

Mr. Speaker, I urge my colleagues to vote for the Hope for Children Act.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. CANTOR).

Mr. CANTOR. Mr. Speaker, I thank the gentleman from Michigan (Mr. CAMP) for yielding time to me.

Mr. Speaker, I rise today in strong support of the Hope for Children Act. This is an important measure that encourages adoption and provides tax relief at the same time.

One of the biggest blessings is to have someone to call mom and dad. I am in full support of this measure that would help provide loving families and parents to children who are without a permanent place to call home.

The Hope for Children Act will enable more American families to adopt, and as a Congress we should do all we can to promote adoption.

As others have said before me, my predecessor Tom Bliley was the original cosponsor of the Hope for Children Act, he worked tirelessly to garner 280 cosponsors for this legislation last year.

The Hope for Children Act was included in major tax legislation passed by the House, but unfortunately did not become law. I applaud the efforts of those who have brought this legislation to the floor, the gentleman from California (Mr. THOMAS), chairman of the Committee on Ways and Means, as well as the gentleman from Texas (Mr. ARMEY), the gentleman from South Carolina (Mr. DEMINT), the gentleman from Alabama (Mr. BACHUS), the gentleman from New York (Mr. KING), the gentlewoman from Ohio (Ms. PRYCE) and the gentleman from Minnesota (Mr. OBERSTAR).

As a cofounder of the Congressional Coalition on Adoption, Tom Bliley sponsored over one dozen different adoption bills. As chairman of the House Committee on Commerce, Mr. Bliley played a major role in the Foster Care Independence Act, the Adoption and Safe Families Act, and the Adoption Awareness Act.

In addition to promoting adoption domestically, he secured aid for displaced orphans overseas while working to enact the Hague Intercountry Adoption Act.

Tom Bliley truly stood up for children without a voice, and his leadership on adoption issues is much appreciated by a grateful Nation. His efforts have helped children in need of loving homes and families find happiness.

Mr. Speaker, today I join with my colleagues in helping more of those children in need by supporting the Hope for Children Act.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. PITTS).

Mr. PITTS. Mr. Speaker, few Americans realize that it can cost between $8,000 and $30,000 to adopt a child nowadays. That is a problem we should also be addressing. But until we do, American couples need help.

Too many loving families say no to adoption because they cannot afford it. Others have to take out a second mortgage. They should not have to do that.

The Hope for Children Act will extend and increase the adoption tax credit for families who adopt. This is more than a good idea, it is a necessary measure. I want to thank the gentleman from South Carolina (Mr DEMINT), my friend, for taking the lead on this measure.

I think we should also thank our former colleague, Tom Bliley, who worked so hard to advance this legislation for so many years.

Mr. Speaker, every child deserves a loving home, but we need to help adopting families overcome the financial impediments to taking a child into their home.

This is a good bill. I urge all of my colleagues to vote for it.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. SMITH).

Mr. SMITH of New Jersey. Mr. Speaker, I thank the gentleman from Michigan (Mr. CAMP), my friend, for yielding the time to me.

Mr. Speaker, all of the arguments in favor of this extraordinarily good legislation have been stated. I just want to thank the gentleman from South Carolina (Mr. DEMINT) for his sponsorship of the legislation, for working overtime to garner the number of cosponsors that he did from both sides of the aisle.

Mr. Speaker, when I look around at the speakers today, who really have been the movers and shakers, it reminds me of that famous statement out of Casablanca: Round up the usual suspects. And you have got the same key players, the gentleman from Michigan (Mr. CAMP) and the gentleman from Minnesota (Mr. OBERSTAR) and so many others, who are always there trying to advance the ball and advance the cause of adoption and to provide a loving option to a mother who may find herself in a very difficult situation.

I want to commend all of those who have made this legislation possible. The $5,000 credit certainly has had a laudable impact on adoption and I am pleased to be an original sponsor of that. This legislation now doubles the tax credit, which I think is very generous, and hopefully not the end of our efforts to help those who would like to make an adoption plan and bring a child or children into their home.

This is a great bill. I urge everyone's support for it.

Mr. CARDIN. Mr. Speaker, I yield myself the reminder of my time.

Mr. Speaker, let me just say I would urge our colleagues to support this legislation. I think it is a very important bill that moves forward the cause for adopting parents and bringing families together.

I would like to just repeat the concern that I expressed earlier in regards to special-needs children and their adoption. A report issued by the Treasury Department in October of last year pointed out that this bill might have an unintended consequence of making it actually more difficult for special-needs children to find homes.

The reason, quite frankly, Mr. Speaker, is that this bill will make it a little bit less difficult for parents to participate in international adoptions where the majority of children are now available.

We do not have many children available in this country for adoption other than special-needs children; other than family relations. And this might, in fact, make it a little bit easier for a family to go for an international adoption rather than a special-needs adoption.

Mr. Speaker, I know that is not the intent of the legislation. I know that the committee will continue to work on this, but I would just urge my colleagues, as this bill works its way through the process, we need to go back at least to the original provisions in the bill, to make it easier for families that wish to adopt special-needs children.

We have a tremendous need there. This bill presents an opportunity, and I would encourage us, as the bill works its way through Congress, to address that need.

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

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

Mr. Speaker, I want to thank the gentleman from Maryland (Mr. CARDIN) for his effort on this legislation, and also for his comments. As the gentleman from California (Mr. THOMAS), Chairman of the Committee on Ways and Means, mentioned, he would like to work with the gentleman in terms of finding a way to assist special-needs adoption, adoptive parents with the costs, and do it in a way that really had some connection to the adoption expenses that might actually be incurred by a family. Because, obviously, we are all here, and we heard from a number of speakers from both parties who are very much wanting to strengthen the ability of people to adopt, to strengthen families, to try to find a way to make adoption easier and more frequent, and I am hopeful that we can resolve that.

Mr. Speaker, this is a good day in the Congress. This is excellent legislation that has been worked on for more than this Congress, and really was the effort of former member and chairman Mr. Bliley to bring this increase in the adoption tax credit to the floor, obviously make it permanent, so that the planning of families and agencies can go forward in trying to find and place children into loving homes.

This is an excellent bill, and I urge its adoption.

Mr. HOLT. Mr. Speaker, every year thousands of Americans open their homes to children without permanent families in order to provide these youngsters with stable and caring upbringings. Because of this, adopted children, who once had no one to turn to, find themselves surrounded with unconditional love and devotion. Adoptive parents not only unselfishly decide to share their homes with a child but also choose to share their hearts and lives so that their children can grow in happy, nurturing surroundings.

However, adopting a child is difficult in part because the cost of adoption continues to increase. A family can spend upwards of $20,000 just to make it possible to provide children with a loving home. These families should not be financially burdened by the exorbitant costs of adoption.

Thousands of individuals want to give a child a loving home but cannot due to the huge expense. Adoption costs should not be an insurmountable obstacle for these individuals. We have a responsibility to these men and women to open the doors to adoption, not shut them. And we have an even bigger responsibility to help a child find the family he or she needs.

The Hope for Children Act exemplifies how Congress can help these families and how we can provide more children with the opportunity to live happier, successful lives.

This important legislation would increase the tax credit each adoption to $10,000 and make the process more affordable for middle-class families. Present law only provides a $5,000 tax credit per adoption and a $6,000 tax credit for the adoption of a special-needs child. The current tax credit is far below the actual cost of adopting a child. Furthermore, the Hope for Children Act would index the credit for inflation and increase the earnings limit, expanding eligibility for the tax credit. The Hope for Children Act would also make the adoption tax credit permanent law, repealing the sunset, and exempt the beneficiaries of the credit from the Alternative Minimum Tax. This will ensure that parents receive the full benefit of this credit.

Children who are without permanent families should not be penalized, and families who want to open their homes to these children should not have to struggle financially. Let us provide these families with the opportunity to open their hearts and homes to a child in need. Let us pass the Hope for Children Act.

Mr. ROEMER. Mr. Speaker, I rise in strong support of H.R. 662, the Hope for Children Act. Knowing of the importance adoption plays in the lives of American families, Congress should do more to help facilitate and promote its benefits. I am pleased that the House of Representatives passed this bill earlier today with bipartisan and unanimous support. This action speaks to the strength of this legislation, and I hope the United States Senate moves quickly to follow the lead of the House.

Unquestionably, this legislation would tear down the financial burdens imposed on adoptive parents. These expenses can add up to $20,000 or more in a single year and continue to be the primary disincentive to middle-class families. While families who have children born to them often enjoy the fact that health insurance pays for the birth of their children, adoptive families receive no such support. H.R. 662 offsets this imbalance and makes the process a more financially viable option for middle-income parents to build families through adoption.

Mr. Speaker, few can argue that adoption does not result in moving children out of foster homes and providing the benefit of a solid home and possibilities for a bright future. The benefits of adoption exist not only with the adopted child, but with the biological mother and society as well. Adoption can help break the cycle of abortion that too often takes place with young girls having babies out of wedlock. By choosing adoption, women can feel good about themselves by making the right decision—not to have an abortion.

At the same time, adoption can help break the cycle of single parenting. More than eighty percent of all females born to single mothers under the age of 16 become teenage mothers themselves. By choosing adoption as an alternative to single parenting, these women can continue their education, develop job skills and a sense of independence, and live the rest of their lives knowing they were not forced to choose abortion over single parenting.

Mr. Speaker, this is a matter of fairness to adoptive families. H.R. 662 is good public policy and I urge my colleagues to support it.

Mr. KING. Mr. Speaker, I rise today along with my fellow 'Hope Coalition' members who joined with me in introducing the 'Hope for Children Act' (H.R. 622). I will be very proud to see H.R. 622 pass the House of Representatives with overwhelming bipartisan support.

Every child deserves a permanent, loving home and, with so many families who want to open their hearts and their homes to these children, I firmly believe we should help remove the financial barriers that may hinder this union. By extending a $10,000 tax credit to families who adopt a child, The Hope for Children Act will help to foster strong, healthy families across the nation.

The promotion of special needs adoptions is essential. Families who adopt special needs children incur significant costs after an adoption has taken place. It must be mentioned that the Hope for Children Act, as introduced, included a $10,000 flat tax credit for families who adopt children with special needs. Though this measure was eliminated in Committee, I will not stop fighting to ensure that the needs of these children and families are adequately addressed.

Across America, there are an estimated 122,000 children waiting for a family to love and care for them. but with adoption costs ranging from $8,000 to $20,000, many families can not afford this huge expense. No child should be forced to grow up without a family because of the tremendous cost of adoption.

It has been a privilege and an honor to work with the members of the 'Hope Coalition' in ensuring that this legislation passed the House of Representatives. Please be assured that I

will continue to do all that I can to make sure that the Hope for Children Act becomes law.

Mr. LUCAS of Kentucky. Mr. Speaker, I rise today in support of the Hope for Children Act. This much needed legislation would help more children be placed in loving homes by easing the financial burden of adopting a child. By increasing the adoption tax credit to $10,000 for all adoptions and increasing the employer adoption assistance exclusion to $10,000, more families would be able to adopt. Adoption costs have risen over the years, costing families anywhere between $8,000 and $30,000 to adopt a child.

It is important that we pass this Hope for Children Act today because the current $5,000 tax credit for non-special needs adoptions expires this year, as well as the current $5,000 exclusion for employer-provided adoption assistance. This tax credit helps make the adoption process more affordable for middle-class families.

Helping to unite children with adoptive parents is an issue that we can all agree on. There is perhaps no greater undertaking than raising a child, nor more rewarding an experience. Thousands of children are waiting to be adopted, waiting for the day they are welcomed into a loving home where they can grow and flourish. Let's help make the dream of so many families become a reality by passing the Hope for Children Act today.

Mr. POMEROY. Mr. Speaker, I rise in support of the Hope for Children Act. As a member of this chamber and as the father of two adopted children, I want to thank Reps. DEMINT, OBERSTAR, PRYCE, KING and BACHUS and the entire Congressional Coalition on Adoption for their dedication to the well-being of our Nation's and our world's children.

It is fitting that we consider this bill less than a week after celebrating Mother's Day and so close to Father's Day. These two days have been set aside for us to thank our parents for raising us, for giving us a sense of security and independence, and for offering us their unconditional love. I would like to take this opportunity to pay tribute to all parents, who know that there is no more important, more difficult, and ultimately more rewarding undertaking than raising a child.

I was very fortunate to have been raised by loving parents in a stable and caring home. I can't help but be reminded, however, of the over 500,000 children in our Nation's foster care system, many of whom need permanent homes. Although we have made great strides in improving the child welfare system, there is no substitute for loving parents and a permanent home. For the thousands of children who wait, adoption offers the gift of hope, the gift of love, and the gift of family.

My own family was forever changed and enriched by the adoption of our two children from Korea. It is difficult for me to express how deeply grateful I am to have Kathryn and Scott in my life. As any parent can attest, the love I have for my children knows no bounds.

As many of my colleagues also know, families can spend anywhere from $8,000 to $30,000, or even more, to adopt a child. I am proud, therefore, to be a cosponsor the Hope for Children Act, which helps offset the financial impact of adoption. By raising the limit on the adoption tax credit to $10,000 and making it permanent for all adoptions, I hope that this measure will open thousands of more homes and hearts to the miracle of adoption.

I would be remiss, however, if I did not point out what I believe is one shortcoming of this legislation. All children, regardless of age, medical need, disability, race or creed deserve a family to share their love. We need to do more to encourage the adoption of special needs children, those who are hardest to place in permanent homes.

Since State foster care programs cover most of the tax qualified expenses associated with special needs adoptions, only about 15% of adoptive parents of special needs children can benefit from the credit. These parents, however, incur other substantial adoption-related costs, such as out-of-pocket medical costs, counseling services, and lost income from work. As parents, legislators and advocates, we must give all children the chance to find a family. I thank the leadership for indicating their willingness to work on this issue.

Mr. Speaker, I urge my colleagues to support the Hope for Children Act and look forward to working with them to strengthen this bill.

Mr. KIND. Mr. Speaker, I am pleased to be an original cosponsor of the Hope for Children Act and I urge all my colleagues to support this important legislation.

I have heard from many families back home in western Wisconsin of the need for an increased adoption tax credit. The Hope for Children Act seeks to ease the financial burden on many families who adopt children. It will increase the adoption tax credit from $5,000 to $10,000 for families who adopt children and make this credit permanent, which is due to expire at the end of this year. Furthermore, it will index the credit for inflation and increase the earnings limit, expanding the eligibility for the tax credit.

As a father of two sons, I understand how important it is for children to grow up in a loving and stable family environment. We must find a way to help the thousands of children who have no permanent family. I believe extending this tax credit is one of the most important ways to help these children and the families who adopt them.

Mr. Speaker, I want to commend all those families who have adopted and cared for so many children that would otherwise never have known the true meaning of a loving, caring family. I hope with this legislation we will ease the high cost of adoption for many families.

Mr. Speaker, we must pass this commonsense legislation to give our nation's needy children and loving families hope.

Mr. CRENSHAW. Mr. Speaker, as an original cosponsor of the Hope for Children Act, I rise in strong support of its passage and urge all my colleagues to vote for this important family-building bill.

Just last Sunday, children young and old took time from their daily routine to remember their mothers on Mothers' Day. These are the women who have nurtured their children, giving them life, hope, happiness, and love. In just a few weeks, we will similarly honor our fathers on Fathers' Day, remembering the men in our lives who have taught us so much about life's ups and downs, ins and outs.

But for thousands of children, there is no one to honor on these special days and nothing to celebrate. For one reason or another, they are without parents or families. Thankfully, there are thousands of men and women who want to open up their homes to these children and make them a part of their families. Adoption makes this possible.

In 1992, the last year for which total adoption statistics are available, 127,441 children were adopted in the United States. Nearly 7,000 of those children were adopted in my home state of Florida, which has the fourth largest number of adoptions in the country. Some of these children were adopted by relatives, others by total strangers. Some of them came from overseas, others from across the street. All are loved and wanted. It made no difference to the children or the parents that they don't look the same; it only mattered that they needed one another.

Regrettably, many of these important unions are kept from ever occurring because the costs of adopting can be more than a family can bear. The adoption processes can cost between $8,000 and $30,000. The adoption tax credit helps to ease this financial burden and remove this obstacle. But, without our action here today, that tax credit will expire.

Mr. Speaker, the Hope for Children Act permanently extends and raises that tax credit to $10,000. Furthermore, it raises the employer adoption assistance exclusion to $10,000. By enacting this legislation into law this year, families can take advantage of this tax credit when filling out their 2002 tax returns.

This bill is just plain good policy, Mr. Speaker. We should do all we can to encourage adoption and to make families stronger. I ask all of my colleagues to support this important bill.

Mr. LARSON of Connecticut. Mr. Speaker, I rise today to show my strong support for H.R. 622, the Hope for Children Act. I am proud to be joined by so many of my colleagues from both sides of the aisle as an original cosponsor of this important legislation that will remove some of the unnecessary financial burdens that have long plagued the adoption process. I believe that it will also pave the way for children to be raised in safe, caring environments by an adoptive family.

It is estimated that the average adoptive family can spend from $8,000 to $30,000 to adopt a child. In addition, the lack of adoptive families leaves children in an intermediate state, waiting for an average of four years for an adoptive family. The Hope for Children Act will increase the tax credit a family receives for adopting any child to $10,000, up from the current amount of only $5,000 and $6,000 for special needs children. This credit will make adoption more affordable for middle-class families. Under current law, the tax-credit will expire on December 31, 2001 for non-special needs children; however, under the Hope for Children Act, the tax credit will be permanently extended. Also, the credit would be indexed to inflation, meaning that as inflation rates rise, so would the tax credit the adopting family receives, for all families with incomes below $150,000.

In my District, I have witnessed the beneficial effects of outside funding for adoption services. In September 2000, the Catholic

Family Services of Hartford, Connecticut, was awarded $250,000 from the U.S. Department of Health and Human Services to help increase the number of Latino children placed in adoption and the number of Latino families that are licensed for adoption and foster care. The program is designed to help facilitate the moving of children out of the child welfare system and into permanent adoptive homes. This project helps those in the community help themselves and provides loving homes to children who deserve them. This has been a wonderful service to provide children with and the best way to safeguard their future.

Mr. Speaker, adoption is a very sensitive and personal matter. Adoption is an option left to couples that, often times, have endured an intense personal trauma. The least we can do is to lift some of the financial burdens brought on by the adoption process to let adoptive families focus on the most important ingredient in the process, the children. I applaud the strong commitment so many of my colleagues have made to the Hope for Children Act. It is my hope that passage of the Hope for Children Act will put children into loving and secure homes. Therefore, I urge my colleagues to join me in supporting this bill.

Mr. GILMAN. Mr. Speaker, I rise today in support of H.R. 622, the Hope For Children Act which will increase the adoption tax credit for families. I am an original cosponsor of this legislation and I commend the gentleman from South Carolina, Mr. DEMINT for his leadership on this important issue.

Today's high cost for adoptions causes many couples to dismiss adoption as an option. With thousands of children in foster care needing homes, and thousands more being put up for adoption by parents who cannot care for them, the United States needs to make adoption financially possible for more American families. A typical adoption can cost a family anywhere from $8,000 to $30,000 leading some families to take second mortgages on their homes or accumulate other serious debt. This cost leaves many children in the foster care system permanently.

H.R. 622 will help ease this financial burden so that children are quickly placed in permanent and loving homes, which will encourage the development of more stable families and help more children bypass the foster care system. Studies have shown this stability discourages children from becoming involved in crime or depending upon welfare.

This legislation will increase the adoption tax credit for families who adopt special needs children from $6,000 to $10,000. The credit for families who adopt non-special needs children is increased from $5,000 to $10,000 and extended permanently. Moreover this legislation increases the income cap at which the credit begins to phase out from $75,000 to $150,000.

As a parent of an adoptive child, I personally know that bringing a child into your home is one of the most gratifying and fulfilling things a parent can do. If we can encourage more families to adopt by making it financially possible, thousands of children will benefit. Accordingly, I urge my colleagues to support this important and timely legislation.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in support of H.R. 622, the Hope for Children Act. This much needed legislation is an important step toward providing every child a loving, permanent home.

I thank and commend my colleagues for sponsoring and moving this legislation forward. I know that they must share my passion and commitment to our nation's children. H.R. 622 responds to a very real need in the lives of some of our nation's most vulnerable children, those awaiting adoption.

Under current law, a taxpayer may deduct expenses of up to $5,000 relating to the adoption of a child, and up to $6,000 for the adoption of a "special needs" child. The credit is phased out for taxpayers with annual income above $75,000. The adoption credit for special needs children is permanent, but the credit for the adoption of other children is scheduled to expire at the end of this year. Under current law, beginning in 2002, the adoption credit could not be used to reduce tax liability under the alternative minimum tax (AMT).

This bill increases the adoption tax credit to $10,000, up from $6,000 for special-needs children and $5,000 for all other children. It also makes permanent the adoption credit for children without special needs. Under the measure, the adoption credit could be applied against alternative minimum tax liability.

Current law also permits an employee to exclude up to $5,000 in adoption expenses ($6,000 for special-needs children) from taxable income for expenses reimbursed to the employee through an employer-sponsored adoption-assistance program. This provision is also set to expire on December 31. The measure increases to $10,000 the amount that an employee may exclude from taxable income for expenses reimbursed through an employer adoption assistance program. The measure also makes permanent the adoption-assistance exclusion.

The measure increases the beginning point of the income phase-out range for both the adoption credit and the adoption-assistance program exclusion from $75,000 to $150,000.

During 1999, the most recent year for which data is available, nationally over 820,000 children went through the foster care system, and 568,000 were in the system at year's end. Of the children adopted from foster care in 1999, 48 percent waited more than one year from the time they became legally free for adoption until they were placed in an adoptive home. The mean length of time in foster care is 46 months.

In my home state of Texas, at least 17,000 children were in foster care at the end of 1998, the last year for which that data is available. This is an increase of nearly 255% from the 1990 foster care population and an overwhelming increase of 363% from 1986. During that year, the Texas foster care system served over 20,000 children.

Approximately one half of these foster children are minorities. Studies have shown that minority children wait longer to be adopted than do white children. According to the National Council for Adoption (NCFA), African American children constitute about 43 percent of the children awaiting adoption in the foster care system, Hispanics 15 percent. In Harris County, 78 percent of all foster children are minorities.

Thus, it is crucial that we do all we can to encourage adoption. However, many parents who want to open their hearts and homes to a child through adoption cannot do so because of the great expense. Adoption can cost thousands of dollars, and so the cost is the primary obstacle to bringing together loving families and children who need a home.

Today, we can take an action that will have a direct impact on the lives of children. Please join me in doing so.

Mrs. MORELLA. Mr. Speaker, I rise in strong support of the Hope for Children Act and thank Chairman THOMAS, former Congressman Bliley, and the bipartisan Hope Coalition for introducing this legislation. I have supported this legislation for several years and am proud to currently be one of 289 cosponsors.

Approximately 50,000 children are adopted nationwide each year. According to the State Department's annual report, the number of international adoptions increased approximately 13 percent from 1998 to 2000. According to Adoptions Forever, an adoption agency in Maryland, the average aggregate cost of adoption for these international orphans ranges up to $30,000, while a domestic adoption can range up to $12,000. Passing the Hope for Children Act will ease the burden of what can be an expensive obstacle to sharing your home life with a child in need.

Currently, tax credits provided for adoption of children without special needs will expire at the end of this year. The credit is currently $5,000 for children without special needs, $6,000 for children with special needs. H.R. 622 promotes adoption opportunities by preserving and expanding tax credits for those families that choose to adopt.

The Montgomery County division for child welfare provides lawyers and travel compensation for adoptive parents. Despite this coverage of general adoption payments, the division has more children with special needs than they can place. With a $10,000 tax credit, an organization like the Montgomery County division of child welfare will attract more potential adoptive families, leaving fewer special needs children without homes.

Enacting the Hope for Children Act allows us to build we must build on current successes of tax credits for adoptive families and send our support for families who adopt. Adoption allows children who otherwise would be without a nurturing home to experience childhood with a supporting family. Every family that wants to adopt should have the opportunity to adopt. As a member of the Congressional Caucus on Adoption, I encourage my colleagues to join me and the bipartisan Hope Coalition in supporting H.R. 622.

Mr. BEREUTER. Mr. Speaker, as a cosponsor of the bill, this Member wishes to add his strong support of H.R. 622, the Hope for the Children Act, and would like to commend the distinguished gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, and the distinguished gentleman from New York (Mr. RANGEL), the ranking member of the House Committee on Ways and Means, for bringing this important legislation to the House floor today.

As you know, the high cost for adoptions causes many couples to dismiss adoption as too costly. Other families have taken second mortgages on their home or accumulated

other debt. Because families spend anywhere from $8,000 to $30,000 to adopt a child, these high costs mean that many children do not get adopted and stay in the foster care system permanently.

The Hope for Children Act will ease the burden of this expense by increasing the adoption tax credit to $10,000 for all adoptions. While this credit will not completely cover the often exorbitant costs associated with adoptions, it will provide a healthy start toward ensuring more children find a loving home.

This bill will encourage the creation of more families and help more children bypass the foster care system to enter in to a permanent arrangement. This much needed stability will also mean that these children will have better, more stable home environments and that they will be less likely to become future burdens on society either through crime or welfare.

Mr. Speaker, in closing, this Member urges his colleagues to support H.R. 622.

Mr. CRANE. Mr. Speaker, I rise in strong support of the ''Hope for Children Act of 2001.'' This important legislation continues our commitment to providing families assistance when adopting children who might otherwise be in need of a loving home. I've had many constituents tell me that the current costs of adoption can, in many cases, exceed $25,000 or even $30,000. Raising the adoption tax credit from $5,000 to $10,000 and making it permanent will go a long way toward alleviating the burden of these burdensome costs.

I truly believe that there is no greater gift that a person can give than placing a child in a loving and nurturing environment. There are many young couples today looking to adopt a child, but the costs associated with adoption prevent them from this noble mission. I do not believe that this legislation creates an artificial incentive for people to adopt. They simply want to bring a child into the world and give it all of the love and affection they have to offer. The adoption tax credit just makes it easier for people to fulfill that dream.

I have raised a household full of children. I've watched them grow and mature into fine individuals. I've been there through good times and bad. Nothing has brought me greater joy in my life than my children and I hope this bill will give people across America that same opportunity.

Mr. KNOLLENBERG. Mr. Speaker, I rise today in support of the Hope for the Children Act and I am proud to be an original cosponsor of this important legislation.

This bill will help more families provide loving homes to more children by increasing the adoption tax credit to $10,000 for all adoptions and increase the employer adoption assistance exclusion to $10,000. Because families can spend anywhere from $8,000 to $30,000 to adopt a child, this assistance is vital to ensure children quickly find a permanent, loving home. Many parents who want to open their hearts and homes to a child through adoption cannot because of the huge expense. This bill removes some of the financial obstacles to finding families for these children.

Adoption is a beautiful expression of family values, for it allows people the opportunity to extend their homes and their hearts to people in need. It is my sincere hope that passage of this legislation will encourage many more people to adopt and encourage individuals to consider adoption as an alternative when they are not ready to be parents. It is essential to raise the awareness of the benefits of adoption in our effort to provide for all children throughout the world.

Mr. POMEROY. Mr. Speaker, I rise in support of the Hope for Children Act. As a member of this Chamber, and, more importantly, as the father of two adopted children, I thank Representatives DEMINT, OBERSTAR, PRYCE, KING, and BACHUS and the entire Congressional Coalition on Adoption for their dedication to the well-being of our Nation's and our world's children.

It is fitting that we consider this bill less than a week after celebrating Mother's Day and so close to Father's Day, 2 days that have been set aside for us to thank our parents for raising us, for giving us a sense of security and independence, and for offering us their unconditional love. I would like to take this opportunity to pay tribute to all parents, who know that there is no more important, more difficult, and ultimately more rewarding undertaking than raising a child.

I was very fortunate to have been raised by a loving mother in a stable and caring home. I can't help but be reminded, however, of the over 500,000 children in our Nation's foster care system who await permanent homes. Although in recent years we have made great strides in improving the child welfare system, there is no substitute for a loving parents and a permanent home. For the thousands of children who wait, adoption offers the gift of hope, the gift of love, and the gift of family.

My own family was forever changed and enriched by the adoption of our two children from Korea. It is difficult for me to express how deeply grateful I am to have Kathryn and Scott in my life. As any parent can attest, the love I have for my children knows no bounds.

As many of my colleagues can attest, families can spend anywhere from $8,000 to $20,000, or even higher, to adopt a child. I am proud, therefore, to be a cosponsor of the Hope for Children Act, which helps offset the financial impact of adoption. By raising the limit on the adoption tax credit to $10,000 for all adoptions, and making it permanent, I hope that this measure will open thousands of more homes and hearts to the miracle of adoption.

I would be in error, however, not to point out what I believe is one shortcoming of this legislation. All children, regardless of age, medical need, disability, race or creed deserve a family to share their love. We need to do more to encourage the adoption of special needs children, those who are hardest to place in permanent homes.

Since State foster care programs cover most of the tax qualified expenses associated with special needs adoptions, only about 15 percent of adoptive parents of special needs children can benefit from the credit. These parents, however, incur other substantial adoption-related costs, such as out-of pocket medical costs, counseling services, and lost income from work. As parents, legislators and advocates, we owe all children, regardless of need, a chance to find a family. I thank the leadership for indicating their willingness to work on this issue.

Mr. Speaker, I urge my colleagues to support the Hope for Children Act and look forward to working with them to strengthen this bill.

1. Average cost of adoptions are between $8,000–$30,000, depending upon circumstances (i.e. international, special needs, etc.)

2. There are about 550,000 children in our nation's foster care system waiting to be adopted. About 120,000 of these children are special needs children, meaning they are more difficult to place because of their age, medical condition, physical or mental handicap, membership in a minority, or being part of a group of siblings waited to be adopted together.

3. The Hope for Children Act, which you cosponsored, increases and expands the adoption tax credit. In general, it:

Increases the limit on the credit for non-special needs children from $5,000 to $10,000 and makes it permanent (it would expire this year).

Increases the limit on the credit for special-needs adoptions from $6,000 to $10,000 (it is already permanent).

Increases the limit on the employer adoption assistance exclusion from $5,000 ($6,000 for special-needs adoptions) to $10,000 for all adoptions and makes it permanent.

Increases the income limit for the full credit from $75,000 to $150,000. Phases out the credit for incomes between $150,000–$190,000.

Indexes the credit for inflation.

4. While the bill as introduced makes the special-needs credit a non-qualified credit, the Chairman's mark does not. A non-qualified credit is very important to the special needs and adoption community. Only about 15% of adoptive parents of special needs children incur enough in qualified expenses to benefit from the credit, these parents incur substantial indirect costs through counseling, medical services, home improvements for disabled children, etc.

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

The SPEAKER pro tempore (Mr. LATOURETTE). All time for debate has expired.

Pursuant to House Resolution 141, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CAMP. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 420, nays 0, not voting 12, as follows:

[Roll No. 124]

YEAS—420

Abercrombie	Baldwin	Berman
Ackerman	Ballenger	Berry
Aderholt	Barcia	Biggert
Akin	Barr	Bilirakis
Allen	Barrett	Bishop
Andrews	Bartlett	Blagojevich
Armey	Barton	Blumenauer
Baca	Bass	Blunt
Bachus	Becerra	Boehlert
Baird	Bentsen	Boehner
Baker	Bereuter	Bonilla
Baldacci	Berkley	Bonior

Bono
Boswell
Boucher
Boyd
Brady (TX)
Brown (FL)
Brown (OH)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Castle
Chabot
Chambliss
Clay
Clayton
Clement
Clyburn
Coble
Collins
Combest
Conyers
Cooksey
Costello
Coyne
Cramer
Crane
Crenshaw
Crowley
Culberson
Cummings
Cunningham
Davis (CA)
Davis (FL)
Davis (IL)
Davis, Jo Ann
Davis, Tom
Deal
DeFazio
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart
Dicks
Dingell
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Eshoo
Etheridge
Evans
Everett
Farr
Fattah
Ferguson
Filner
Flake
Fletcher
Foley
Ford
Fossella
Frank
Frelinghuysen
Frost
Gallegly
Gekas
Gephardt
Gibbons
Gilchrest
Gillmor
Gonzalez
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grucci
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hansen
Harman
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Holt
Honda
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hutchinson
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kerns
Kildee
Kind (WI)
King (NY)
Kingston
Kirk
Kleczka
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Manzullo
Markey
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDermott
McGovern
McHugh
McInnis
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Millender-McDonald
Miller (FL)
Miller, Gary
Miller, George
Mink
Moakley
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Napolitano
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Pomeroy
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reyes
Reynolds
Riley
Rivers
Rodriguez
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryan (WI)
Ryun (KS)
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Saxton
Scarborough
Schaffer
Schakowsky
Schiff
Schrock
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Solis
Souder
Spence
Spratt
Stark
Stearns
Stenholm
Strickland
Stump
Stupak
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tiberi
Tierney
Toomey
Towns
Traficant
Turner
Udall (CO)
Udall (NM)
Upton
Velázquez
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Wexler
Whitfield
Wicker
Wilson
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—12

Borski
Brady (PA)
Condit
Cox
Cubin
Ganske
Gilman
Hunter
Kennedy (RI)
Kilpatrick
Largent
Lucas (OK)

□ 1232

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. KENNEDY of Rhode Island. Mr. Speaker, on rollcall No. 124, I was speaking at a Liberian rally and could not make it back in time. Had I been present, I would have voted "yea."

PERSONAL EXPLANATION

Mr. GILMAN. Mr. Speaker, earlier today, I was unavoidably delayed. Accordingly, I was unable to vote on rollcall Nos. 122, 123, and 124. If I had been present I would have voted "yea" on all. I ask unanimous consent to have my statement placed in the RECORD at the appropriate point.

PROVIDING FOR CONSIDERATION OF H.R. 1, NO CHILD LEFT BEHIND ACT OF 2001

Ms. PRYCE of Ohio. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 143 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 143

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1) a bill to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed two hours equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Education and the Workforce now printed in the bill. The committee amendment in the nature of a substitute shall be considered as read. No amendment to the committee amendment in the nature of a substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Each such amendment may be offered only in the order printed in the report, may be offered only by a Member designated in the report, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against such amendments are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. STEARNS). The gentlewoman from Ohio (Ms. PRYCE) is recognized for 1 hour.

Ms. PRYCE of Ohio. Mr. Speaker, for the purposes of debate only, I yield the customary 30 minutes to my colleague and friend, the gentlewoman from New York (Ms. SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of the resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, H.R. 143 makes in order the bill H.R. 1, the No Child Left Behind Act of 2001, under a structured rule. The rule provides 2 hours of debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and the Workforce. It makes in order only those amendments printed in the Committee on Rules report accompanying the resolution, debatable for the time specified, equally controlled by a proponent and opponent. These amendments shall not be subject to amendment or demands for a division of the question.

The Committee on Rules worked very hard to ensure that the amendments made in order reflect the variety of views in this House of Representatives on education policy. I think the result is a balanced rule that gives the House the opportunity to work its will on a

variety of issues related to the education of our children. The rule waives all points of order against consideration of the bill as well as the amendments printed in the report. Finally, the rule provides for one motion to recommit with or without instructions.

Mr. Speaker, today we take a historic leap forward on behalf of our children, parents, and teachers across this great Nation. Lately, the attention of Americans has been drawn to the problems of high gas prices and sustainability of our resources. America, it is time to focus that attention on our Nation's most precious resource: our children. H.R. 1, the No Child Left Behind Act of 2001, does just that.

We understand that the future of this great Nation lies in a global economy, and H.R. 1 recognizes that investing in our children today will prepare them and our country for the challenges of tomorrow. The Committee on Education and the Workforce was assigned the arduous task of reforming our Nation's failing Federal education policy. Although there have been many bumps in the road, I am pleased to stand before my colleagues today to present a rule on a bipartisan piece of legislation that will transform the Federal role in education to ensure that no child is left behind.

During testimony in the Committee on Rules, we heard time and time again, from both Republicans and Democrats, that H.R. 1 represents the most sweeping comprehensive education legislation to be brought before the House during our tenure. It has been a long time in coming and this bill is truly historic. The education of our Nation's children is the number one concern of Americans, and H.R. 1 is the number one priority of our President.

I would like to take a moment to congratulate my colleague and good friend from the great State of Ohio (Mr. BOEHNER) for his hard work and commitment to improving educational opportunities for our children, and I would also like to congratulate and commend the ranking member of the committee, the gentleman from California (Mr. GEORGE MILLER), for his hard work and support of this bipartisan legislation.

Despite a decade of economic growth and a Federal outlay of more than $130 billion in the last 25 years, the achievement gap dividing our Nation's disadvantaged students and their peers has continued to widen. Mr. Speaker, the message is loud and clear: money alone cannot be the vehicle for change in our public schools. It is time for accountability, it is time for reform, and it is time for a commitment to our children.

We must start by determining which students are in need of additional help and which schools and school districts are in need of improvement. H.R. 1 accomplishes this task by implementing annual assessments in the core subjects of reading and math for students in grades three through eight. However, the bill also recognizes that communities know more about their children than Washington bureaucrats. H.R. 1 respects local control by allowing States to design and implement these tests and provide Federal funds to aid them in that task. It also explicitly prohibits federally sponsored national testing or curricula.

Armed with knowledge from these assessments we will be able to determine which schools are failing to educate our children, and this information will be readily available to parents in the form of an annual school performance report card. Based on these facts, H.R. 1 provides a system of accountability to ensure that students do not become trapped in chronically failing schools.

As passed out of committee, H.R. 1 provides immediate public school choice for children in schools identified as failing after just 1 year. That is public school choice. This provision will give parents the freedom to choose a better-performing public or charter school to educate their children. The bill also allows parents to seek supplemental educational services, such as tutoring, after-school services, and summer school programs for their children if they are enrolled in a school that has been identified as a failing school for more than 3 years. This measure will act as a necessary safety valve to allow students to seek outside educational support for any state-approved provider using Federal title I dollars.

Now, in exchange for these new accountability measures, the plan will dramatically enhance flexibility for local school districts, granting them the freedom to transfer up to 50 percent of the Federal education dollars they receive among an assortment of ESEA programs. This decentralized approach will allow agencies to better target resources to fit the needs of their own communities.

Mr. Speaker, since the creation of the Elementary and Secondary Education Act in 1965, numerous programs and restrictions have been piled and piled and piled upon the act, creating a bureaucratic maze of duplicative policies, all well intentioned, but amazingly inefficient. H.R. 1 will give some needed organization to this patchwork of programs by consolidating or eliminating 34 programs under ESEA and cutting the Federal education bureaucracy in half. At the same time, the bill will target effective proven methods of reading through the implementation of the President's Reading First initiative.

Mr. Speaker, we know that over 60 percent of children living in poverty are reading below the very basic level. We cannot expect these children to exceed with this handicap. At the same time, we destine these children to academic underachievement by our failure to teach them to read; we are denying them access to the world that may be opened up to them only through books. The President's Reading and Early Reading First programs will introduce a scientific-based, comprehensive approach to reading instruction and will serve to refocus education policy on this most fundamental skill.

The President's education plan, No Child Left Behind, also emphasizes two other fundamental areas of education through the establishment of math and science partnerships. The United States cannot remain a world leader without the math and science knowledge that has made us a leader in technology and scientific discovery. I am very pleased that H.R. 1 includes an initiative which will encourage States to partner with institutions of higher learning, businesses, and nonprofit math and science entities to bring enhanced math and science opportunities to local education agencies with a high need.

Mr. Speaker, the 1,000-plus pages of H.R. 1 are filled with calculated reforms that will restructure Federal education policy. It includes provisions to increase safety in our schools, promote English fluency, and improve teacher quality. It encompasses the education plan laid out by our President and provides us with the most important change in Federal education policy in over 40 years.

Mr. Speaker, every Member in this House has a vested interest in the education of our children as the Nation's most precious resource. We cannot stand idly by or be timid in fulfilling our responsibility to ensure that every child, rich or poor, white or of color, gifted or disabled have access to an education that gives them every chance to reach their full potential and exceed their goals and their parents' dreams for their future. As we debate this historic legislation, I urge my colleagues to keep the children at the forefront of their minds. I urge Members to support this rule and the historic underlying legislation.

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

□ 1245

Ms. SLAUGHTER. Mr. Speaker, I thank the gentlewoman from Ohio (Ms. PRYCE) for yielding me the customary 30 minutes, and yield myself such time as I may consume.

Mr. Speaker, I oppose this rule. I oppose the process it represents, and I oppose the duplicity by which this rule came about. Nearly 150 amendments were submitted for this major legislative initiative, and only a handful have been made in order.

Furthermore, many members of the Committee on Education and the

Workforce withheld offering amendments in that committee because of assurances by the gentleman from Ohio (Mr. BOEHNER), the chairman, that they would be given an opportunity to do so on the floor. That did not happen. Cut out of the process were numerous good-faith efforts to build and improve on the underlying bill.

My colleagues relied on the good-faith assurances of the Republican leadership, and learned a hard lesson instead. This is not a tone in Washington for which so many of us had hoped. For instance, this egregious rule will block consideration of an amendment by the gentleman from New York (Mr. OWENS). The gentleman's amendment would have provided $20 billion for needed school renovation, repair, and construction. Our schools are crumbling before our eyes.

Mr. Speaker, at the basic level, surely we can all agree that schools should provide a safe and secure environment for learning and instruction with classrooms, libraries, laboratories, and other resources necessary for learning. In the same manner, the rule blocks my colleague, the gentleman from Oregon (Mr. WU), from offering an amendment to maintain a separate stream of funding for the class size reduction program.

Overcrowded classrooms remain the number one obstacles to quality education in many communities. This rule does nothing to alleviate the problem. The process for this education bill began with a lot of promise.

In recent days, the House Committee on Education and the Workforce approved, on a true bipartisan basis, a major education reform bill which will hold public schools accountable for improving children's education while offering a substantial increase in Federal funds to help them accomplish that goal.

It reflected a significant agreement between Democrats and Republicans to improve education for all children in our country regardless of their economic, social, or racial background; in other words, leaving no child behind. It provided substantial new resources, $4 billion more for elementary and secondary education for next year, compared to what the Federal Government is spending this year, in exchange for higher standards and tough accountability rules.

But then the process began to break down. Last week Congress failed to include in the budget conference the new funds for education that were called for in today's underlying bill. The disparity between education funding in the budget and education funding in this reform bill raises real questions about whether Congress is serious about improving schools.

Furthermore, this week we have come to learn that the bipartisan bill has been hijacked by extreme elements of the majority's party, elements intent on undermining the bipartisan agreement reached by the Committee on Education and the Workforce. These elements are intent on reinserting vouchers into the underlying bill, a move that would undermine public education. Moreover, efforts to block-grant Federal money, a proposal referred to as Straight A's, are underway and would also undermine the specific targeting of poor school districts that exists in Federal law.

I am at a loss to explain to my colleagues how so carefully crafted a bill has come under attack. The underlying bill was one this body could have been proud of, but its success is now in jeopardy. We must not let that happen. I urge the defeat of this rule to take care of these deficiencies.

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

Ms. PRYCE of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Delaware (Mr. CASTLE), a member of the Committee on Education and the Workforce.

Mr. CASTLE. Mr. Speaker, I thank the gentlewoman from Ohio (Ms. PRYCE) for yielding me this time. And I thank the gentleman from Ohio (Mr. BOEHNER) who worked so hard on this. It was a pleasure working with him. And I thank the gentleman from California (Mr. MCKEON), and the gentleman from Georgia (Mr. ISAKSON). I also thank the Members on the other side of the aisle, the gentleman from California (Mr. GEORGE MILLER), whose interest in education is great, as well as gentleman from Indiana (Mr. ROEMER), the gentleman from Michigan (Mr. KILDEE), and many others.

Mr. Speaker, I believe this is a good bill. I believe that President Bush deserves a tremendous amount of credit for his emphasis in terms of what he is doing in education. I will be the first to say if any one of us out of 435 had prepared this particular rule, we would have prepared it differently. This rule is a compromise rule, taking 135 amendments or so and trying to determine how we could best represent the interest of various Republican and Democrat parties in terms of bringing it to the floor.

Mr. Speaker, I personally oppose a number of things in the rule. I would have liked to have seen them out of the rule. I think there are people who would have liked to see things in the rule that are not in the rule. I understand some of the opposition to it and I will oppose, as vehemently as any Member, certain aspects of this particular rule.

Mr. Speaker, just to cite one, the amendment by the gentleman from Michigan (Mr. HOEKSTRA) and the gentleman from Massachusetts (Mr. FRANK) dealing with assessments absolutely guts the basic bill, and it is one that I would have a great deal of trouble with.

But this is a rule. It is something that we have to move forward with. It is my determination that we should pass the rule, go on to the debate on the various amendments, and let them fall where they may.

Mr. Speaker, why is this a good bill? It is a good bill because it is the first major piece of legislation in decades in this country, perhaps since the creation of the Department of Education, which essentially reevaluates the role of the Federal Government and makes a determination that we have to start at a very young age, particularly with kids in lower-income circumstances, and teach them how to read by the end of second grade. And in grades 3 through 8, we have to pay attention to how kids are doing. That is what the testing is all about, in order to give them the opportunity to determine if they are not doing as well as they should, and then providing for that opportunity.

We do have some consolidation into block grants to give flexibility. The gentleman from Ohio (Mr. BOEHNER) was very helpful in creating local flexibility so that various people who are running the local districts could make decisions in terms of how to expend money at the local level. This gives the greatest flexibility of any legislation ever coming out of Washington, D.C.

Mr. Speaker, essentially what the President and others have done, and this is a very bipartisan bill, is that they have sat down and made the decision that the ultimate goal here is to help kids with their education and where they are going. So even if you do not agree with everything that is allowed for in the rule, as I do not, I would still urge people to support the rule.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, this bill before us today reflects the culmination of a lot of work and effort by all of the members of the Committee on Education and the Workforce. I particularly want to thank the members of our committee, the gentleman from Ohio (Chairman BOEHNER), the gentleman from Michigan (Mr. KILDEE), the gentleman from Delaware (Mr. CASTLE), the gentlewoman from Hawaii (Mrs. MINK), the gentleman from Indiana (Mr. ROEMER), the gentleman from California (Mr. MCKEON), who are part of the working group. But I want to extend that thanks to every member of the committee, all of whom had to stretch to try to bring this legislation together to try to create sound educational reform and improvement along the lines that so many Members of Congress have spoken about in our various debates, in our campaigns, talking to children and

parents to try to make the American education system a better place for all of our students so they can acquire the skills necessary to participate to the fullest extent in American society.

I believe that this legislation does that. It does that because of the kind of cooperation that we received. However, I must say that I am very disappointed in the rule because I am very concerned that very crucial items for debate within the discussion of the American education system, those amendments were not allowed in order: Amendments offered by Members on this side of the aisle to deal with the issues of smaller class size, to make sure that in fact we have an environment in which teachers can teach and children can learn; to have modern and safe schools; to renovate the unsafe schools and improve schools through school construction grants; to make sure that we have adequate counselors in schools so if we see violence break out in some of our campuses, even to the extent of killings through gun violence and other forms of violence, that we have people in place who can deal with these student populations, in many cases in very difficult situations; and clearly the need for full funding for IDEA.

Mr. Speaker, this is important to all of us on both sides of the aisle to make sure that funding is there. For that reason, I would ask Members to vote against this rule so that perhaps those amendments could be made in order.

Ms. PRYCE of Ohio. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. BOEHNER), my distinguished friend and chairman of the Committee on Education and the Workforce, whose hard work, along with his ranking member, the gentleman from California (Mr. GEORGE MILLER), has led us to this historic day.

Mr. BOEHNER. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, I thank the gentleman from California (Mr. DREIER) and the gentleman from Massachusetts (Mr. MOAKLEY), and members of the Committee on Rules, for their long hours last night in putting this together.

Mr. Speaker, let me also congratulate the gentleman from Massachusetts (Mr. MOAKLEY) for the portrait that was unveiled yesterday, and congratulations to him and hopefully his health continues to improve.

Let me, like my colleagues before me, thank the gentleman from California (Mr. GEORGE MILLER), my partner in this process, along with those members of the working group, the gentleman from Delaware (Mr. CASTLE), the gentleman from Georgia (Mr. ISAKSON), the gentleman from California (Mr. MCKEON), the gentleman from Colorado (Mr. SCHAFFER); and on the Democratic side of the aisle, the gentleman from Indiana (Mr. ROEMER), and the gentlewoman from Hawaii (Mrs. MINK) and the gentleman from Michigan (Mr. KILDEE) who have spent months looking across the table at each other, trying to develop a bipartisan bill that follows the path that the President outlined.

As the gentleman from California (Mr. GEORGE MILLER) pointed out, we really owe a debt of gratitude to all members of the Committee on Education and the Workforce on both sides of the aisle who had their moments of disappointment, their moments of happiness, but a willingness all of the way through the process to see us produce a bipartisan bill.

Mr. Speaker, I can say that in the 10 years that I have been here in Congress, the method in which we moved the bill through the committee and the cooperation of all of the Members was absolutely stunning. We had not one ill word said in the committee. We worked together, even when we were disagreeing, to try to produce a bill that will help children in America. I want to thank my colleagues.

As the gentlewoman from Ohio (Ms. PRYCE) pointed out, this is an historic opportunity. President Bush has made education reform his top priority, and now the House has the opportunity to deliver on the President's promise. There are four main components of this bill. Four key principles that the President outlined during the campaign and has talked about all year: holding schools accountable to American parents; providing State and local school districts with unprecedented new flexibility; giving new choices to parents and students who are trapped in failing schools; and ensuring that student instruction is based on sound, scientific research.

Mr. Speaker, H.R. 1 that we have coming before us embodies each of those principles and closely tracks with the President's education reform plan. We are on the threshold of the first serious overhaul of Federal education policy since it was created in 1965. There is a lot of discussion that we will have about this bill when we get to it. First, however, we have to pass the rule that is before us.

Mr. Speaker, I know there is some disappointment, disappointment on the Democratic side of the aisle and disappointment on the Republican side of the aisle on some amendments that were not made in order. However, we have produced a rule that is fair: fair for the Members, fair for the country, and fair for this bill. All of us know we have a very delicately balanced bill. The only way we are going to produce a solid, bipartisan bill is to keep a delicately balanced bill.

Mr. Speaker, there are amendments that Members would like to offer, but I think that we have a fair representation embodied in this rule, and I would urge my colleagues to support the rule.

Ms. SLAUGHTER. Mr. Speaker, I yield 2½ minutes to the gentleman from Michigan (Mr. KILDEE).

Mr. KILDEE. Mr. Speaker, H.R. 1 is a good bipartisan bill; but I oppose this rule for several reasons, one of which is the denial of any Democratic amendment on school construction.

Mr. Speaker, the Federal Government has spent millions and millions of dollars on State and local prisons during my time here in Congress, and virtually nothing on public school renovation and construction. About 15 years ago, a Federal judge in Flint, Michigan, my hometown, ordered the closing of our county jail, built in 1930, stating that it was unfit for human habitation. A few years later, we blew that jail up in compliance with that court order.

□ 1300

That jail was newer and in better condition than many schools in my congressional district, including Homedale Elementary School in my own neighborhood which is in deplorable condition. We should really be ashamed when we spend money on prisons and find some reason not to spend money on school construction and renovation. Let us at least have the opportunity to vote on school construction. It is a very nonintrusive way to help our schools, school construction and renovation. What are we really afraid of?

We have crafted a reasonable bipartisan education bill. Let us have a reasonable rule for floor action.

Ms. PRYCE of Ohio. Mr. Speaker, I yield such time as she may consume to the distinguished gentlewoman from New Mexico (Mrs. WILSON).

Mrs. WILSON. Mr. Speaker, I wonder if the chairman of the Committee on Education and the Workforce would engage with me in a colloquy.

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

Mrs. WILSON. I yield to the gentleman from Ohio.

Mr. BOEHNER. I would be happy to.

Mrs. WILSON. As the gentleman from Ohio knows, I had filed an amendment with my colleague, the gentleman from Indiana (Mr. ROEMER), on public school choice. That amendment would have provided parents and children a better education through the public schools by eliminating barriers to full choice within public school systems. My amendment would have provided transportation expenses in public schools and creative funding mechanisms for charter school facilities, whether those facilities are leased or purchased.

Mr. Speaker, the gentleman from Ohio and I worked together yesterday on a version of this amendment that would be in order and that the committee could accept. That amendment would have authorized $400 million in Federal matching funds for States to

level the playing field in the area of facilities funding for charter schools and traditional public schools. Charter schools often have to choose between paying their rent and paying their teachers.

Mr. BOEHNER. Yes, I am very familiar with the gentlewoman's amendment.

Mrs. WILSON. I understand the gentleman supported making this amendment in order and that it was inadvertently left out of the amendments that we will consider on this bill.

Mr. BOEHNER. The gentlewoman is correct. I strongly support public school choice and eliminating the barriers for charter schools to educate children. The lack of funding for space is one of the biggest hurdles they face. We need to create incentives for States to provide funding mechanisms for charter schools without taking funds away from public schools. The gentlewoman has been a leader in these efforts to improve public education, and particularly crafting innovative financing mechanisms for schools. I was looking forward to working with the gentlewoman from New Mexico and the gentleman from Indiana to debate that issue on the floor. Unfortunately, the amendment was not made in order.

Mrs. WILSON. Would the gentleman agree to seek to include the per-pupil facilities aid program amendment in the conference committee on H.R. 1?

Mr. BOEHNER. As the gentlewoman is aware and the gentleman from Indiana is aware, similar language is in the Senate version of this bill. I will pledge to work with the gentlewoman from New Mexico and the gentleman from Indiana when we get to conference on trying to secure this language in the final version of the bill.

Mrs. WILSON. I thank the gentleman from Ohio. I thank him for his leadership. I look forward to continuing our work together.

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

Mrs. WILSON. I yield to the gentleman from Indiana.

Mr. ROEMER. Mr. Speaker, I thank the gentlewoman from New Mexico, someone whom I have enjoyed working with on public school choice. I just want to say that as we debate this bipartisan bill over the next several days, we are going to be dealing with issues of reform and accountability and testing. And we are going to be dealing with issues of when children do not do very well, that they have more options to get into new schools and out of failing schools. Certainly this amendment that the gentlewoman and I have worked on expands public school choice, expands options for parents to get into charter schools and magnet schools, and does it earlier than waiting 3 or 4 years for a school to fail. We have put this amendment together. It is a bipartisan amendment on the Senate side with Senator GREGG and Senator CARPER. We hope that this would be accepted in conference.

Mr. BOEHNER. I would be happy as I mentioned to the gentlewoman, if she will yield further, that we will work together in conference to try to secure this language. I share their commitment to increased public school choice and to the growing movement of charter schools that are providing help for children in very needy communities.

Mrs. WILSON. I thank my colleague from Indiana for his strong work on this and we will continue to work together. I thank the chairman for his leadership as well. I looked forward to working with him.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Hawaii (Mrs. MINK).

Mrs. MINK of Hawaii. I thank the gentlewoman for yielding me this time.

Mr. Speaker, the opportunity to serve on the working group representing the minority was a tremendous experience. I must say that going into this, I did not expect to be able to reconcile all the various differences that we held on the majority and the minority side. It took an amazing amount of work on the part of the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER) to put this together. In the process of reconciling many of our differences, one of the salient points that made it possible in my opinion for us to come forward with this bipartisan bill was the assurance that many of the amendments that the Democrats wanted to offer to be included in the major legislation would be given an opportunity to be debated on the floor. With that assurance, we gave up the opportunity for major debate on these items in the committee as we deliberated on the consensus bill. So I cannot begin to describe my huge disappointment that the Committee on Rules did not permit two of the most important Democratic amendments that we have been talking about for years.

Now, this is the world-renowned legislative body that everybody looks to in terms of being able to come to grips with the major issues of our times and to debate them on both sides of the aisle. We are being deprived of that opportunity by this rule which prevents the minority from presenting these two amendments having to do with school construction and class size, the two most important issues that affect almost all of our school districts.

So it is with great disappointment that I come to the floor today, in spite of all the efforts that we made in our committee, to ask the Members of this body to vote down this rule so that we may have the opportunity to offer these two important amendments.

Mr. Speaker, I rise to express disappointment that the rule for consideration of H.R. 1 does not permit me to offer an amendment to hire 100,000 additional counselors in our schools.

The amendment would have provided 100,000 resource-based staff for our public schools to help students cope with the stress and anxieties of adolescence. The amendment is similar to H.R. 466, which I introduced on February 6, 2001.

None of us will forget the roster of incidents of school violence. Only yesterday a 14 year old was convicted of second degree murder for killing a middle school teacher. What could make a seemingly typical child turn so violent?

Substantive preventative measures have their place. Security guards, metal detectors, and expelling violent students all have their place in addressing this problem. But they do nothing to address the child's anger, rage and frustration that leads him or her to commit a violent act.

My amendment would enable schools to work with children to ensure they can handle their anger and emotions without resorting to violence. Many of our children enter school with emotional, physical, and interpersonal barriers to learning. We need more school counselors in our schools, not only to help identify these troubled youths, but to work on developmental skill building. Children do not check their personal and home problems at the schoolhouse door; the problems come in with them.

Suregeon General Dr. David Satcher has said that appropriate interventions made during or prior to adolescence can direct young people away from violence toward healthy and constructive lives. The window of opportunity for effective interventions opens early and rarely, if ever, closes. Thus, prevention is the best guard against youth violence.

We have no real infrastructure of support our kids when it comes to mental health services in our schools. The most recent statistics indicate that there are 90,000 guidance counselors for approximately 41.4 million students in our public schools. That translates to 1 counselor for every 513 students. In Hawaii, we have only 1 counselor for every 525 students. In California, there is only 1 counselor for more than 1,000 students.

That is simply not enough. The Institute of Medicine of the National Academy of Sciences recommends that there be at least one counselor per 250 students, especially beginning in middle school.

With current counselors responsible for such large numbers of students, they are unable to address the students' personal needs. Instead, their role is more often administrative, scheduling, and job and college counseling. The child is forfeited for different goals.

My amendments would put 100,000 new resource staff in our schools to focus on the mental health needs of students. It authorizes $2.8 billion for fiscal year 2002. While that may seen a large sum, it is only $28,000 per counselor.

This resource staff will be hired to address the personal, family, peer level, emotional, and developmental needs of students, enabling them to detect early warning signs of troubled youth. They will improve student interaction and school safety. In a nutshell, they can help save children's lives.

The resource staff can also consult with teachers and parents about student learning, behavior, and emotional problems. they can develop and implement prevention programs and deal with substance abuse. They can set up peer mediation, and they can enhance problem solving in schools. Resource staff will provide important support services to students, and to parents and teachers on behalf of the students.

In addition, my amendment makes counselors eligible for professional development training.

If we really are serious about addressing school violence, we must address prevention and that means having the available personnel to address the mental, emotional and developmental needs of the children.

I regret that the Rules Committee did not permit me to offer this very important amendment.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 3 minutes to the distinguished gentlewoman from New Jersey (Mrs. ROUKEMA), also a member of the Committee on Education and the Workforce.

Mrs. ROUKEMA. Mr. Speaker, as a member of the committee, I rise in strong support of the rule. Actually I thought we were going to continue that spirit of bipartisanship that we had on the Committee on Education and the Workforce with the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER). But unfortunately that seems to be dissipated here. I am very unhappy about it and I do not understand it at all, because in my assessment of the rule, it seems as though we have continued that bipartisanship and we have really focused on the issues of genuine concern to all that divided us. I am deeply disappointed to hear that the partisanship that we put aside in the committee deliberations is unfairly raising its head on this rule debate. I believe that we have considered all of the issues that genuinely were the core of the education program and that, in the tradition of our fine democracy, they are included in this rule.

For example, I was one who was against vouchers as part of this bill. I was one in the committee that led the fight against vouchers in this bill. But appropriately, since it is an issue of great interest to a core group of people on both sides of the aisle, it is in the rule and there will be a full and open debate. That is the way this democracy should be working in this House.

Now, there are other issues in the bill, of course; the flexibility in local control. Another point I should make that both in the bill and in the rule, we do put the focus on State and local control, as it should be. We are not going to let the Department of Education as bureaucrats run these schools for our children. But let me also point out, because it is very important to many Members on both sides and it seems to me that it is being misunderstood, and, that is, the question of accountability and results, and that is the accountability. This does not dictate national tests. I know that there are many that are using that against the rule and against the bill. I want to repeat, it does not dictate national tests. The funding is awarded to the States and to the schools, the local schools, for the testing as well as the corrective action.

Then I might finally just allude to my amendment on the mental health counseling which was very well included in the bill. But I guess in conclusion I have to say I am confident that the controversial measures that under this rule and these amendments that will be brought up will be defeated and that we will be consistent with reaching out on a bipartisan basis and supporting the President's vision for education reform, leaving no child behind.

As a member of the Committee I rise in support of the Rule. This is a fair Rule and this has been a fair process. This Rule continues the spirit of bipartisanship we had in the Education Committee. It allows an open debate on the important issues on which we genuinely disagree.

I commend the Education and Workforce Committee Chairman BOEHNER and Ranking Member GEORGE MILLER for their leadership, hard work, and diligence. Also, I thank Congressmen CASTLE, MCKEON, and ISAKSON for their work with key Democrats to form this compromise.

This Rule and this bill are truly examples of bipartisanship. Make no mistake—this was not an easy process. There were many hurdles along the way—and many times we all thought an impasse had been reached. But each time, the sides returned to the negotiating table and found a way to achieve a compromise. No one on either side ever lost sight of the goal—to ensure that every child, regardless of situation, in every public school in America receive a quality education.

This is the way the process is proposed to work—partisan politics have been set aside to make way for a meaningful debate on the issues that matter to America and our children. This process has not been about politics—this process has been about the education of our children. I am deeply disappointed to hear that partisanship is unfairly raising its head on The Rule debate. This Rule deserves to be adopted because if is fair and right for this debate. In the Committee we debated many of these issues. This Rule allows the whole House to genuinely debate the issues in education that in the tradition of our democracy.

For instance, in the Committee we decided against allowing vouchers to be part of this bill. Although I oppose vouchers, I agree with my colleagues that this issue deserves a genuine and legitimate debate by the whole House. This Rule allows the House to work its will. It is not just vouchers. Other issues that divide us, such as testing and accountability, will receive a fair and honest hearing through this Rule. These subjects will be fairly debated under this Rule. All Members, because of this Rule, will have the opportunity to make their case for or against these important issues. In addition to this Rule allowing us to debate the issues, it allows Members from across both sides of the aisle to have their amendments heard. The Rule strikes the appropriate balance by allowing a number of bipartisan amendments.

This Rule focuses debate on the most important and contentious issues of education reform. It is fair, it allows genuine debate, and at the end of the day the will of the House will be heard.

I am pleased that the bill before us today is bipartisan and is reflective of President Bush's vision for education reform.

Specifically: H.R. 1 provides unprecedented flexibility and local control.

It is vitally important to cut federal education regulations and provide more flexibility to states and local school districts. We should give our educators the flexibility to shape federal education programs in ways that work best for our teachers and our children not for bureaucrats at the U.S. Department of Education. Children should be put ahead of federal regulations. Washington does not know best and Congress should not serve as a national school board. While there indeed is a role for the federal government in education, we must be cautious of the Department of Education becoming a dynasty. I believe that by reversing this trend we will be well on the way to creating the best education system for our children.

Flexibility allows school districts the ability to target federal resources where they are needed the most. This will ensure that state and local officials can meet the unique needs of their students.

H.R. 1 dramatically enhances flexibility for local school districts in two ways: (1) through allowing school districts to transfer a portion of their funds among an assortment of ESEA programs as long as they demonstrate results (2) and through the consolidation of overlapping federal programs.

Very important to many of our members and this President, H.R. 1 enhances accountability and demands results.

As we deregulate federal education programs and provide more flexibility, we must also ensure that federal education programs produce real, accountable results. Too many federal education programs have failed. For example, even though the federal government has spent more than $120 billion on the Elementary and Secondary Act (ESEA) since its inception in 1965, it is not clear that ESEA has led to higher academic achievement. Federal education programs must contain mechanisms that make it possible for Congress to evaluate whether they work.

This bill provides accountability and demands results through high standards and assessments. And it provides appropriate responses to address failure. States will be required to test students in grades 3–8. It is important to emphasize that the states will develop their own standards and assessments. This bill does not dictate a national test. What the bill does is say that if you are going to accept federal education funding, then you are going to be held accountable for results. We reward states and schools that improve. Those that do not improve will undergo corrective actions.

H.R. 1 ensures that our schools are safe. An important element included here is ensuring that mental health screening and services are made available to young people. In addressing school safety, we must ensure that children with mental health needs are identified early and provided with the services they so desperately need. Many youth who may be headed toward school violence or other tragedies can be helped if we identify their early symptoms. The nation is facing a public crisis

in mental health for children and adolescents. While 1 in 10 children and adolescents suffer from mental illness severe enough to cause some level of impairment, fewer than 1 in 5 of these children receive needed treatment.

I am pleased that this bill includes school-based mental health services language in addressing school safety and substance abuse.

While I am confident the controversial measures that would erode bipartisanship and move us away from the President's vision for education reform will be defeated, I am also confident that by the end of this process we will have a solid, strong education package that is good for our nation's children.

I believe in this bill. But these issues deserve full debate and this Rule grants us that debate. I urge my colleagues to vote in favor of the Rule.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. GEPHARDT).

Mr. GEPHARDT. Mr. Speaker, I rise to ask my colleagues to vote no on this rule and to give every child the first-rate public education that he or she deserves. I believe, and I think most Members believe, that education is the challenge of our time. And after the early promise of a bipartisan accord on education, before getting sidetracked by a partisan tax cut bill, we are on the floor with probably the first truly bipartisan effort of the Bush administration. I congratulate the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER) on bringing this truly bipartisan bill to fruition.

This, in our view, is real compromise. It is real bipartisan legislation. It is the product of two sides coming together for the sake of something larger. Democrats did not get everything that we wanted. Republicans did not get everything that they wanted. But both sides were able to forge agreement on more accountability, better-trained teachers, high-quality teachers, and after-school programs which we know make schools safer.

That is why Democrats are deeply disappointed with the rule that the Republicans have put forward today. This rule prevents us from offering amendments that we believe are critical to an excellent public education in the Information Age. It squelches debate on the most important issue that we know, preventing us from bringing two key amendments; to modernize public schools and help get smaller class sizes for our children.

Something clearly happened between the goodwill in committee and bringing this bill to the floor. Instead of building on what was an honest compromise in the committee, the Republican leadership has backed away from the promise of education reform and opening the door to reducing resources for after-school and other critical programs. It has opened the door to undoing school accountability, an issue where the President and all of us on the Democratic side agree. And it is revisiting the flawed voucher scheme that will not turn around failing schools, will leave children behind, and that Members of both parties have rejected.

Now, we need to improve public education for children by building new schools and repairing school buildings, something that both Democrats and Republicans have proposed. By ensuring smaller class sizes, by hiring new teachers, by providing new resources, not less, we live up to the true promise of education reform that truly would leave no child behind.

We believe with all our hearts that bipartisan amendments on building new schools, on repairing and refurbishing schools and allowing for smaller classroom size would command bipartisan majorities in this House today and next week when we take up this bill.

□ 1315

We ask Members to turn down this rule and give us a rule that will yield a real, real bipartisan education bill for the American people.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 1½ minutes to the distinguished gentleman from Indiana (Mr. SOUDER), a member of the Committee on Education and the Workforce.

Mr. SOUDER. Mr. Speaker, I support this rule, but strongly oppose this bill, reluctantly, after having worked with it for much time and even the last couple of years in committee.

The amendments being offered today are a mixed bag. Some are good and could restore this to a Republican Bush bill, but most likely they are going to be left behind in the leave-no-Democrat-behind bill and it will remain a Kennedy-Miller bill.

This bill, in my opinion, is worse than current law. Most moral concerns that many of us had and worked with were stripped out in compromises. I understood the process, but did not expect it to go so far.

I am disappointed that religious denigration discrimination amendment is not in the bill. I am disappointed that we could not get charitable choice. In fact, that was negotiated out in the Senate and there was no point in coming further on the House floor with it. It was taken out of our bill, which was in it in the past. Every concern of moral Christians that we had in trying to put protections in this bill are gone.

This bill is spending far more money than any conservative can possibly live with. The national testing is a standard that we have fought. The Republicans fought even President Clinton's State standards, yet alone Federal standards.

This bill is unacceptable to Rush Limbaugh, to Dr. Dobson, to over 50 conservative groups in this country. It is unacceptable to Bill Bennett and Chester Finn, who are original people who are doing this. Every major conservative in this country is opposed to it, and some conservatives in Washington need to stand up and say we cannot go there.

I very much respect accountability and the principle of accountability. I am an MBA as well. I believe you need to have measures. I do not believe the problem right now is that there are not tests. I fear one national test, and inevitably this test will control not only public schools and lead to curriculum controlling, it will control homeschoolers and private schools, because once schools become punished by not meeting a standard and the parents have no escape, there will be a manipulation of that standard.

Ms. SLAUGHTER. Mr. Speaker, I yield 1½ minutes to the gentleman from Indiana (Mr. ROEMER).

Mr. ROEMER. Mr. Speaker, I rise deeply disappointed with this rule, but strongly supportive of this bipartisan bill.

There is an old saying about partisanship being left at the water's edge with regard to foreign policy. Well, bipartisanship should not be left in the Committee on Rules when we have worked so hard for a bipartisan bill.

We have worked going back to December with meetings that many of us had, Republicans and Democrats alike, with then President-elect Bush in Austin; and we built on that negotiation and that discussion to put a bill together in our committee, working with the gentleman from Ohio (Mr. BOEHNER), the gentleman from California (Mr. MCKEON), the gentleman from Delaware (Mr. CASTLE), the gentleman from Georgia (Mr. ISAKSON), the gentleman from Colorado (Mr. SCHAFFER), and on our side, the gentleman from California (Mr. GEORGE MILLER), the gentleman from Michigan (Mr. KILDEE), and the gentlewoman from Hawaii (Mrs. MINK), we put education reform and children over bickering and politics.

We have also worked on trying to combine some very important elements, the elements of a fair locally devised test with remediation and resources to help poor children that are not passing some of those tests.

We are going to have some key votes and some key amendments coming up, and I hope that we can keep this bipartisanship together that is so fragile and delicate but so important to convincing the American people that we can do the people's work with common sense, with civility, and good will.

I have great disappointment in this rule, but urge strong support for this bipartisan underlying bill.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 1½ minutes to the distinguished gentleman from Colorado

(Mr. SCHAFFER), a member of the Committee on Education and the Workforce.

Mr. SCHAFFER. Mr. Speaker, I thank the gentlewoman for yielding me time.

Mr. Speaker, I rise to speak in favor of the rule and urge for its adoption, because the rule allows for a number of amendments that I view to be critical and important.

Our President proposed in this document his education vision for America. He also has proposed in other documents subsequent to his Presidency called Leave No Child Behind a bold education plan which represented an important balance in education reform. That balance included school choice, it included accountability, and it included flexibility.

The school choice provisions of the bill, however, have been ripped out of the legislation at the committee level and they remain outside of that legislation today. That was a painful defeat for the White House and I think for conservatives and for Republicans in general who believe that provision of the President's bill is essential and is important.

The committee also stripped out of the legislation the language dealing with flexibility known as Straight A's, or, as the President called it in his plan, Charter States. This rule allows for the opportunity for those two provisions in the President's plan to be reconsidered on the floor, and it gives all of us, Mr. Speaker, a chance to restore the President's bill to his original vision.

Absent those two core provisions of the President's plan, there really is very little left of what the President initially proposed in his plan that helped bring him to the Presidency and his plan that he brought to the Congress to leave no child behind.

This rule is important because it makes those rules in order. We have commitments from our own leadership and from our own chairmen with respect to the Straight A's provision, that that will be restored here on the floor before that bill goes on to the conference committee, and those are important elements in restoring the President's vision.

The rule is necessary, and I urge its adoption.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. Mr. Speaker, today I rise in opposition to this rule. The President, on a number of occasions, has made it clear that education is supposedly his number one priority, and that is exactly how it should be. What deeply troubles me is the heavy-handed way in which the majority is preventing the full House from debating some of the most crucial elements of this concept.

While ostensibly one of the more important factors for this bill for the President and others is testing, yet this rule allows only one amendment, and that would completely strike a proposed new test. No other amendment on the validity or concept of testing would be allowed if this rule passes, not even one.

If it passes, there will be no real consideration as to whether we provide sufficient resources to schools to administer fairly and comprehensively these tests. There will be no real debate about whether or not this type of testing is even good for our students or, if it is, what is the best way to administer them.

We are going to hear a lot of reasons why it could not be done, and chief amongst them is you allowed us some amendments. Well, 28 out of 158 is hardly enough. You are going to say there is not enough time to do all of this. Well, we are going to be going home in a little while and we are not coming back tomorrow, so that does not carry any water. The fact of the matter is a good public policy debate is exactly what we need, especially on this bill, and we all ought to be here to engage in it.

One amendment that I would propose would address perhaps the biggest flaw in this debate. The bill dramatically increases the scope and frequency of standardized tests by requiring States to begin testing students each year in grades 3 through 8. That is on top of current requirements. As a result, children will sit for standardized tests by the time they reach the age of 9, and in some fourth grade classrooms in fact children still sit three times in a given year.

What clearly is unfair is the anemic funding that this bill proposes. The Congressional Budget Office says it will cost $650 million each year for States to design, administer, review and revise the tests required by H.R. 1. That is way more than is expressed in this bill, and there is no way of telling how the States intend to make up the difference, other than by depriving other important educational programs.

For this reason I submitted an amendment that would require annual appropriations to reach $600 million before those provisions could go into effect. Clearly, Mr. Speaker, it seems the majority cannot see the millions of students through the trillions in tax cuts.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. BONIOR).

Mr. BONIOR. Mr. Speaker, I thank the gentlewoman for yielding me time.

Mr. Speaker, this bill says a lot. It could say a lot more. I rise today to argue the point that the Members of the Committee on Education and Workforce, at least on our side of the aisle, were told to keep this bill together, we are working cooperatively. When you get to the floor, you are going to have a chance to do what you want to do with amendment. You are going to be able to deal with the class size issue, you are going to be able to deal with school modernization and school construction.

Well, lo and behold, the rule comes down, and no classroom modernization amendment, no class size amendment, are made in order. Overcrowded classrooms, the fact that teachers are required to instruct so many students that children are not getting the attention they deserve, the attention they desperately need, this is a huge issue, a huge issue.

Right now in Michigan, we have some of the most qualified teachers in the country. Ninety-nine percent of our teachers in public secondary schools hold teaching certificates in their main teaching assignment. Forty-eight percent have masters degrees. Yet with all that talent and all that skill, all of that is undermined by the fact that, on average, they have bigger class sizes, these teachers in my State, bigger class sizes than they do in 44 other States.

Yet under this rule, as I suggested, we are not presented with the opportunity to go forward with the 100,000 teacher program, to put more teachers in our classrooms, reduce that size, get more discipline, more attention to those students.

A lot of folks these days talk about modern classrooms, about connecting the schools with the Internet, and that is critically important and we need to do that. But we also cannot forget that there are literally thousands of schools in this country that are in desperate need of repair; schools with broken plumbing systems, schools that were too hot in the summer and too cold in the winter, schools where children sit in rundown classrooms with broken windows and peeling paint and asbestos hanging from the ceilings. If it is an environment that none of us would choose to live in, how can we say it is an environment where our children should struggle to learn in?

Well, today, Michigan, like on the other issue of class size, we have a very bad statistic with respect to school modernization. We have the sixth highest percentage of school districts in America reporting at least one building in inadequate condition.

So, this rule denies us the opportunity, Mr. Speaker, to address those issues. They are primary issues, they are important issues, and I hope my colleagues as a result of that will vote against this rule, and hopefully the committee will go back and make them in order, so at least we can have a debate on these issues and move forward on class size and school modernization and make sure our kids have the kind of place we want them to learn in.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Speaker, I rise in strong opposition to this rule. In negotiations, we were pretty much assured that Democratic amendments would be included on the floor. Good Democratic amendments, such as my amendment to create safe havens at or near schools, and my amendment to bring more females into the high-tech and science workforce, should be part of today's debate, and we should be talking about school construction.

But these ideas were, obviously, inadvertently left out. Instead, Republican amendments that will destroy our bipartisan effort by taking funds from the students and the schools that need them the most are being considered.

This rule definitely fails the fair play test. Let us vote it down. Let us give the whole issue back to the House, so that some day soon we can pass a real bipartisan bill that will debate all of the issues that are important to this House in general on both sides of the aisle.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. MENENDEZ).

Mr. MENENDEZ. Mr. Speaker, the rule considering the No Child Left Behind Act still leaves many children behind. It fails to address national concerns, such as the desperate need to repair and modernize our schools, to reduce class sizes and to hire counselors so that our children learn in the best possible environment.

It treats limited English proficient children unfairly. With one hand the majority tries to court Hispanic voters, but in this bill it places new and undue burdens on Hispanic children.

Democrats have made this bill enormously better, but it is too bad that the Republican budget resolution would not fund many of these initiatives. The majority showed its priorities last week and decided to leave education behind.

The bill has the wrong answer on mandatory testing. At a time when the majority is quick to pass provisions ordering the National Academy of Sciences to study ergonomic standards before implementing rules and the effects of dredging the Hudson River to remove contaminants, it is remarkable that it is going to allow mandatory multiple testing of children from the third to eighth grade without allowing the National Academy of Sciences to study the proposal.

The rule we are considering today does not give us the opportunity to correct those mistakes and improve the bill. The rule shuts the door on initiatives that American people care about, while opening the door to proposals the American people have rejected.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. HOLT).

Mr. HOLT. Mr. Speaker, I thank the gentlewoman for yielding me time, and I rise in opposition to the rule.

Let me just give one example of how the promise to have debate on the floor has been broken.

□ 1330

Science education. Science is not just another subject, it is fundamental, like reading and math. For the past year, the National Commission on the Teaching of Math and Science, the so-called John Glenn Commission, met and made a number of recommendations. Some of those recommendations, such as one that would call for a network of national academies, training academies for science teachers around the country, were included in the report, but were not allowed for debate in the committee because, they said, we were told it would be allowed on the floor.

This is critically important. We face a crisis in science and math teaching. The title of our report says it well: before it is too late. Senator Glenn, the head of Intel, the head of State Farm insurance, a number of other leaders in industry, education and business around the country say that we need these recommendations. We should at least have a debate on them on the floor.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentlewoman from Oregon (Ms. HOOLEY).

Ms. HOOLEY of Oregon. Mr. Speaker, I thank the gentlewoman for yielding me this time. I rise today in opposition to this rule for one particular reason: there are too many children being left behind. Time after time this year I have asked that we finally have a discussion about the Federal Government's underfunding of the Individuals with Disabilities Act.

Mr. Speaker, 26 years ago, the Federal Government made a promise to children with disabilities, their parents, their teachers and their schools, that we would pay 40 percent of the excess cost to local school districts to educate children with disabilities. I do not know about the rest of my colleagues, but I grew up in a family where when one made a promise, one kept that promise. Today seemed like the perfect opportunity to have this discussion.

As I did earlier this year in the Committee on the Budget, I proposed an amendment that would have finally made sure the government kept its promise. This time, I was joined by the gentleman from Wisconsin (Mr. KIND), who is on the Committee on Education and the Workforce. I am sad to report that we were denied even the opportunity to bring this amendment to the floor.

Once again, we are sending the message to our students that this legislation leaves no child behind, except for those with disabilities. I urge a ''no'' vote on the rule.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. LEE).

Ms. LEE. Mr. Speaker, I thank the gentlewoman for yielding me this time and for her extraordinary leadership on this issue.

I rise today to oppose this rule which eliminated many good amendments that should have been at least debated. For example, I submitted an amendment that would have established a formula grant program to ensure that all States could receive funding to allow them to hire additional school counselors, social workers, and psychologists. At a time when our children are dealing with suicide, substance abuse, school shootings, and other very grown-up problems, these mental health personnel are vital to the health and well-being of our students. The average student-to-counselor ratio is 1,100 to one in my State of California, although the recommended ratio is 250 to 1.

Now, as a trained clinical social worker, I know firsthand how counseling and effective treatment can reduce violent behavior. Early detection of troubled youth by mental health counselors prevents school violence. We need mental health school counselors in all of our schools. We need school construction. We need smaller class sizes. We owe this to our children. I urge a ''no'' vote on the rule.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin (Mr. KIND).

Mr. KIND. Mr. Speaker, as a member of the Committee on Education and the Workforce, I am a proud supporter of the underlying bill, H.R. 1. I am glad to see we finally have legislation that recognizes the number one issue, the number one priority of the American people: education improvement in this country.

I am, however, extremely disappointed in the rule. I think it is shameful that the only amendment that was offered dealing with special education in this country, IDEA, is how we can better punish special education students rather than how we can help them.

A couple of days ago I offered an amendment in the Committee on Rules with the gentlewoman from Oregon (Ms. HOOLEY) that would allow a debate as to how we can increase funding on special education costs so the Federal Government lives up to our 40 percent cost share. We are only at 15 percent today. If there is one issue that is having a devastating financial impact on local school districts from district to district across the country, it is the inability of the Federal Government to live up to our responsibility, our obligation to fund special-education expenses. Our amendment would have at

least allowed a discussion of that in the context of the elementary- and secondary-education bill. Because it was not made in order, I would encourage my colleagues to oppose the rule and give us a chance to discuss this important issue.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the chairman and ranking member for their work on this very important issue, the issue of education. I am disappointed that like the collapse of a real energy policy for the American people, we are about to verge on a collapse of this legislation.

I offered two amendments that I thought would be very important to deal with the high degree of suicide and the difficulty that our young people are having today; to provide grants to ensure that we would have local funding and assistance for drug and violence prevention, and also to reduce the risk of children; to identify health risks for our children that play on playgrounds where there is an exposure to tin, zinc, mercury and lead, that would have helped enhance the educational facilities that we have.

Finally, I think it is very important that we have additional resources for mental health services where there are those kinds of resources in the schools so that there is no stigma, and we can refer the children and their families to therapy and counseling and psychiatric health care.

As well, on this whole issue of testing, can one imagine testing a little 8-year-old all the time, focusing the teacher's resources on testing? We need to reconsider that, and we need more school construction. We could have done a better job on this bill.

Mr. Speaker, I ask opposition to the rule.

Mr. Speaker, I would like to join my colleagues in the support of education for all of our nation's children. I would like to thank and commend the work of the House Committee on Education and the Workforce in their effort to present a bipartisan bill for our consideration.

I am disappointed that the Rule for this bill does not take into consideration several points that I feel should be part of this effort to not leave any child behind. These are real problems with America's schools, but the fault is not isolated to one source, but are multiple in nature. We know that children are acting out a level of rage that challenges our ability to educate our children in a safe and nurturing environment.

The children of our nation are our country's greatest asset and should be the top priority of the Congress and the Administration. The lack of will to make critical and sometimes difficult decisions on children and education issues has damaged the ability of the United States to guarantee that the next generation will achieve a higher standard of living than their parents.

We must make sure that this bill to reform our nation's education system truly does not leave any child behind. This bill reauthorizes federal elementary and secondary education programs (including the Title I compensatory education, teacher training and bilingual education programs) for five years (through FY 2006) and includes changes to current laws intended to improve the effectiveness of public schools and hold schools accountable.

The measure reported by the Education and the Workforce Committee has provisions intended to hold public schools accountable for improving the academic achievement of their students. It requires annual testing, flexibility in spending at the local school district level, as well as a new system that would require poorly performing public schools to improve or face consequences, which could include the removal of staff or the transfer of some of their students to other public schools.

As the founder and Co-Chair of the Congressional Children's Caucus, I have a strong interest in the well being of our nation's children and would like to offer the following amendments for the committee's consideration as it prepares the rule for consideration of this historic legislation.

The Houston Independent School District (HISD) is the largest public school system in Texas and the seventh largest in the United States. Our schools are dedicated to giving every student the best possible education through an intensive core curriculum and specialized, challenging instructional and career programs. HISD is working hard to become Houstonian's K–12 school system of choice, constantly improving and refining instruction and management to make them as effective, productive, and economical as possible.

HISD has become a leader in restructuring public education, most recently by establishing unprecedented new standards that every student must meet to earn promotion from one grade to the next. HISD's balanced approach to the teaching of reading has garnered national attention, and Project CLEAR, a comprehensive initiative to align curriculum with fundamental knowledge and skills expected of all students, is contributing to a steady rise in scholastic performance. HISD is bringing its school buildings up to high standards and building 10 new schools through Rebuild 2002, a $678-million capital improvement program. In addition, HISD opened two new state-of-the art high schools that were built thanks to the creation of tax increment zones that allow HISD to derive revenue from increases in property value through redevelopment. HISD is demonstrating the utmost managerial accountability through contractual arrangements with specialists in budgeting, purchasing, payroll, personnel management, food services, and maintenance that enable the school district to devote more resources directly to the classroom.

The 18th Congressional District of Houston serves a very diverse group of young people, 52 percent are Hispanic, 34 percent are African American, 10 percent are white, nearly 3 percent are Asian/Pacific Islander, and just under one percent are Native American. The district managers 295 campuses and educational programs: twenty-nine are high schools, 34 are middle schools, 186 are elementary schools, 19 are charter schools, 9 are community-based alternative programs and 18 are combined-level or other programs.

The heart of HISD are its teachers, principals and administrators, librarians, nurses and psychologist, support staff, parents, and board members. I can assure you that the City of Houston is extremely grateful. They have performed outstandingly and deserve special recognition; unfortunately our society does not offer the greatest financial rewards to our most valued citizens—teachers. However, the President's Award for Excellence in Elementary Mathematics and Science Teaching has become an excellent symbol of professional accomplishment as an educator.

In order that we do indeed not leave any child behind, we must first consider that not all children are the same. Their differences should not however, limit their opportunity for a good education in our nation's public schools.

As long as there exist a disparity in funding among school districts within states, and a disparity of education funding K–12 among the states there will continue to be disparities in the education of disadvantaged youth especially taking into consideration the socioeconomic limitations of these communities to augment the educational experience of their children. This must and should be acknowledged by the education reform legislation that we pass and send to the President's desk. We know the realities of education in the United States are that many children are left behind, not at the discretion of the teacher, school district, parent or child, but under the pressures presented by a lack of adequate funding.

We must fully fund the Individuals with Disabilities Act when it comes up for reauthorization next year, but in the mean time there are thousands of children who are denied access to assistance because of the difficult decisions school districts are forced to make in the absence of adequate funding.

Speech and language difficulties affect children of all races in our nation. When a child cannot be understood then their opportunity for a good basic education is greatly diminished.

Because of the lack of funding going into IDEA, children like Jonathan Adam Roumo, who is three year's old Houstonian with a speech delay problem. School districts across our nation struggle with the few dollars provided by the federal government to provide services with children with disabilities.

Jonathan unfortunately is being left behind by the current state of affairs in our nation's education funding. Jonathan is a bright, intelligent little boy who is inquisitive and a challenge to his mother and father because of his interest in everything about his world.

Unfortunately, Jonathan also has difficulty being understood because the muscles along his tongue are too weak and affect how he says words. The tongue is an important organ of speech in human beings and as such is critical to being understood.

The muscles along Jonathan's tongue are at a stage in development that would equate with that of a much younger child, which means that although he has the innate intelligence and stimulation in his environment to speak, his physical ability to be understood is greatly hindered.

Because his parents were concerned about Jonathan's inability to make himself understood, they educated themselves about what was available in the public school system to help Jonathan. They learned about a speech-testing program in their local school district, and saw that Jonathan was tested. Jonathan did well in all areas of the test, which established that he did not need occupational therapy or physical therapy, but he needed speech therapy.

He was enrolled into a speech program in August of 2000 and made excellent progress. Unfortunately, Jonathan's mother was told that he could not go to pre-kindergarten, where he would continue to receive help because he did not have other types of disability associated with his speech limitations. To compound this situation his parents were told that they failed to meet income requirements, which prevent Jonathan's parents from getting him the help that he needs through the public school system.

There are thousands of Jonathans in our public schools who have the potential to do very well, with only a little support in speech development. Under current law Jonathan can receive thirty minutes of speech each week, but that is not enough to make sure that this child is not left behind.

Another serious area which must be addressed is mental health resources available to children and their parents in public school. I have introduced H.R. 73, a bill requiring the Secretary of Education to conduct research on children with dyslexia in the public school system throughout our nation. Dyslexia is identifiable and treatable in children at an early age. For this reason, all children kindergarten through third grade must be given tests that measure the following knowledge skills: print; book; phonological awareness, phonics, and writing. These areas have been identified by child psychologist to be key to recognizing learning disabilities in very young children so that they may receive the proper help to insure that they are not left behind.

Further, I would offer that we should rethink what language programs should be used to accomplish. If a child with a speech impediment such as stuttering, lisp, or other delayed speech cannot be understood by a teacher or fellow students, then that child's ability to succeed in the classroom is limited. Today, we consider that child to be disabled and the rules governing the role of schools to provide proper instruction are not uniform. I would offer that if a child cannot be understood that their language barrier be addressed as early and aggressively as possible by removing all economic requirements for that child to get help through the public school system at as early an age as possible. Violence in public schools have cast a chilling shadow through the halls of education in our nation.

The reality of children's lives today are far removed from the experiences of previous generations. They are killing each other and killing themselves at alarming rates.

Currently, there are 13.7 million children in this country with a diagnosable mental health disorder, yet less than 20 percent of these children received the treatment they need. At least one in five children and adolescents has a diagnosable mental, emotional, or behavioral problem that can lead to school failure, substance abuse, violence or suicide. However, 75 to 80 percent of these children do not receive any services in the form of specialty treatment or some form of mental health intervention.

The White House and the U.S. Surgeon General have recognized that mental health needs to be a national priority in this nation's debate about comprehensive health care.

Suicide is the eighth leading cause of death in the United States, accounting for more than 1 percent of all deaths.

The National Mental Health Association reports that most people who commit suicide have a mental or emotional disorder. The most common is depression.

According to the 1999 Report of the U.S. Surgeon General, for young people 15–24 years old, suicide is the third leading cause of death behind intentional injury and homicide.

Persons under the age of 25 accounted for 15 percent of all suicides in 1997. Between 1980 and 1997, suicide rates for those 15–19 years old increased 11 percent and for those between the ages of 10–14, the suicide rates increased 99 percent since 1980.

More teenagers died from suicide than from cancer, heart disease, AIDS, birth defects, strokes, influenza and chronic lung disease combined.

Within every 1 hour and 57 minutes, a person under the age of 25 completes suicide.

Black male youth (ages 10–14) have shown the largest increase in suicide rates since 1980 compared to other youth groups by sex and ethnicity, increasing 276 percent.

Almost 12 young people between the ages of 15–24 die every day by suicide.

In a study of gay male and lesbian youth suicide, the U.S. Department of Health and Human Services found lesbian and gay youth are two to six times more likely to attempt suicide than other youth and account for up to 30 percent of all completed teen suicides.

We must also be prepared and capable of protecting children from other sources of harm that are present in their environment, such as lead, zinc chloride, tin, and mercury.

I appreciate the work done by the Committees to bring this measure before the House for consideration, but I feel that is lacking in a complete and balanced approach to meet the needs of educating all of our nation's children.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. ANDREWS).

Mr. ANDREWS. Mr. Speaker, I thank the gentlewoman from New York for yielding me this time.

I rise in opposition to the rule. The bipartisanship on our committee on this education bill taught us a lesson on how to get along and work in a bipartisan fashion. It is a lesson that the leadership of this House has not learned.

Here is what is wrong with this rule: it is a delicate compromise between the Democrats and the Republicans. There are many Republicans who believe that block grants called Straight A's should be included, and they will have their chance to make that argument on this floor. There are many Republicans who believe that private school vouchers should be included, and they will have their chance to make their argument on this floor. But there are many Democrats who believe that an extension of the class size reduction program ought to be included, and we will not have our chance to make that argument on this floor. There are many of us who believe that a school construction program should be added, and we will not have our chance to make that argument on this floor.

The lesson of bipartisanship that was taught by the committee has been ignored by the House majority leadership. Their rule should be rejected.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. PAYNE).

Mr. PAYNE. Mr. Speaker, I rise in strong opposition to the proposed rule on H.R. 1, No Child Left Behind Act. Because education is such an important issue, I feel that rules must be introduced on the floor so that all people can express their opinions in the general debate. The Committee on Rules only allowed one amendment from the Democratic side, and that is wrong.

I went before the Committee on Rules and asked that my amendment, which would keep the title I monies at a 50 percent level, be included. When title I began, 75 percent of the money was targeted for poor children. It was the Federal Government saying, we need to assist these schools where there is an imbalance in funding. The imbalance still is there; but it was reduced from 75 percent of poverty to 60 percent of poverty, to 50 percent of poverty, and now it is 40 percent of poverty. On the other hand, some of the people on the other side of the aisle say, we have a 25 percent amendment coming up at you next time.

Mr. Speaker, we are going to leave every child behind. I ask for the rejection of the rule.

Ms. PRYCE of Ohio. Mr. Speaker, I am very pleased to yield 1 minute to the gentleman from Michigan (Mr. HOEKSTRA), my distinguished colleague and a member of the Committee on Education and the Workforce.

Mr. HOEKSTRA. Mr. Speaker, I thank the gentlewoman for yielding me this time.

I would like to urge strong support for this rule. It is a fair rule. It will allow us to vote on amendments which will restore the President's plan.

The President's reform plan for education was a delicately balanced approach, providing more flexibility to the States, a program to empower parents by allowing them to make more choices in their children's education, and holding schools accountable for the results that they would deliver; a delicate balance of saying, we are going to give States more process freedom. We are no longer going to hold them accountable for the process by which

they spend their money, but we are going to make sure that every child goes through and achieves the learning that we want. We are going to focus on results accountability.

This rule allows us to have a vote on restoring State flexibility, which was ripped out of the committee mark. It allows us to build on the local flexibility and parental empowerment that are so critical to the President's plan.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. WU).

Mr. WU. Mr. Speaker, I want to commend the ranking member and the chairman for their commendable efforts at crafting a commonsense, bipartisan education bill. But I am going to ask my colleagues to vote against this rule which brings partisanship and prevents the bringing of commonsense amendments which would improve this bill.

Our efforts at keeping class size reduction as a separate source of funding, maintaining our national priority on bringing smaller class sizes to schools across this country was not permitted to be brought to the floor. Our efforts to bring school construction to the floor in order to be fully debated were not permitted to be brought to the floor. Class size reduction and school construction are two priority issues in American education; and yet we will not have a chance to discuss these bipartisan, commonsense issues. I regret that very much, and I ask my colleagues to vote against this rule.

Ms. SLAUGHTER. Mr. Speaker, I yield 30 seconds to the gentleman from Pennsylvania (Mr. FATTAH), and I know he will use it well.

Mr. FATTAH. Mr. Speaker, there is a lot of talk about accountability, holding students accountable and teachers and schools. There is one entity that is never mentioned, even though States are responsible for the certification of teachers, the setting of curriculums, the entire determination about how schools are going to be provided resources. There is nothing anywhere about trying to get States to be responsible once and for all for the education of poor children.

The Congress, in 1965, 35 years ago, passed the title I law, which we are getting ready to reauthorize, and since then, still, States have failed poor children.

I would hope that we would have a rule that would allow us to seek more accountability. I think there could be consensus between Democrats and Republicans on that point.

Ms. PRYCE of Ohio. Mr. Speaker, I am pleased to yield 30 seconds to the gentleman from Ohio (Mr. TRAFICANT), my distinguished colleague.

Mr. TRAFICANT. Mr. Speaker, I support the rule. I want to commend the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER), but I must agree with the gentleman from Michigan (Mr. KILDEE) and the gentleman from New York (Mr. OWENS) that an America that builds prisons, but not schools, is headed in the wrong direction.

I am asking the Republican leadership to take a good look at the position of the gentleman from New York (Mr. OWENS), and when we go to conference, consider putting some construction money in for schools. But I am inclined to support the bill, and I thank the Republican Party for giving consideration to the request of the gentleman from New York.

Ms. SLAUGHTER. Mr. Speaker, I yield my remaining 1 minute to the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I thank the gentlewoman for yielding me this time.

I rise in opposition to this rule.

□ 1345

This is a rule for education, yet it is not a very smart rule, because it does not allow us to have the debate and vote on school construction and school modernization.

Mr. Speaker, all of the science tells us that children do better in smaller classes, and indeed, in smaller schools, in some cases. Children are smart. We cannot tell them that education is important to them, that it is about their self-fulfillment, about their way to earn a living and our competitiveness internationally, and yet send them to schools that are in disrepair, instead of sending them to smaller classes where they will get the attention they need and classrooms which are wired for the future.

Children are smart. They see the contradiction. If education is so important, why then is it not important to the Democrats and to the Republicans, to the Congress of the United States?

That is why I cannot understand for the life of me why an education bill would come to this floor, after all the science this Congress has paid for and told us that children need smaller classes, and this Republican Party will not even allow us the opportunity to debate that amendment on the floor.

I urge our colleagues to vote no on this very unsmart rule on the education bill.

Ms. SLAUGHTER. Mr. Speaker, I yield such time as she may consume to the gentlewoman from New York (Mrs. MALONEY).

Mrs. MALONEY of New York. Mr. Speaker, I rise in opposition to this rule. I am disappointed that the Andrews-Saxton-Maloney-Horn amendment was not made in order.

Our amendment would have provided much-needed Federal grants to organizations so that they can teach today's youth about the Holocaust.

Unfortunately, many schools and communities around the country have not learned about the Holocaust because their schools do not have the funds or tools to each about this tragic event in world history.

There is no question: teaching children about the horror and tragedy of the Holocaust will create a generation of youth in America who are less likely to commit hate crimes, and who are more likely to mature into adults who will envision and work toward peaceful world relations.

This is exactly why the Andrews-Saxton-Maloney-Horn amendment is so important.

We need programs in our schools that teach the consequences of intolerance and hate.

In denying the House a vote on our amendment, the majority is denying our children a chance to learn about one of the most tragic events in history.

Ms. PRYCE of Ohio. Mr. Speaker, I yield 2½ minutes to my distinguished colleague, the gentleman from Georgia (Mr. ISAKSON), who has been such an integral of this effort.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Georgia (Mr. ISAKSON) is recognized for 2½ minutes to close.

Mr. ISAKSON. Mr. Speaker, I thank the gentlewoman from Ohio for yielding time to me.

Mr. Speaker, I commend the Committee on Rules for a fair rule.

I commend the gentleman from California (Mr. GEORGE MILLER), the gentleman from Ohio (Chairman BOEHNER), and the members of our committee for a fair and open debate and a bipartisan bill.

However, Mr. Speaker, as we close this debate, if we think about our red or green vote, I want Members to look at what we are really talking about. To my left is a chart which shows that over the history of funding for public education in Title I, while the gold bars which represent money have gone up astronomically, today, the same as it was 25 years ago, reading proficiency remains at the bottom. It is time for true reform.

On the issue of building schools, they will not tell us that America's unmet need at the local level, and it is their responsibility, is $300 billion. They also will not tell us that represents 2.5 times more money than has been spent on Title I since it began.

This is not about building buildings, this is about building and changing the lives of America's most disadvantaged children. It has been said that our children are a message we send to a time we shall never see. I am proud we have a committee and I am proud we have a President that has laid it on the line.

When Members get ready to vote red, I want Members to look in the eyes of a disadvantaged poor child in Members' rural or urban districts and ask what kind of message they want to send to a time they will not see.

As a politician, I want Members to think about how much they would respect a President who brings a bill forward with accountability that will

allow us to measure our progress within his term of office.

Mr. Speaker, this bill is not a promise, it is a hope. It is a hope for the future, not of buildings and inanimate objects, but of the sacred treasure of the lives of America's youngest and most disadvantaged children.

The Committee on Rules will allow competitive debate over controversial issues, and in the end I hope Members' green vote on this rule results in a green vote on this bill that leaves no child behind, and sends a message to our future that we would love for our future to see.

Mr. UDALL of Colorado. Mr. Speaker, I rise to oppose the rule for H.R. 1, the Elementary and Secondary Education Reauthorization bill. This rule prevents Democrats from offering key education priorities as amendments to the bill—including School Modernization and Class Size Reduction. In addition, I am troubled that an amendment I offered in the Rules Committee to establish a program in the Department of Education to help school districts produce "high performance" school buildings was rejected.

The amendment I offered in the Rules Committee—the "High Performance Schools Program"—takes the concept of "whole buildings" and puts it into the context of our schools. My amendment would have established a program in the Department of Education to help school districts produce "high performance" school buildings. It would provide block grants to state offices of education that would then be allocated as grants to school districts for building design and technical assistance. These grants would be available to school districts that are faced with rising elementary and secondary school enrollments, that can't afford to make major investments in construction or renovation, and that commit to work with the state agencies to produce school facilities that incorporate a "high performance" building approach.

We wouldn't dream of putting only manual typewriters in new school buildings—we would install today's computer technology. Nor should we build yesterday's "energy inefficient," non-sustainable, and less effective schools. Our kids are our country's future, and they should have the best school facilities, especially if they will cost less and benefit us all in other ways.

As the Congress begins debate on the reauthorization of the Elementary and Secondary Education Act, the important legislation that governs our nation's education priorities, I fear the House Rules Committee has missed a golden opportunity. I am especially disappointed that today—a day when Congress is focused on energy issues because of the release of the administration's energy plan—the Rules Committee chose to overlook this opportunity to take care of our children and our environment at the same time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. SLAUGHTER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 219, nays 201, not voting 13, as follows:

[Roll No. 125]

YEAS—219

Aderholt
Akin
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bereuter
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Coble
Collins
Combest
Cooksey
Cox
Crane
Crenshaw
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Fossella
Frelinghuysen
Gallegly
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hansen
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hutchinson
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Manzullo
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Saxton
Scarborough
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—201

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Becerra
Bentsen
Berkley
Berman
Berry
Blagojevich
Blumenauer
Bonior
Boswell
Boucher
Boyd
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clement
Clyburn
Conyers
Costello
Coyne
Cramer
Crowley
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hall (TX)
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Millender-McDonald
Miller, George
Mink
Moakley
Mollohan
Moore
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Ross
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Schiff
Scott
Serrano
Sherman
Shows
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velázquez
Visclosky
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—13

Bishop
Borski
Brady (PA)
Condit
Cubin
Ganske
Hunter
Kilpatrick
Lucas (OK)
Meeks (NY)
Moran (VA)
Thompson (MS)
Waters

□ 1409

Mr. BERMAN, Mr. HOEFFEL and Mrs. MEEK of Florida changed their vote from "yea" to "nay."

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

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. MORAN of Virginia. Mr. Speaker, on rollcall No. 125, had I been present, I would have voted "nay."

LEGISLATIVE PROGRAM

(Mr. DOGGETT asked and was given permission to address the House for 1 minute.)

Mr. DOGGETT. Mr. Speaker, I would like to inquire about next week's schedule.

Mr. Speaker, I yield to the gentleman from California (Mr. MCKEON).

Mr. MCKEON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I am pleased to announce that there will be no further votes in the House for the week.

The House will next meet for legislative business on Monday, May 21 at 12:30 p.m. for morning hour and 2 p.m. for legislative business.

The House will consider a number of measures under suspension of the rules, including the following bills:

H.R. 1831, the Small Business Liability Protection Act; and

H.R. 1885, the 245(i) Extension Act of 2001.

A complete list of suspensions will be distributed to Members' offices tomorrow.

On Monday, no recorded votes are expected before 6 p.m.

On Tuesday through Thursday, the House will consider the following measures:

H.R. 1, the No Child Left Behind Act; and

H.R. 1836, the Economic Growth and Tax Relief Reconciliation Act Conference Report.

On Friday, the House will not be in session for the start of the Memorial Day district work period.

Mr. DOGGETT. Mr. Speaker, I thank the gentleman for that explanation.

If I might inquire further, many Members, of course, have travel plans for next Thursday evening, does the gentleman anticipate any event that would prevent our departing at least by 6 p.m. on Thursday?

Mr. MCKEON. If the gentleman will continue to yield, we hope to get the tax conference report back by Thursday so that we can get that passed Thursday, but we do not have a guarantee of that.

Mr. DOGGETT. Of course, the conference has not been convened because the Senate has not acted. Is the gentleman saying in the event the tax reconciliation conference report, if that is not available by Thursday night, we might be facing some interference with the Memorial Day weekend?

Mr. MCKEON. Our goal is to finish that up on Thursday, and we cannot guarantee that, but that is our goal.

□ 1415

Mr. DOGGETT. Mr. Speaker, backing up to Monday, does the gentleman from California (Mr. MCKEON) anticipate that there will be any business other than suspensions on Monday evening?

Mr. MCKEON. Mr. Speaker, if the gentleman will yield, we may start the general debate on the education bill.

Mr. DOGGETT. Mr. Speaker, it had been my understanding that was beginning on Tuesday, but there is a possibility of general debate, not amendments on Monday night?

Mr. MCKEON. There would be no education votes, but there is a possibility that we would have the general debate begin.

Mr. DOGGETT. Mr. Speaker, because there is such interest in the education bill, is the gentleman from California informed as to what days we would be considering the education bill next week?

Mr. MCKEON. Mr. Speaker, we hope to finish it Tuesday, but it could spill over into Wednesday.

Mr. DOGGETT. The gentleman mentioned both H.R. 1831 and H.R. 1885. Does he know on which days those are most likely to be considered?

Mr. MCKEON. Mr. Speaker, those will be Monday under suspension and voted on after 6 o'clock.

Mr. DOGGETT. All right, Mr. Speaker. Then on H.R. 1 and H.R. 1836, when might they be considered?

Mr. MCKEON. Mr. Speaker, H.R. 1 will be Tuesday and Wednesday and hopefully H.R. 1836 on Thursday.

NO CHILD LEFT BEHIND ACT OF 2001

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 143 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1.

□ 1416

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind, with Mr. HASTINGS of Washington in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Ohio (Mr. BOEHNER) and the gentleman from California (Mr. GEORGE MILLER) each will control 60 minutes.

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

Mr. BOEHNER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, beginning today, we have an opportunity to make a true difference in the lives of our Nation's children, particularly our most disadvantaged children in America. This rare opportunity presents itself in the form of No Child Left Behind, President Bush's plan to improve elementary and secondary education in America.

This process began last December before President Bush technically was even President Bush. It began with a meeting in Austin, Texas when the President-elect invited Members of both parties to discuss education reform, the item at the top of his agenda.

None of us knew what to expect from that meeting, but all of us left with a sense that something extraordinary was within our grasp. It was clear that our new President had a genuine interest in the issue of education. He had a powerful desire to bring Members of all parties together on this issue here in Washington just like he had done in the State of Texas. Now, just under 6 months later, we are here today together to consider the most important change in Federal education policy in 35 years.

I want to thank my colleagues on both sides of the aisle who have worked hard on behalf of American students: The gentleman from California (Mr. MCKEON), the gentleman from Georgia (Mr. ISAKSON), the gentleman from Colorado (Mr. SCHAFFER), and the gentleman from Michigan (Mr. KILDEE) and the gentlewoman from Hawaii (Mrs. MINK) and the gentleman from Indiana (Mr. ROEMER).

I particularly want to thank the gentleman from Delaware (Mr. CASTLE) on his tireless efforts on behalf of our Nation's students and the job that he has done as the subcommittee chairman on the 21st Century Subcommittee on Education Reform.

I also want to thank the gentleman from California (Mr. GEORGE MILLER) for his leadership and willingness to work in good faith for this bipartisan bill.

The measure before us gives students a chance, parents a choice, and schools a challenge to be the best in the world. After 35 years of spending without accountability, it challenges States to use Federal education dollars to deliver results for our students. Instead of relying on money and red tape, it taps into our Nation's most precious educational resource, parents.

In the hands of caring parents, information is a powerful tool for reforming our schools. Why ask States to evaluate schools annually? Because parents deserve to know how their child's school stacks up against the others. Why have a report card for States and school districts? Because parents deserve to know whether their children are being taught by qualified teachers and whether their child's school is failing and falling below expectations.

The more parents know, the more they are likely to push for meaningful change in our schools. Without the ability to measure, there is simply no way for parents to know for certain that their children are, in fact, truly learning. There is no way to know for certain which students are in danger of slipping through the cracks.

As Education Secretary Rod Paige has noted, President Bush's education plan rests on 4 pillars: accountability, local control, research-based reform, and expanded parental options.

The legislation before us meets all of the President's principles. It challenges States to set high standards for public schools, demanding accountability for results. It provides unprecedented flexibility to local districts, letting them make spending decisions instead of letting Washington make decisions for them. It triples Federal support for proven reading programs rooted in scientific research. And it provides an escape route for students trapped in chronically failing schools.

These reforms would mark the first time in a generation that Washington has returned a meaningful degree of authority to parents at the expense of the education bureaucracy. It would streamline a significant share of the Federal education regime in one swift stroke. It would provide new hope that the next generation of disadvantaged students can escape the misery of low expectations.

I am grateful to my colleagues on both sides of the aisle who have worked hard to turn the President's vision for education reform into reality. I believe we have produced a plan that is worthy, not just of the support of my Republican colleagues and my Democrat colleagues and independents, but of teachers, parents, and most of all our children.

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

Mr. GEORGE MILLER of California. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I want to begin my remarks on this legislation by thanking the gentleman from Ohio (Mr. BOEHNER), the chairman of my committee, for all of his cooperation and for the honorable manner in which he dealt with every member of our committee, especially those members on our side. We recognize we are in the minority. It makes it very difficult from time to time, but the gentleman from Ohio (Mr. BOEHNER) was very candid with us, very forthcoming, and I think created an atmosphere in which we could arrive at this work product with this bipartisan conclusion.

I would also say that, as I watched him work, as he assumed the chairmanship of this committee, and as I watched him work with individual members of the committee and to deal with all of the issues that were thrown at us during the months of discussion of this legislation, and during our markup, I saw a legislator at work, and he should be very proud.

I also want to thank those who worked so very hard, the members of our committee as members of the working group: the gentleman from Michigan (Mr. KILDEE), the gentleman from Delaware (Mr. CASTLE), the gentlewoman from Hawaii (Mrs. MINK), the gentleman from California (Mr. MCKEON), the gentleman from Indiana (Mr. ROEMER), and the gentleman from Georgia (Mr. ISAKSON).

These Members and their staff spent an awful lot of time in sessions trying to iron out the differences between us to see whether or not we could come to agreement. In some cases, we were able to. In other cases, we were not, but we moved on to the other topics and finally arrived in the negotiations that led to this legislation.

I think we feel that, in fact, this legislation truly represents both, what both Members on both sides of the aisle have been saying they want with respect to the Federal role in education and to what the President has said that he wants in this legislation.

I believe that we have an opportunity with this legislation to pass a sound, bipartisan education reform bill that will benefit children. We will have an opportunity to pass a bill that achieves a consensus, a consensus, as I have said, between the education proposals and reform proposals offered by Members of Congress, both parties, and by the President.

Here are the reforms that we want and the overwhelming majority of parents and taxpayers tell us that they want and that we are attempting to achieve in this bill. We are attempting to achieve real accountability for real results; a specific plan to finally, once and for all, close the achievement gap between rich and poor and between minority and nonminority students.

It is very important because this is the intent of the Federal role in education, to equalize the effort and to close the gap between these students with respect to the results and the educational experience.

To provide for quality teachers through professional development, training and resources available to the teachers to do their jobs; significant new investments in our public school system; doubling Title I funding; increase support, respect and training for teachers; new resources to help schools that are failing; better targeting of funds to schools with high concentrations of children in poverty and to children with limited English proficiency; unprecedented flexibility at the local level to tailor education reforms to achieve the ambitious goals that we have set out in this legislation.

Today we have an opportunity to step forward, to make these changes on behalf of our Nation's school children.

This bill is not perfect. There is much more I would like to do to improve education in this country. I know there are many of my colleagues who would like to do some things in this bill differently, but I think this bill in its current form represents a major step forward. I think it would be a mistake for us to miss the opportunity to do the things we are capable of doing now because we cannot do everything right away.

The fact is that, in far too many communities in this country, particularly in our poorest communities, we have what amounts to gross educational malpractice, and that cannot stand. For too long, the educational system in this country has operated under a policy of acceptable losses. Too many children had been written off, and that cannot stand.

Hundreds of thousands of students leave school every year, in many cases with a diploma, only to find out that they have not received a quality education they need and that they ought to be entitled to. That cannot stand.

We know we can do better. Schools all over this country have succeeded in educating students from every background: poor students, black students, Hispanic students, students with limited English proficiency, students that represent American society in so many settings at so many different parts of the country, under so many different circumstances. In fact, they have been given an excellent education with excellent results. All of America's children deserve that.

In virtually every case, they have achieved these successes by doing the very things that we set out to do in this bill, setting high standards, establishing clear goals, and targeting the investments in better teaching and instructional materials.

We are saying today, on the anniversary of Brown v. Board of Education, that this is what we as a Nation want for every child in every school in every State. We want this for the children from Pittsburgh, California to Pittsburgh, Pennsylvania; for children from Portland, Maine to Portland, Oregon. I hope we can work together to fulfill that promise. We have some important work ahead of us.

The voucher provisions to be offered later in this debate in this bill would kill any chance of bipartisanship. In fact, they would likely result in bipartisan opposition to this entire bill. I know there are differences of opinion, but we believe that vouchers in any form fundamentally undermine what we are trying to accomplish to achieve real education reform throughout this country for all of our students. We will vigorously oppose those amendments.

The other significant amendments that would draw strong Democratic opposition would establish a large block grant with Federal education dollars to the States, known as Straight A's. We will talk at great length later about what we, and almost every credible group representing local educators, students and parents, think is wrong with that Straight A's proposal.

I would assert here, however, that what we have in H.R. 1 is a better alternative to Straight A's, the provision

we call transferability at the local level. In fact, I think the gentleman from Ohio (Chairman BOEHNER) and I agree. When it comes to the Straight A's proposal, we have a better deal in H.R. 1.

It was not a deal that I came to these negotiations with. It is not a deal that the chairman brought to these negotiations. We both had very different views about how this could be carried out to provide for the flexibility that so many of us have heard in our districts, school districts and administrators have asked for as they deal with the education of the children that they know best.

□ 1430

But out of these negotiations, with great help from the gentleman from Indiana (Mr. ROEMER) and others, a solution came forward to provide that kind of flexibility to the local level of school decision-making in each and every one of our States.

We have the opportunity in this legislation, as I have said, to pass a sound bipartisan education reform bill that I believe will benefit all of the children of this Nation, and I look forward over the next few days to work with the gentleman from Ohio (Mr. BOEHNER) and Members on the other side of the aisle, with the members of our committee, and with the Members in the House generally to consider each and every amendment, to give it a fair hearing, and to give it our support or our opposition based on the merits and the differences that some of us have about the direction of the American education system.

As the chairman said when he started his remarks in this debate, as he did when we started our discussions in the committee, this is a debate on the merits of the education system in this country and about those proposals being put forth to reform that system, to hold that system accountable, and to get the results all of us want for all of our children. This is not about a personal political debate; this is not about attacking the motives or the integrity of any Member of Congress. Where we differ, it is on the merits.

To his credit, he kept the debate on that level in the Committee on Education and the Workforce, and for that reason we had overwhelming bipartisan support for this legislation, again, that represents the ideas on both sides of the aisle; and I would hope that this is the legislation that would emerge after we go through the markup here in the Committee of the Whole. I look forward to the continuation of the debate next week.

Mrs. LOWEY. Mr. Chairman, the desperate need to repair America's schools is not a new issue for any of us here today. Five years ago, I conducted a survey of New York City schools and discovered that one in every four schools holds classes in areas such as hallways, gyms, bathrooms, and janitors' closets. Two-thirds of these schools had substandard critical building features, such as roofs, walls, and floors. This is an outrage and a disgrace.

In response to that shocking study, I worked with the Administration to author the very first school modernization bill in 1996.

Five years later, with school enrollment skyrocketing, the need to renovate and repair our schools is even more pressing. Yet this problem is simply too big for local and state officials to handle alone. States are doing the best they can but they need federal dollars to fill in the holes. In fact, the National Education Association estimates that the unmet school modernization need in America's schools totals over $300 billion—and that's on top of what school districts and states are already spending!

Simply stated, the need for school modernization is a national problem that demands a national response. And that's why I am so disappointed that the amendment to provide school construction funds was not made in order. Frankly, my colleagues, I think this is an issue where we will pay now, or pay later. We know that students cannot learn when the walls are literally crumbling around them. If we do not provide the resources—even this targeted emergency assistance—we will continue to undermine our students and teachers as they struggle to meet standards and achieve academically.

We can spend this money now, targeted at the most urgent repairs first, providing funding to high-need school districts for critical repairs such as sealing leaky roofs and removing asbestos, or we will pay later—in lower student achievement, ever-more burdened teachers, and potentially even accident or injury in crumbling schoolrooms.

America's children need us to make the right choice now—to use the opportunity we have in this time of unprecedented prosperity to rebuild their schools and lift up the quality of their education. And, if we fail as a Congress—once again—to take action to meet our school modernization needs—we will pay later.

I urge my colleagues to join me to acknowledge the shameful physical condition of our schools and to do something about it. We cannot give our students a 21st century education in 19th century schools.

Mr. PETRI. Mr. Chairman, I would like to take a couple of minutes to speak in favor of the provision in H.R. 1 that expands and improves the Troops-to-Teachers program. Our military is a great reservoir of potential talent, particularly in the area of math and science, and this program taps into that talent by encouraging members of our Armed Forces to become teachers after they leave the military.

Many have warned of an approaching teacher shortage in this country. According to some estimates, we will have to find somewhere between 1.6 and 2.6 million new teachers merely to replace teachers scheduled to retire. The Troops-to-Teachers program has already been a great help to meet this shortfall, and I believe that it can be ever more useful in the future.

Several thousand members of the military retire each year, often at ages young enough that they are searching for new careers. We want to make it as easy as possible for these men and women to take the leadership skills and character that they have gained during their military careers and try to instill these traits in our young people.

In H.R. 1, we have improved the existing Troops to Teachers program to authorize stipends for soldiers participating in the program, and bonuses for soldiers who agree to teach in a high need school.

We have also expanded the category of soldiers eligible to participate in the program. Under current law, when a soldier completes active duty and decides to be a teacher, he or she has to go through a teacher training program that can take up to a year and a half. Because of this delay, many are discouraged from pursuing a teaching career.

H.R. 1 eliminates this roadblock by expanding eligibility so that an active duty soldier nearing retirement can participate in the program.

Mr. Chairman, this is a great program that enjoys bipartisan support, and it will bring many more qualified, excellent teachers into the profession that we so desperately need. I applaud its inclusion in H.R. 1 and I trust that in improved version of Troops-to-Teachers will be enacted this year.

Mr. GEORGE MILLER of California. Mr. Chairman, I reserve the balance of my time.

Mr. BOEHNER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LAHOOD) having assumed the chair, Mr. HASTINGS of Washington, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1) to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind, had come to no resolution thereon.

APPOINTMENT OF MEMBERS TO CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

The SPEAKER pro tempore. Without objection, and pursuant to 22 U.S.C. 276d and clause 10 of rule I, the Chair announces the Speaker's appointment of the following Members of the House to the Canada-United States Interparliamentary Group in addition to Mr. HOUGHTON of New York, chairman, appointed on March 20, 2001:

Mr. GILMAN of New York;
Mr. DREIER of California;
Mr. SHAW of Florida;
Mr. STEARNS of Florida;
Mr. PETERSON of Minnesota;
Mr. MANZULLO of Illinois;
Mr. ENGLISH of Pennsylvania; and
Mr. SOUDER of Indiana.

There was no objection.

ADJOURNMENT TO MONDAY, MAY 21, 2001

Mr. SCHAFFER. Mr. Speaker, I ask unanimous consent that when the

House adjourns today, it adjourn to meet at 12:30 p.m. on Monday next for morning hour debates.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. SCHAFFER. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.

EXPRESSING SENSE OF CONGRESS WELCOMING PRESIDENT CHEN SHUI-BIAN OF TAIWAN TO UNITED STATES

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that the Committee on International Relations be discharged from further consideration of the concurrent resolution (H. Con. Res. 135) expressing the sense of Congress welcoming President Chen Shui-bian of Taiwan to the United States, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore (Mr. GRAVES). Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 135

Whereas for more than 50 years, a close relationship has existed between the United States and Taiwan, which has been of enormous economic, cultural, and strategic advantage to both countries;

Whereas the United States and Taiwan share common ideals and a vision for the 21st century;

Whereas freedom and democracy are the strongest foundations for peace and prosperity;

Whereas Taiwan has demonstrated an improved record on human rights and a commitment to democratic ideals of freedom of speech, freedom of the press, and free and fair elections routinely held in a multiparty system, as evidenced by the March 18, 2000, election of Chen Shui-bian as Taiwan's new president;

Whereas President Chen Shui-bian of Taiwan visited the United States on August 13, 2000, when several Members of Congress expressed interest in meeting with President Chen Shui-bian during his layover in Los Angeles, California, en route to Latin America;

Whereas the meeting with President Chen Shui-bian did not take place because of pressure from Washington and Beijing;

Whereas the Congress thereby lost the opportunity to communicate directly with President Chen Shui-bian about developments in the Asia-Pacific region and key elements of the relationship between the United States and Taiwan; and

Whereas the upcoming May 21, 2001, visit to the United States by President Chen Shui-bian of Taiwan is another significant opportunity to broaden and strengthen relations between the United States and Taiwan: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress—

(1) warmly welcomes President Chen Shui-bian of Taiwan upon his visit to the United States;

(2) requests President Chen Shui-bian to communicate to the people of Taiwan the support of the Congress and of the people of the United States; and

(3) recognizes that the visit of President Chen Shui-bian to the United States is a significant step toward broadening and deepening the friendship and cooperation between the United States and Taiwan.

Mr. GILMAN. Mr. Speaker, I am pleased to support the resolution introduced by the gentleman from Colorado, Mr. SCHAFFER.

This resolution welcomes president Chen Shui-bian of Taiwan to the United States next week. President Chen is stopping in New York on his way to Central and South America. Later, he will visit Houston, Texas.

At the International Relations Committee's request, Mr. SCHAFFER has agreed to make several technical changes, and we are now pleased to waive jurisdiction and support a unanimous consent request that this measure be considered out of order.

This is an important resolution, Mr. Speaker. Taiwan is one of our nation's most important friends in the world. We share the values of democracy, human rights and free markets. President Chen deserves a warm welcome as he comes to New York City and later to Houston, Texas.

Taiwan's democracy and economy have thrived in recent years despite direct threats from the People's Republic of China. We must send a strong message to China that Taiwan and the United States stand together against such intimidation.

I thank the gentleman from Colorado for bringing this resolution before us, and I urge my colleagues to support it.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. GILMAN:

Strike all after the resolving clause and insert the following:

That the Congress—

(1) warmly welcomes President Chen Shui-bian of Taiwan upon his visit to the United States;

(2) requests President Chen Shui-bian to communicate to the people of Taiwan the support of the Congress and of the people of the United States; and

(3) recognizes that the visit of President Chen Shui-bian to the United States is another significant opportunity to broaden and strengthen the friendship and cooperation between the United States and Taiwan.

Mr. GILMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

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

There was no objection.

The amendment in the nature of a substitute was agreed to.

The concurrent resolution, as amended, was agreed to.

AMENDMENT TO THE PREAMBLE OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Speaker, I offer an amendment to the preamble.

The Clerk read as follows:

Amendment to the preamble offered by Mr. GILMAN:

Amend the preamble to read as follows:

Whereas for more than 50 years, a close relationship has existed between the United States and Taiwan, which has been of enormous economic, cultural, and strategic advantage to both countries;

Whereas the United States and Taiwan share common ideals and a vision for the 21st century;

Whereas freedom and democracy are the strongest foundations for peace and prosperity;

Whereas Taiwan has demonstrated an improved record on human rights and a commitment to democratic ideals of freedom of speech, freedom of the press, and free and fair elections routinely held in a multiparty system, as evidenced by the March 18, 2000, election of Chen Shui-bian as Taiwan's new president; and

Whereas the upcoming May 21, 2001, visit to the United States by President Chen Shui-bian of Taiwan is another significant opportunity to broaden and strengthen the friendship and cooperation between the United States and Taiwan:

Mr. GILMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment to the preamble be considered as read and printed in the RECORD.

The Speaker pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The amendment to the preamble was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GILMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on House Concurrent Resolution 135.

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

There was no objection.

SPECIAL ORDERS

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

SUPPORT THE MANNED SPACE FLIGHT PROGRAM

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

Mr. WELDON of Florida. Mr. Speaker, it is a pleasure for me to be able to rise today and speak in support of our Nation's manned space flight program.

Most Americans are aware of the tremendous work that is done on a daily basis by the men and women who work for the National Aeronautics and Space Administration. Many of the contractors and educators that are involved, and the people who are working in the program today, are some of the same people who have been involved with it for many years or they stand on the shoulders of those who began in the early days of the program, from Mercury to Gemini, Apollo to Sky Lab, the Shuttle program, and now the new International Space Station currently orbiting the Earth today, with a crew of three, hopefully someday soon to be able to grow to a crew of six.

The space program, in many ways, has been emblematic in the United States of the technological prowess and our expertise in science; but it is more than that, I think, for America's culture. I think burning in the heart of every American is the pioneer spirit, the pioneer spirit that settled this Nation, the pioneer spirit that caused many of our ancestors to come to the United States to try to carve out a better way of life. But, I really think it is something that burns in the hearts and minds of all human beings everywhere; to explore the unknown, or, to go to a new place. And while there are many places on this planet we call our home, planet Earth, that remain to be explored, areas like Antarctica and the bottoms of our oceans, truly the realm of outerspace is the limitless area of exploration.

In many ways today, we are in our first baby steps in these programs, like the space station program, where we are just learning the basics of how to live and do business and to operate in the environment of space. I think it is something that we must do and we must continue to do. I believe that were we, as Americans, to abandon our space program, to abandon manned space flight would be to turn our back on the very essence of what makes us Americans and our desire to research the unknown and discover new places.

I talk to teachers all over this country; and they tell me over and over again, when they are dealing with their students and they are trying to motivate them and encourage them to study areas of math and science, and I think my colleague from Texas, who was a teacher, will speak later and verify this from his own experience as a teacher, there is nothing that excites our kids more to study in these critical areas of math and science than our space program. This is an area where the United States needs to be doing more.

When I travel around my congressional district, the Space Coast of Florida, the Treasure Coast, I hear over and over again from businessmen, people who are trying to start new companies, that one of the most difficult things they face is to find people who are properly trained in engineering or sciences; that we are just not turning out enough of them. So it is critical that we keep our young people motivated. And the teachers all over America tell us that one of the things that motivates them the most to studying in the realm of the math and science fields is the space program.

They tell me that they can actually take the material that they are being taught in the classroom and apply that to how we go about the process of exploring space and living in space; and, furthermore, that that in turn can help us raise up a new generation of scientists and engineers that will help us to explore the unknown.

Finally, let me additionally say another good reason we need to be in space is just the whole realm of spinoffs. Most Americans are not familiar with the fact that much of the technology involving pacemakers and prosthetic devices, like prosthetic hips, the material science involved in that are direct spinoffs from our space program. Indeed, there is a company in my congressional district that is developing a product that could cause every air-conditioning unit in the United States to run 15 percent more efficiently, which is a direct spinoff from our space program.

I have actually been told if this product proves to be as successful as it is anticipated to be that that improvement in efficiency in the air-conditioning units in homes and businesses all across America would more than save enough money to pay for our entire space program, from its very beginnings from the early days of Mercury right through to the present.

So there is a lot going on in space, there is a lot of future there, and I believe every American supports what our men and women are doing in the space program. I rise today to congratulate all those working in this field and encourage all of my colleagues in the House to continue to support our manned space flight program.

REAFFIRM COMMITMENT TO SPACE EXPLORATION

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

Mr. LAMPSON. Mr. Speaker, I want to first compliment the gentleman from Florida (Mr. WELDON) for the comments he just made, and I want to talk also about space.

Obviously, some of us are significantly dedicated to this issue in this Congress and in this country of ours. The work the gentleman has done and the work I have the honor to be able to participate in is most appreciated, and that has to be infectious and carry over to every Member of this House of Representatives and our Senate to move forward with this.

In starting, I want to talk first about a little girl whose name is Keely Woodruff. She is a little beyond this now, but when she came to me a couple of years ago, at 6 years old, she was having in excess of 50 epileptic seizures a day. This little girl had been to the emergency room so many times that her parents could not even count them. She had the developmental age of about 2½ and did not have much to live for in her life.

Interestingly enough, her doctor found a company in Clear Lake, Texas, in Houston, Texas, called Cyberonics; and Cyberonics had developed and markets today a takeoff on one of those spinoffs from space, a spinoff from a heart pacemaker called a vagus nerve stimulator. This little device was implanted under Keely's skin, with a little wire run up to the vagus nerve in her brain which began to control the impulses in her brain, and it changed her life. She has now set out on normalcy within that life of hers.

□ 1445

What a magnificent thing space did for Keely Woodruff. She had no idea what space even was.

Mr. Speaker, all of that got started 40 years ago when John Kennedy stood here in this room and told this body, ''With the approval of this Congress, we have undertaken in the past year a great new effort in outer space. Our aim is not simply to be the first on the moon, any more than Charles Lindbergh's real aim was to be the first in Paris. His aim was to develop the techniques of our own country and other countries in the field of air and the atmosphere, and our objective in making this effort, which we hope will place one of our citizens on the moon is to develop in a new frontier of science, commerce and cooperation, the position of the United States and the Free World. This Nation belongs among the first to explore it, and among the first, if not the first, we shall be.''

John Kennedy later challenged this country by saying that we would be able to send a man to the moon and bring him home safely within 10 years from the time he challenged us. And our country rose magnificently to that challenge, and we created a whole new world in the conveniences that we receive, our ability today to communicate instantly from anywhere we

stand around the world, and medical advances that cannot be compared to any other time in our world.

What a magnificent legacy he left us. Today we have satellites that spin above our atmosphere around the Earth. We have the International Space Station that the gentleman from Florida (Mr. WELDON) spoke of, but today that dream is somewhat clouded.

Mr. Speaker, I want to challenge my colleagues today that it is time for us to change that vision back to what our country shared in the 1960s and the 1970s through the Apollo program, when our commitment budgetarily was 4 percent of the budget to go into space. And my colleagues in the House today, we are doing much more in space than we were doing then, but we are doing it with six-tenths of 1 percent of our budget.

The commitment that we made to change the world is not as strong today as it was 40 years ago. Something is wrong there. We have to change that lack of commitment back into the vision that can make the difference for the little girls that are going to follow, like Keely Woodruff, who might need the advance to save their life. Instead of it being a vagus nerve stimulator, what else might it be able to be to change that life?

If we fail to enact that vision that we planned at the International Space Station, to have seven scientists up there, to have a vehicle that can return them safely if there needs to be, like a crew return vehicle which we have begun to work on, if we fail to make the commitment, even to find the extra $300 million that we have asked for in this Congress, then something is wrong.

Then that is our challenge, colleagues, and ladies and gentlemen of this country. It is time to reaffirm our commitment and to go forward and see our dream accomplished in space.

SCIENCE IS WHAT SPACE EXPLORATION IS ALL ABOUT

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am delighted this afternoon, Mr. Speaker, to be able to join my colleagues to remind us of the important challenge that this Nation accepted some 40 years ago when, under the vision of President John F. Kennedy, we said to the world that we would not be the stepchild of the Soviet Union.

Mr. Speaker, I am delighted that we were courageous enough to stand up and be counted, to value science, space exploration, to challenge the minds of Americans to begin to develop a great love and affection for the disciplines of engineering, math and science. Over the years we have created a new world, a world that has been filled with the excitement of space exploration and new heroes. We can tell by the lines that stood for the movies which captured the essence of what space was all about. We can tell by the stars in the eyes of young children who are delighted after they have visited the various space centers, and I might say particularly the Johnson Space Center in Houston, Texas.

The gentleman from Texas (Mr. LAMPSON) and the gentleman from Florida (Mr. WELDON) and myself, and many others, have the privilege of serving on the Subcommittee on Space and Aeronautics; but the greatest privilege I have is going back to my district and going to elementary schools and telling a child, ''Yes, you can.'' That is, you can be an astronaut, an engineer. You can emphasize the skills that come about through studying science, and you can be someone.

Mr. Speaker, there are choices that we have to make in this Congress. When I came to Congress from an inner city district, people were watching and wondering: Would she choose housing over space; would she choose education over space? She has to do that.

I was able to turn around the concept of what space exploration and science is all about. It is about all of America. It is about all of our investment. It is about saying to each and every one that there is a return on the investment in science and exploration. There is a return on the investment of knowing how to do the sciences in space, to determine whether we can save lives of those afflicted with diabetes and HIV/AIDS and heart disease and cancer. Out of that came a sense of appreciation.

Mr. Speaker, having the privilege of learning myself and being able to bring to the Space Center people from around the world, I remember hosting the European Union because it was an asset in our community, and being part of the EU and the parliamentarian exchange. I insisted that they visit the Space Center, and that was the one of the very special parts of their trip. We took about 40 members of the European Union to Johnson Space Center. How privileged they thought they were. I went with President Rollins of Ghana, who is a pilot. He flew in the simulated spaceship, and began to think about what kind of space exploration could occur in Africa, on the continent of Africa.

I have a more personal note. First of all, I am delighted to be able to salute those constituents that have stayed steady on the forefront, insisting that space exploration and human space shuttle is for everyone. But let me pay tribute to a neighbor and friend, Ron McNair, and I guess it was that time when that tragedy occurred that we began to understand that you do not take space exploration for granted, and that is why I am such a strong advocate for safety and for the dollars.

Mr. Speaker, I look forward to joining my colleagues and insisting on an added amount of dollars to ensure that we can do science in space; that the module gets completed, even though we are looking to the Italians; that seven people can be in space; and that, God forbid, we do not even think about an unsafe journey for the men and women who have offered themselves on behalf of this Nation.

This is a tribute to the many men and women and all those who have gone before us, and I am proud to stand here as a member of the Committee on Science and join the gentleman from Texas (Mr. LAMPSON) to pay this tribute, but also to say to America, we have choices to make. We are fighting about education dollars, health dollars, but I believe we can invest in America's future by continuing our space exploration and making sure that the dollars are well spent. Less for tax cut, and more for investment. If we do that, we will get the kind of return that we need to have.

Mr. Speaker, I look forward to working with Senate in getting more dollars to ensure that we have the kind of human space flight program, the unmanned program, the science program, the Earth program, and we begin to develop successful stories and successful ventures for this country and this world.

COMPREHENSIVE ELECTION REFORM LEGISLATION NEEDED

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentlewoman from California (Ms. WATERS) is recognized for 60 minutes as the designee of the minority leader.

Ms. WATERS. Mr. Speaker, I rise to open a discussion on election reform.

Mr. Speaker and colleagues, as chair of the Democratic Caucus Special Committee on Election Reform, I stand before Congress today to urge this body to respond to the unrelenting public outcry for comprehensive election reform legislation.

Election reform is an issue that transcends all partisan politics. The right to vote is the very cornerstone of our democracy. Earlier this year I was honored to be appointed by the gentleman from Missouri (Mr. GEPHARDT) House minority leader, to chair the U.S. House of Representatives Democratic Caucus Special Committee on Election Reform. I am very pleased to be joined on that committee by a prestigious group of representatives, including the ranking members of the Committee on House Administration and the Committee on the Judiciary. As a matter of fact, many of those on that committee may serve as speakers here today.

The goal of our committee is to ensure the integrity of the election process while increasing voter confidence

and participation. While the Florida experience is still fresh in our mind, this committee has begun a thorough review of nationwide voting practices and election laws in an effort to restore the confidence of the American people.

We anticipate that our committee will propose legislation designed to serve our goals, identify key areas where uniform national standards may be appropriate, and make recommendations to Congress on the implementation of changes at the State and local levels.

On April 2, 2001, we held our first hearing in Philadelphia, the cradle of American democracy, and we learned firsthand from Philadelphia voters that when their names were not found on precinct rosters, they were forced to have to travel to police stations to see a judge to determine if they could vote.

Many voters confronted with this form of provisional voting ended up not voting at all, because they were intimidated by the idea of having to go to a police station or because it was just a logistical nightmare.

At our second hearing in San Antonio, Texas on April 20, we heard testimony from registered voter Mrs. Carmen Martinez who was denied her right to vote in the November elections because her name had been erroneously purged from state voter polls. The Texas Secretary of State who also testified explained that Texas' practice of purging voter rolls resulted in 750,000 voters removed from the polls last year. In Texas names are purged from voter rolls as a result of confirmation notices mailed by county registrars which are returned as undeliverable or indicating a return of address.

However, Mrs. Martinez explained that she had never lived at any other address since the day she registered to vote.

On Saturday our committee will travel to Chicago, Illinois, where more ballots were discarded in the last election than in any other major city in the country. A hand-examination of the 123,000 discarded ballots found that the number one reason for the uncounted ballots was faulty ballot punches.

We recognize that in many States they are indeed in the process of approving reforms to their election systems. Most of these reforms relate to modernizing outdated voting equipment and machinery. The committee applauds these efforts to upgrade from punch card or lever voting systems to touch screen or optical scan systems, and we support these reforms.

□ 1500

But technological advances in voting equipment alone will not solve all of the problems of our electoral process. The committee intends to thoroughly examine issues relating to poll worker recruitment and training, national holidays or time off for voting, uniform voting standards, absentee voting, and standardized recount and vote certification procedures. Particular attention needs to be focused on issues relating to voter disenfranchisement, like the purging of voter rolls, voter identification requirements, provisional balloting, voter education, ballot design, sensitivity to poorly educated voters, and voters with disabilities, voting rights and voter intimidation issues. These issues have a disproportionate effect on voters in minority communities. We are monitoring civil rights lawsuits that have been filed in California, Florida, Illinois and St. Louis among others involving many of these issues.

Equally important is the disenfranchisement of overseas military personnel. Congress is uniquely situated to implement uniform standards to ensure that American men and women serving overseas have their voices heard in our elections. Similar reforms must be adopted for other U.S. citizens living abroad. Congress must indeed take the lead role in restoring voter confidence in our election system and increasing voter participation.

Given the resources available to Congress and the studies being developed by other organizations and commissions, Congress is in the best position to identify key areas where uniform, national standards may very well be appropriate. We need to pass legislation and propose recommendations for changes at the State and local levels to ensure that every vote is indeed counted. As chair of this committee, I will do everything in my power to see that we accomplish these goals on behalf of the American people.

Mr. Speaker, I know that just as I and the Members who serve on this committee are concerned about voter reform, we have members in the Senate who are very much concerned and they too are working, holding hearings and putting together legislation. Just this morning, the Congressional Black Caucus met with many members of the United States Senate. At that meeting, we heard from Senator DODD about legislation that he is proposing. We also heard more about the legislation that is being proposed by the gentleman from Michigan (Mr. CONYERS). And we know that we have many other Members, even some of the Members who serve on our special committee, such as the gentleman from Maryland (Mr. HOYER) and the gentleman from North Carolina (Mr. PRICE) and also the gentlewoman from Illinois (Ms. SCHAKOWSKY), all who have introduced legislation. So we have many pieces of legislation that are being introduced. I think our committee will be able to examine this legislation and we will be able to give input and recommendation to those who will end up being the final persons who will present legislation, both in this body and in the other body, to come up with legislation that can indeed carry us into election reform.

We are concerned, however. There is no money in the budget for election reform. And we are surprised about that. We had talked at length to representatives of this administration about election reform and we had been told that it was important to the President and that it was important to even the Republican Conference. But we have not been able to get any commitments for the resources that are necessary to help some of these jurisdictions who have little or no money to deal with just the simple problems of replacing punch card systems and getting rid of machines that do not work.

We will continue to try to encourage the President and Members on the other side of the aisle to get involved in this issue, to help us get the resources that we need in order to make reform a reality.

Mr. Speaker, I yield to the gentlewoman from Illinois (Ms. SCHAKOWSKY) to share with us the important work that she is doing on provisional balloting in the election process.

Ms. SCHAKOWSKY. I thank the gentlewoman from California not only for yielding but for her steadfast leadership on this very important issue of election reform. As chairperson of the Democratic Caucus Special Committee on Election Reform, she is working to ensure that citizens across the Nation are aware of the serious effort that is going on to reform our system and guaranteeing that in the future, no eligible voter will ever be turned away again, shut out or discriminated against on election day.

This Saturday, the committee will hold its next hearing in Chicago. Hundreds of voters will have the opportunity to tell us their experiences about how we can improve the system. Chicago, a large part of which I have in my district, had the most error-ridden Presidential election last fall of any major U.S. city, with 123,000 uncounted ballots in Cook County.

That is why the work of this committee is so important. We can learn from voters across the country and from local election officials and experts how we can reform our election system. What the 2000 election has taught us is that many problems exist and that without serious Federal legislative steps, we are destined for another Florida fiasco with the election decided by the judicial branch and not the electorate.

Florida could have happened anywhere. As it turns out, it certainly could have happened in Chicago given all the problems that we had. On election day around the country, voters were turned away from the polling place. They were unfairly targeted. They were not allowed to fully exercise

their constitutional right during the election.

This past election taught us a very important lesson. Voters were penalized for no fault of their own. That is why I believe, as I believe the gentlewoman does, that Congress can play a role in reforming current law. One of the ways that it can do it is with provisional voting legislation. It is important that one standard exist nationwide that would guarantee that no registered voter is turned away at the polls.

When we talk about national involvement in elections, which is largely a matter of local jurisdictions, we are not talking about muddling in their business. What we are talking about is setting standards that will guarantee the right of every citizen and the details left to the local jurisdiction. But this provisional voting issue is one where we can play a role in setting the standard. Passing legislation like, for example, my Provisional Voting Rights Act of 2001, H.R. 1004, registered voters can feel confident if their name does not appear on the registration list, they will be permitted to vote. They would not have to go, as they do in some places, we heard in Philadelphia, to a police station, or leaving the polling place in order to get their provisional ballot.

During the committee's hearing in Philadelphia, we heard testimony from Juan Ramos, founder of the Delaware Valley Voter Registration Education Project and Petricio Morales, an ordinary voter, who testified that voters had to travel to the police station to see a judge to determine whether they are eligible to vote. Voters then had to travel all the way back to the polling place to cast their vote. Many voters who are confronted with that process either decide not to vote because they feel intimidated or because of time constraints or just plain inconvenience.

In Cook County, if your name does not appear in the right place, then you are just simply prohibited from voting altogether. You can vote by affidavit under certain limited conditions but there are many instances where even though you may be a registered voter, you cannot vote on election day.

We have to change that. Voters should be given a provisional ballot after affirming their right before an election official right there at the polling place. They can vote immediately and feel confident that if it is certified that day that they are eligible, that that vote will count. If our goal is to ensure that more voter participation occurs, we should take steps to ensure that this is achieved. And reforming provisional voting is a step in that direction.

Actually in the legislation that I have, if they cannot show that this person is not eligible to vote, then the person would be able to vote, exercising their right as a citizen of the United States. I am certain that we will hear more during our committee's hearings in Chicago on Saturday and across the country as the committee continues to highlight the importance of election reform in subsequent hearings. I look forward to that. I once again congratulate my colleague from California on a job well done.

Ms. WATERS. Mr. Speaker, I sincerely thank the gentlewoman from Chicago for all of the work that she has done on election reform. She has been at every meeting. She has traveled with us both to Texas and to Pennsylvania and, of course, she is hosting us in Chicago this weekend. She is giving priority time to this issue. And it is because of the kind of work that she is doing, we are going to be able to help set some standards on issues such as provisional balloting.

Now it is my great pleasure to yield to the gentleman from North Carolina to deal with the bill and some issues that he has been working with on election reform. I thank him for all of the time and attention that he has given to us as we have tried to put together this committee and gather the information that we need to make the recommendations to this House.

Mr. PRICE of North Carolina. I thank my colleague for yielding. I want to underscore what others have said, that the gentlewoman from California (Ms. WATERS) has done a wonderful job in pulling this committee together and in taking us all over the country to examine voting practices and possible reforms in various communities. I think we are going to have some very significant results in a relatively short period of time.

Everyone in the country, of course, knows about the travesty that occurred in Florida last fall. But what we have learned is that unfortunately, it is not that unusual for people to have their votes not counted accurately, to find that somehow their name has mysteriously dropped off the rolls when they go to vote on election day. There is a range of problems and challenges that we need to deal with to make our democracy work as it needs to work. Certainly the right to vote and to have your vote counted is fundamental to democracy.

My particular focus today is going to be on voting equipment, because we know that we need modern equipment to have votes cast accurately and counted accurately and unfortunately there is a great disparity in this country in the kind of equipment that people are using and the kind of equipment that local communities have access to. All too often, there is a correlation between the worst, worn-out, inaccurate equipment and the economic level of that neighborhood and that precinct and that community.

That simply is unacceptable. It is unacceptable for any community to have worn-out, inaccurate equipment but particularly for it to be concentrated in lower-income areas, minority areas, that is just simply unacceptable. We should not stand for it for another election. Before the 2002 election occurs, we must move on this problem.

It is sort of like the situation we face when we find a neighborhood built on top of a toxic waste dump. How do we respond? We respond to that emergency by buying out those homes to protect the people who live there. When a flood wipes out a community like happened in eastern North Carolina not too long ago, we respond by buying out property to protect the residents and help them find safe places to live.

□ 1515

Well, I think error-prone voting equipment is no less an emergency. It is an emergency that threatens our democracy, and we need an immediate response. And it is going to take some money. It is going to take some money to upgrade voting technology from error-prone punch-card systems to reliable machines. But we cannot afford not to do anything, and here too I think a buyout is warranted, a buyout of these machines, so that new, accurate machines can be in place by the 2002 election.

Just look at what error-prone voting machinery does to our democracy. It is impossible to say every vote counts, when a study done by Caltech and MIT revealed that the spoilage rate for punch cards from 1988 to 2000 was 2.9 percent, or as many as 986,000 votes in the year 2000 alone.

In Florida last year, the spoilage rate for punch cards was 3.9 percent. In Fulton County, Georgia, the punch-card spoilage rate reached 6.25 percent. In Cook County, Illinois, it was 5 percent during the last election. That amounts to 120,000 ballots.

Now, we have seen some encouraging efforts in cities and counties and States to get rid of this error-prone equipment. In 1996, the City of Detroit used punch-card machines and 3.1 percent of its ballots were spoiled. In 2000, after the city moved to an optical scan system, which warns voters of errors and allows them to correct mistakes, the rate fell to 1.1 percent.

In the States, Georgia recently passed legislation requiring uniform election equipment throughout the State by 2004, and the State is going to conduct a pilot project to test electronic touch screen voting equipment in the 2001 municipal elections.

Maryland passed legislation to require the State Board of Elections to select and certify a new voting system to be used by all counties in the State. And, as we have recently heard, in Florida, the legislature passed sweeping election reform, including $24 million for new voting systems. Florida

has banned punch-card machines, thank goodness, and it requires counties now to use electronic or precinct-based optical scan equipment in the 2002 elections.

Perhaps I ought to point out in discussing the possible avenues for reform that we are not necessarily finding that high-tech is always better. In fact, some of the answers to our problems might be described as low-tech.

For example, these precinct-based optical scan machines which have been turned to in so many areas are not as complex or advanced or certainly as expensive as touch screen machines or proposed Internet voting. But the fundamental question is not how fancy or how expensive or how complicated the machinery is, but rather does it work? Does it enable you to cast your vote in a straightforward way, and does it count that vote accurately? There may be many different technologies that lend themselves to our reform efforts.

The U.S. election system comprises 200,000 polling places, 7,000 jurisdictions, 1.4 million poll workers and 700,000 voting machines, so it is not a simple system and there are not simple solutions. But Congress needs to be an active and constructive partner if we are going to have a successful and meaningful election reform, and there is no better time to act than now.

There are several proposals in the Congress to help States and counties and cities get the technology they need to run accurate elections. A bill I introduced with the gentleman from Maryland (Mr. HOYER) and the gentleman from California (Mr. HORN) would make grants available to any jurisdiction that used a punch-card voting system in the last election. We want to see them get new equipment in place by 2002, and we are going to push for Federal funding to make that buyout happen, to get those inaccurate, worn-out machines off line and bring on more accurate systems.

I am disappointed that the President and our Republican friends have failed to include one dollar for election reform in their budget, but that must not stop us. This Congress must meet the challenge of restoring faith in our democracy.

I thank my colleague from California for her leadership in making this happen, and I pledge my continued support, my continued work, to make meaningful election reform a front-burner item before even the first session of this Congress goes home.

Ms. WATERS. I thank the gentleman from North Carolina for all of the time and attention he has given to the efforts of this committee. It is because of his diligent work and his efforts that we are going to be successful in helping to reform the election systems of this country.

Mr. Speaker, I yield to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Speaker, I thank my colleague from California and join everyone that preceded me in praise of her efforts and the leadership that she has demonstrated in making sure that this committee meets its charge.

Mr. Speaker, if one thinks in terms of the greatest and most precious right that any American citizen would have, and that is the right to vote, it is the great equalizer. One vote counts just as much as any other. The vote of the President of the United States is no more important and is given no more weight than the vote of someone who is 18 years old and happens to be a senior in high school and casting their vote for the first time. It empowers us. It empowers the people of the greatest democracy known in all of history, and therein lies our problem, and that is the exercise of that right.

Now, we all know that we have laws at the State and Federal level that protect the right to vote. It guarantees the right to vote. We have the Constitution of the United States, the Supreme Court of the land, that, again, will guarantee us the right to vote. But it is only guaranteeing the right to vote.

What thwarts, what frustrates, what impedes the citizen's right to vote, regardless of the constitutional guarantee or the laws that we have on the books? Well, believe it or not, it is something as simple as a machine that malfunctions, something a little more complicated by not keeping an accurate voter list.

In the past though, and this is so important, and I think we are forgetting the lessons that history should have taught us, when I was growing up in the State of Texas the greatest evil to the right to vote was the poll tax. It kept people from being able to exercise that precious right. The poll tax at one time was about $1. It went up to about $2. My father, who served in this Chamber for 37 years, the first bill he introduced upon being sworn in was to abolish the poll tax, and eventually it was.

But then there was something else, literacy tests. Anything that could keep the citizens of the United States from exercising their right to vote.

Well, we have made great progress. We do not have literacy tests any more, we do not have the poll tax any more. But what comes in its place today? Either through intention or through neglect, other things are now posing as great a risk to the disenfranchisement of the citizens as in the past, where once, because of gender or color, people were denied the right to vote, and once, because they did not have the amount of dollars to pay for the poll tax or could not pass some made up literacy test, were denied the right to vote. That was a travesty, as I said, and we corrected it.

But we are back there. That is the tragedy of what was demonstrated in Florida, is that we may still be there. It is more subtle. Like I said, maybe it is by some intentional act, or it could be simply by negligence.

What do I mean by that? Well, today we have voting equipment that simply does not work. I mean, it simply does not work. It does not do its intended job.

We have inaccurate voter lists, so that when people go to vote, they are not on the list and they are denied the right to vote, even though they truly are registered. Because of some mistake, lack of funds, technology, they are just not on the list.

Confusing ballot design. There are many. I will tell you right now, if you look at certain ballots, you will be confused. I know that when I go to vote, I assume it is going to be somewhat of a simple ballot. I hate to admit, but in a recent City Council election in San Antonio, when I went to vote earlier, I looked at that thing and I was too embarrassed to ask for instructions. A lot of people feel that way. I think I was more embarrassed than the average citizen, because I am a Member of Congress. But the point is, if I felt somewhat intimidated, if I was confused, think of the average citizen going to the polling place.

In Texas, we do have provisional ballots in voting. If your name is not on the list, you might be able to swear, if you have an educated, trained, skilled poll worker that knows the law. However, that is denied many voters, because we do not have trained and educated poll workers. They are not paid enough, they are not trained, they are not educated in the election law, that which they are there to administer.

It sounds outrageous, but there is no one right now that can hear my voice, no matter where you live, that is not experiencing this problem. You just do not know about it. You have not looked into it.

That is what this committee is doing. We are going throughout the United States and holding hearings in different locations, Philadelphia, San Antonio; it will be Chicago next. And what are we learning? We are learning quite a bit.

I will tell you what I learned in San Antonio, my own backyard. We have the problems as Florida. We have overvotes. We never knew that they were invalidating individuals' votes until we looked at it in the context of the Florida experience. And then I have got my election officials saying, well, Congressman, this is nothing new. We always have these votes. We just toss them out. They do not count.

See, you have to ask yourself, why do we have these? It might be ballot design or the equipment itself, improper instruction, the lack of voter education. Again, the polling worker in San Antonio, I found out in a city where you have more than 60 percent

Hispanic population that we did not have bilingual poll workers in many of those parts of the community, where it is not 60 percent Hispanic, it is 85 and 90 percent Hispanic. So it is my own backyard. And I am willing to admit to it, that out of ignorance, I never got involved. Out of ignorance, I never did anything.

The tragedy of Florida is not what happened in Florida. In and of itself, it is a tragedy. The real tragedy is if we do not learn a lesson and do something.

So this committee is going to do something. We are going to identify the problems. We are going to make recommendations. We will come up with legislation that will address many of these problems.

But do not get us wrong. Part of our job is to be a clearinghouse for not just the problems, but for the ideas and the solutions and the remedies. And we will look to the States and the local authorities to come up with their own solutions, those that custom fit their particular problem. We want to give the States and the localities that opportunity, because that is what we do here in Congress.

We do not want a Federal fix for every problem. However, if action is not taken that addresses the inequities and the injustices of people not being able to vote, then it is our duty, as Federal officials, to step in and not only give direction, but basically do it on our own.

I do not think it will come to that. I think we will make certain suggestions. Many States and localities are already incorporating and enacting laws. If there is a shortcoming, we will say, how can we help?

You have already heard one of my colleagues. We have legislation, it has already been introduced, about assisting localities in the purchase of the latest technology, which is really important. But they will make the decision on what best suits their situation. But we are there to help.

It is so important. I guess there is no way to explain it. How can we guarantee the right to vote to the citizen? How can we teach the children in our classrooms how great our country is, and then we say, voter participation is decreasing. Get out there and vote. Every year, every election, I am out there with some sort of public service announcement, begging my constituents to please get out there, to register and vote.

Now they are going to take me up on that. They go and attempt to exercise that right, and they are not able to. Therein lies the real problem. I do not think the problem is that we do not have enough laws guaranteeing the right, we just do not have the mechanism to translate the right into reality, and that is our charge.

Madam Chairman, I think I am going to end where I started. I am going to thank you for the leadership you provided us. It is a great honor to serve on this committee, and I think many, many people are going to be quite impressed with the end product.

We have heard that this is not an issue that is way at the top of the list as far as the American public or the United States Congress is concerned, and that is wrong, because then what we have done is we have compounded the tragedy of Florida. We did not learn a lesson, we did not make a situation better, we did not cure a problem.

□ 1530

Should we fail to do that, I think we have failed in our duty and responsibility; but more importantly, we have failed the American people. They have a right to vote, but they also have a right to make sure that that vote is counted. What good is a right if one cannot exercise it.

Again, I thank the gentlewoman very much.

Ms. WATERS. Mr. Speaker, I would like to thank the gentleman from Texas, not only for his participation here today, but for his participation on this very special committee. He has been at every meeting, and I want my colleagues to know that he rolled out the red carpet for us in San Antonio where we had an excellent hearing and we learned an awful lot about purging and had testimony from Mrs. Carmen Martinez, who told us about what happened to her there.

Mr. Speaker, I would like to yield to the gentleman from Maryland as much time as he may consume. While the gentleman is coming to the microphone, I would like to say that we are so happy to have him on this committee. He has contributed tremendously to our work already; not only has he been involved with us as we have traveled, but he has been to all of the meetings that we hold every Tuesday, and he has been working very hard, trying to bridge the gap between this side of the aisle and that side of the aisle, to come up with legislation that will move us forward in reform. I thank the gentleman so very much for all that he has done.

Mr. HOYER. Mr. Speaker, I thank the gentlewoman for her comments. I want to also thank her for the extraordinary efforts that she is making to ensure that not only in America will every citizen have the right to vote and be welcomed and encouraged in exercising that right, but will also have his vote counted correctly.

When the minority leader, the gentleman from Missouri (Mr. GEPHARDT), was discussing who should chair a committee that would look at election reforms, the problems that were brought to light in the last election, we had some discussions. He suggested the gentlewoman from California (Ms. WATERS), and the reason he did so is because he knew and I knew and her colleagues knew that the gentlewoman is one of the strongest, most courageous voices that we have on this floor, a voice much like the voice of the gentleman from Texas's father who, in his time, was a giant in speaking out for those who were disenfranchised by operation of law. No less should we speak out for those who might be disenfranchised by either negligence or the misoperation of technology.

So I thank the gentlewoman for her leadership, for her hard work on this effort; and I am confident that we are going to pass legislation in this Congress. This is the civil rights issue of the 107th Congress. There is no more basic right in democracy than the right to vote. When we do pass legislation, it will be largely attributable to her hard work and efforts in making sure that everybody in the Nation is focused on this issue.

Mr. Speaker, I want to speak for a few minutes on one element that is key to reform: better voting technologies, the nuts and bolts of the election infrastructure. Now, as I begin this, I want to make it again clear that the technology issue comes in only after we have ensured and facilitated a voter getting to the technology. If the voter never gets to the technology, it is irrelevant.

So the most important thing we need to make sure of is that every voter is able to register; that they have their registration accurately recorded; that it is transmitted accurately to a polling place; that the election officials receive the voter and accurately check to make sure that voter is registered; and that there is, if there is a failure to communicate from the recipient of the registration and the polling place, a way in which a provisional ballot can be cast, so that that voter is not turned away, is not told no, your democracy is not open to you today, not because of your failure, but because we failed to transmit information properly. So what we are going to do is allow you to vote and then we will take a day or two to make sure that you, as you have said, were registered to vote and a legal voter.

None of us on this floor wants to facilitate voting by people who are not eligible to vote. But equally, I hope, there is nobody on this floor who wants to prevent an eligible voter from casting a vote. We found in Florida that people who got to the polls voted, thought they had voted correctly, left, and found that, lo and behold, their votes were not counted. We further found that this was not a Florida problem. It was Florida that we focused on, it was Florida that we learned from, but we quickly were informed by others around the country that it was not a Florida problem.

It was a problem in jurisdictions north, east, south and west, in Maryland, in California, in Texas, and New

Jersey, the four jurisdictions represented on the floor right now. So we focused on the fact that we need to make sure that that voter, when they exercise their franchise, has it counted and has it counted accurately. Better voting technology is the nuts and bolts of election infrastructure.

When I say nuts and bolts, I mean that quite literally. Over the past 2 days, the Committee on House Administration, of which I am the ranking Democratic member, has learned from the manufacturers that actually build the sophisticated, durable equipment that Americans use to exercise their right of franchise, equipment used not only by Americans, by the way, but voters all over the world, many of whom have struggled to attain the right to vote and will retain it only if their nations' democracies are conducted honestly. While we have a long history and are not at risk, we are at risk of retaining the confidence of our people that their votes will be accurately counted when their voices are raised to participate in democracy.

For that reason, it is not an exaggeration, I think, to say that the voting machine manufacturers build the tools that make democracies all over the world live up to their names. They produce what I will call the ''voting veins of democracy.'' And how well those veins carry votes forward to an accurate count can be the difference between a democracy whose heart pumps strongly and faithfully and a system that does not enjoy the confidence of its citizens.

Over the past 2 days, 13 vendors have displayed the newest technology available in the voting machine industry in the Committee on House Administration room. Members of Congress, their staffs, the media, and the general public have had the opportunity to test the machines and to ask questions. I saw the full range of what the voting technology industry is developing, including Optiscan equipment and Direct Read Equipment, so-called DRE, computer touch-screen equipment. I also learned and other Members and staff learned about sophisticated software and hardware to ensure that voting is accessible to all Americans, and ''all'' needs to be underlined, that votes are counted accurately and completely, and that voters have a chance to correct mismarked ballots before they are cast.

That is so critically important, Madam Speaker, as the gentlewoman well knows. What we have found is a system that counts at the precinct level is much more accurate than a system that counts at a central location after the voter has left, where there is no opportunity to tell the voter, you forgot to vote, you overvoted, you made a mistake, do you want to try to correct your ballot. People make mistakes, but we should not subject them to the vagaries of the possibility of making a mistake when we have technology that can say to them, either you did not vote for President, do you want to; you do not have to, we are not forcing you to, but do you want to? Did you forget this? Or, hey, you voted for two people for President and that will not be counted. Do you want to correct it? Give them that opportunity so they can ensure the fact that they have exercised their franchise correctly.

We also learned about sophisticated software and hardware devices to ensure that voting is accessible to those with disabilities, to those who are even quadriplegic and cannot use hands or feet, to those who are blind, to those who have other impairments. We can fully make accessible the voting system to them and provide for the secrecy of their ballot as well. That technology is available. We need to pursue it.

What I did not see on display, I am happy to say, is the latest in punch card technology. Why? Because almost everybody has concluded that punch cards have seen their day and ought to be on their way. The fact of the matter is, Florida, with only two dissenting votes, has mandated the abolition of the use of punch cards in their State. Only two dissenting votes, unanimous in the Senate and two in the House. They came up with money, and the President's brother, Governor Jeb Bush, signed the bill and they are proceeding to do that. I am hopeful that President Bush will follow the lead of his brother, Governor Bush, and help us take that same path.

Any industry operating at the cutting edge can teach us a lot about the future of technology. What I have learned from the voting technology industry in the past 2 days is that there is no future for that punch card. Inventors may yet devise a better mousetrap. What they will not devise, however, is a better punch card.

The punch card will soon be obsolete. I look forward to the day when it will be on display downtown in the Smithsonian and not in the voting precinct. We may talk about those days between November 8 and December 12 when we were mesmerized by the 537 votes, or the 219 votes, or the five votes that would make a difference in counting these punch cards, and whether or not they would make a difference in Florida's electoral votes. We are beyond that, and it is not the purpose of anybody on this floor to look back. It is, however, to learn from that history and not see it repeated.

I have also learned that taking advantage of the latest, most reliable and accessible technology represented in that room, in the Committee on House Administration room, that voting technology will not be cheap. Now, relatively speaking, in my opinion, it will not be extraordinarily expensive either, and it is worth the price. But the average DRE machine runs about $4,500. That is a touch-screen machine or some other computer technology. The average Optiscan technology where one fills out the ballot as if one is taking a test, and take a number 2 pencil or something else and connect the dots, or connect the line, and then put it into the counting machine and have it scanned optically, from which it gets its name. If you have not voted correctly, if you have overvoted, it simply kicks it out, and says, you have made a mistake, you get it back and you can correct it. But that costs about $5,000 to $6,000.

While communities should be expected to help pay for much of the cost of these machines, we in Congress have an obligation to foot the bill. For over 200 years, States and localities have been conducting elections, and during those 200-plus years, they have had Federal officials running on their ballots, and they have paid the full price. We, in effect, have gotten a free lunch. It is appropriate that we at the Federal level, as State and local governments do, participate in partnership in ensuring the accurate, accessible elections of our officials. After all, we in Congress are elected on the machines that are now in use, including the punch card devices that were used in 72,000 of the 200,000 voting precincts last year.

We in Congress will be elected on the new machines that start entering service in the months ahead, I hope by 2002. It is therefore, Madam Speaker, appropriate that we help with guidelines and encouragement to local subdivisions to run these elections as best they possibly can, in this, probably the most technologically proficient Nation on the face of the Earth. Surely, surely, we can, we must. It is our sacred obligation to ensure that this Nation, a beacon of democracy for all the world, is as good a democracy as the world thinks it is and as we know it to be.

□ 1545

I might say, I also look forward to joining the gentlewoman on Saturday when we go to Chicago where we will hear from voters and those who administer elections as to how best we can make the system work.

I thank the gentlewoman for her leadership.

Ms. WATERS. I thank the gentleman from Maryland so very much for all of the work that he has put into this issue of election reform. I thank him for the attention he has paid to the committee, and I thank him for the work that he is doing to come up with legislation dealing with this technology.

Mr. Speaker, I ask the gentleman from Texas and the gentleman from Maryland to join me as we close out in a colloquy just reinforcing how important this issue is.

I would just like to say to the gentleman from Texas, I was listening to him as he talked about the work of his father, a man that I loved dearly and paid a lot of attention to, and hope to follow in his footsteps, by the way.

I thought about the work that I have done here, the issues I have been involved in: women's issues, women's health issues, criminal justice issues, AIDS issues, foreign affairs issues, et cetera. But I think that this work that we are doing on election reform may be the most important work that I will do in my entire career here in the Congress of the United States.

Do Members feel that this work holds that kind of priority, I ask the gentleman?

Mr. GONZALEZ. Mr. Speaker, I think our colleague, the gentleman from Maryland, said it, that it really is almost a sacred duty because it is a sacred trust. Nothing rises to the level of the importance of this issue.

People sometimes think we are given to hyperbole and exaggeration, but we really are talking about the fundamentals of a democracy, the absolute right of the public to be masters of their own destiny. It is the right to vote.

Again, this is not a Republican or a Democratic issue. That is the beauty of it, too. It transcends party lines, philosophies, everything; station in left. This is basically the common thread, more or less, that our citizenry really holds in common.

So I agree with the gentlewoman, I do not think there is going to be anything more important that I will ever work on. I am the lucky one. I have only been here 3 years. I am lucky to have this opportunity.

But truly in relation to all the wonderful leaders who have preceded us, and we are thinking about the Civil Rights Act and so on, what we are talking about is really giving life to those laws, and life and meaning to the Constitution. So we are privileged, but by the same token, I think it is a tremendous responsibility. We cannot fail.

Ms. WATERS. Mr. Speaker, as I work with the committee members and as I listen to all that has been said here today, and as I stand here as an African American woman, and to my right I have a gentleman representing Texas of Hispanic descent, and I have here on my left the gentleman from Maryland, a Caucasian gentleman, we are really the rainbow of America on this issue.

I think that all Americans, no matter where we are in this country, no matter what our backgrounds are, all Americans care about this cornerstone of democracy.

Would the gentleman say this is a very central issue?

Mr. HOYER. I think the gentlewoman is absolutely right. The polls reflect that. The polls reflect overwhelmingly that Americans expect us to fix the problem of which they were made aware last November and December.

They were shocked to learn that many absentee ballots and overseas ballots were never counted in the course of running the elections. It was just expected by election officials if they were not going to make a difference, they would not be counted. I was chagrined. I may not have been shocked, but I was certainly chagrined to hear that.

I am a white male, who from the very start of this nation everybody presumed would vote. Margaret Brent was the first woman lawyer. She came from Maryland. She was on the Governor's Council. Governor Calvert died, and she asked for a vote. She was denied that vote.

It is incredible to me that we have had to amend the Constitution on a number of occasions in this connection. Thomas Jefferson intoned words that all of us recite, that all men, presumably but not necessarily meaning women as well, were endowed by their Creator with certain inalienable rights, and among these are life, liberty, and the pursuit of happiness.

Clearly it was the concept of so many of us that that meant all of us, but clearly, it did not mean all of us. It was not until a great civil war and the Thirteenth Amendment that we ensured that, at least legally, African Americans could not be discriminated against.

But we know as a result of poll taxes and literacy tests and the imposition of devices to intimidate people from registering and coming to vote that that was honored more in the breach than it was in the adherence.

We know that immigrants, nonwhite Caucasian Americans, had difficulty, for which the father of the gentleman from Texas (Mr. GONZALEZ) was a giant in saying, that is not right.

We did not add women, and an African American woman, or African Americans, men at least, could vote before women could vote. It was incredible that in the enlightened democracy of America in 1914 and 1918 women could not vote. We had to pass a constitutional amendment which said that we are not going to discriminate on the basis of gender.

It was not until 1965, as the gentlewoman knows, when we passed the Voting Rights Act that we said, we cannot have poll taxes, we cannot have literacy taxes, we cannot preclude, and the Federal government is going to step in and ensure that every American has access to the polling place? Why? Because it is central.

Then we had another constitutional amendment and said that if one is old enough to go overseas and fight to defend democracy, one is old enough to vote at 18. We amended the Constitution again. So this has been an ongoing process of ensuring that our democracy is participated in by every citizen, not just a select few.

This effort is about that objective. Again, I think the gentlewoman is correct, it is a critically important objective.

Ms. WATERS. Mr. Speaker, I thank the gentlemen for participating with me today. They have both stated so clearly and in so many ways that something is wrong with the system and we perhaps fell asleep at the wheel, and we allowed the infrastructure to kind of fall apart.

Many of us thought with the 1965 Voting Rights Act that we had gotten rid of all of the problems. Little did we know that we would reach a time when we could not recruit polling place workers. Little did we know that we would have a system that did not train them so they would know what to do when a provisional ballot was needed. Little did we ever dream that we would find ourselves at a time when there is a polling place with almost 100 percent Latino voters and no one to do translation, or to make sure that they have access to that vote and to that ballot.

I want Members to know how proud I am to serve here in the Congress of the United States, and to serve with Members who care so much that they make this their priority work.

I want Members to know how proud I am to be able to do the kind of work my ancestors would certainly have me do, and I am so proud that I have been given this opportunity, and that the people who have joined with me appointed to this committee are working very hard.

Yes, we have been to Texas, we have been to Pennsylvania, and we are on our way to Chicago, a place that really does need us. It has needed us for a long time. We are on our way there to find out what we can do to strengthen the system. But we will be going to many other places.

Let me conclude by saying, as a Californian, a suit has been filed in California by the ACLU because, as sophisticated as we are supposed to be, guess what, we rank right up there with some of the other States like Illinois where votes are thrown out, not counted, because of overvoting and other problems in the system.

So hopefully both Members will be able to join me in California as we take a look at this suit and see what we can do.

Mr. REYES. Mr. Speaker, as Chairman of the Congressional Hispanic Caucus, I am committed to building on the success of growing Latino voter turnout by working with my colleagues to achieve meaningful election reform before the 2002 elections.

The 2000 presidential election has brought long overdue attention to the need to overhaul our country's election procedures and provide resources that will ensure we have accurate elections. Central to these efforts must be the protection of each citizen's ability to freely exercise his or her right to vote.

Throughout our nation's history, expansion of the right to vote has been a struggle, and it is a struggle that continues to this day. The glare of media coverage, caused by the closest presidential election of our time, exposed voting irregularities that have long been ignored all across the country, not just in Florida.

Numerous legislative proposals have been introduced in this Congress to address election reform, and I believe it is encouraging to see that so many members are making this a priority. While there are about a dozen different bills, they also share many similarities. It is clear that based on the proposals we have seen so far, we need to move toward establishing a new elections body that will be charged with distributing grants to local election authorities for modernizing voting procedures and providing incentives to voting machine manufacturers to improve their equipment and invest in research and development.

In order to gain useful knowledge necessary for the effective modernization of our voting system, a study will need to be conducted of voting irregularities in the 2000 election and of flaws in our voting system in general.

As we chart our way through these various reforms, which coincide with another upcoming round of redistricting, the significance of minority representation is going to be greater than ever. Where necessary, we must be prepared to reaffirm support for, and strengthen, the provisions of the Voting Rights Act and National Voter Registration Act that protect minority representation and bilingual elections services.

The problems facing the integrity of our elections fall into two broad categories: (1) logistical challenges, and (2) barriers to voter turnout.

There are three main logistical problems prevalent in the process of running elections. First, local election boards are typically underfunded. As a result, counties are unable to replace antiquated voting machines. The punchcard ballots made infamous by the Florida recount are used by about one third of voters. Replacing them all with a more reliable system will be a costly, though certainly worthwhile investment.

Second, there is a shortage of adequately trained staff to respond in a timely and professional manner to voters' questions about absentee voting, their registration status, polling place locations and other concerns. On election day itself, many polling places open late, are not open long enough or lack polling place workers who are adequately trained, further causing delays, confusion and the disenfranchisement of voters. In particular, there is a lack of bilingual staff who are able to help voters who face a language barrier at the polls.

Third, polling place access is an extremely important logistical issue, and is not always directly related to funding. Every polling place should be easily accessible and in safe, familiar locations that are easy for residents to find.

The most troubling obstacle to fair elections is voter suppression, which is aimed almost exclusively at minorities. Unfortunately, such tactics are prevalent across the country and not only targeted against African-American voters. The practice of placing so-called security guards, or volunteers in clothing that resemble uniforms, at polling places has been used to intimidate Latino voters in past elections. The use of misleading radio broadcasts or other means to confuse minority voters about their polling place location is another tactic employed to keep down minority turnout. First-time voters, such as newly naturalized citizens, many of whom are Latino, are particularly susceptible to confusion about the voting process, especially because relatively less, if any, election information is provided in Spanish.

In response, state and county governments must be spurred to pro-actively prevent voter suppression in heavily minority precincts. To ensure smoother elections, there needs to be greater investment and attention in such precincts to ensure appropriate staffing levels and training, equipment, polling place site selection, and education campaigns.

We will need to consider ways of enhancing the enforcement of existing laws that punish voter intimidation and implement new or stronger penalties where necessary. We should also consider expanding the scope of such efforts to include more passive forms of voter suppression, such as the withholding of assistance and information to voters might prevent them from voting. For example, there have been many accounts of polling place workers refusing to allow voters the right to a provisional ballot, a right that was expanded under the 1993 National Voter Registration Act.

A final obstacle to voter turnout relates to the maintenance of voter registration rolls, which must be considerably improved. Latino voters have experienced problems with getting on the rolls in the first place and then later being purged from them. The problem with getting on the rolls is related to problems with voter registration. Voter registration forms have been rejected for arbitrary reasons, such as being filled out with the wrong color ink, and during the most recent election, there were reports from Florida of Latinos who had registered but whose names did not appear on the rolls and were therefore barred from voting.

The other side of the voter roll problem is when legitimate names are purged. In a number of states, voters are purged from the voter rolls if they do not vote in every presidential election or a set number of elections within a certain amount of time. Requiring voters to reregister if they happen to miss an election, or else risk being ineligible to vote in a subsequent election, is just another barrier to voting.

I will be working with my colleagues in the Congressional Hispanic Caucus to press for increased funding of election boards; promote voter participation through national legislative and educational efforts; and monitor existing voter protections, especially the 1975 and 1992 amendments to the Voting Rights Act which protect language minority groups and require bilingual services.

Voting is a hard-won right that should not be a struggle for minorities in every election. In addition to empowering minority citizens about their rights as voters, we can also make considerable progress toward improving the way we run and monitor elections, making them as easy and convenient for minority voters as they already are in so many affluent and predominantly white precincts. In the Latino community, we often say su voto es su voz—your vote is your voice. We must ensure that we take the necessary steps to ensure that the voices of all voters are heard.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise because we must continue to address the overwhelming evidence of grave voting irregularities and voting rights violations in the recent presidential election in what was the closest and most contested presidential election in the history of our great nation.

It is imperative that Congress continues to engage in a serious review and comprehensive reform of our election process in this nation. The disenfranchisement of voters in the federal electoral process remains a chilling threat to the integrity of our democratic system in America.

Mr. Speaker, The right to vote, and to fully exercise that vote, is a vital component of our collective preservation. On November 7th, 2000, only a fraction of Americans were able to exercise their right to vote and have those votes counted, while thousands, and perhaps even millions of voters were denied this constitutional right as guaranteed by the Fifteenth Amendment.

It is horrifying to me that such systemic mistakes were made in this election. But beyond these mistakes, there have been serious allegations of violations of the Sections 2 and 5 of the Voter Rights Act of 1965, 42 U.S.C. sec. 1973, which mandates the obligation and responsibility of the Congress to provide appropriate implementation of the guarantees of the Fifteenth Amendment to the Constitution, which states ''the fundamental principle that the right to vote shall not be denied or abridged by the States or the Federal Government on account of race or color.'' Yet we know today, that such violations of fundamental voting rights did occur during the November 7th elections throughout the nation. These irregularities also raise potential violations of several provisions of the National Voter Registration Act of 1993, 42 U.S.C. sec. 1973gg–5(a) which affirms the right of every U.S. citizen to cast a ballot and have that ballot be counted. We must address this today.

The need for election reform is the challenge of all Americans. President Bush himself recognized this urgency, telling members of Congress: ''This is America. Everyone deserves the right to vote.'' Congress was reaffirmed of President Bush's commitment to the protection of the right to vote when the President's spokesman later assured members of Congress that the ''President wants to make certain that one of the focuses of attention this year is electoral reform.'' A letter recently sent to President Bush by virtually every House Democrat, called on the administration fulfill this promise by providing ''essential guidance and leadership on a national problem'', yet today, half a year after the election, we are still without such leadership. So I call on the Attorney General of the United States to begin a full investigation of all alleged voting improprieties. We must clear the air.

So what can be done to remedy these problems for the future? According to a recent Washington Post article by David Broder, since the 2000 presidential election more than

1,500 election reform bills have been introduced in state legislatures around this nation. The American Civil Liberties Union and other organizations have been filing suits in California and in other states demanding that uniform methods of casting and counting ballots be put in place. I applaud these efforts and I believe that outdated technology is a large part of the problem.

We also need a greater awareness of how our voting system works. We need better and more uniform standards, better enforcement, better education, greater and more convenient access to voting places, and a generally easier and more user-friendly electoral process.

To begin to address these problems, I have introduced several important pieces of legislation. I've recently introduced H.R. 934, a bill that would establish National Election Day on the 2nd Tuesday of November, in presidential election years, as a legal public holiday in order to substantially resolve the serious problem of the lack of time for people to vote or participate in the federal election process, due to employment commitments.

This bill would merely federalize what some states have done with great success so that employees in the private sector will be able to exercise their constitutional right to vote or take part in the electoral process as election volunteers with no restraints.

I've also introduced H.R. 60, the Secure Democracy for All Americans Act, which would establish a five member commission and provide funding necessary to perform a study into federal, state, and local voting procedures in order to produce a report and make recommendations for appropriate legislation and administrative actions. This legislation is greatly needed.

In addition, I've recently founded the bipartisan Congressional Election Reform Caucus, which was established to enable all members of Congress to engage in a serious review and dialogue of the election process in this nation as a recognition of the disenfranchisement of voters because of voter confusion, poor voter machinery and work commitments.

I have also drafted legislation that provides for much needed "provisional ballots" so that people erroneously "purged" or dropped from the voting rolls can register at the polls, vote, and have that vote counted. I am also introducing legislation that would create a uniform voter "purging" requirement, because too many states and localities have confusing and conflicting standards of how long you may remain inactive as a voter before your name is purged from the voting rolls. With my legislation, you would have a single uniform 10 years from the time you last voted until you are purged from the rolls. This makes good sense.

I would also like to commend Congressman CUMMINGS for today introducing electoral reform legislation, and for the commitment to this issue by the Congressional Black Caucus and by the many other members of this Congress who believe in this legislation.

These bills affirm our constitutional right, as citizens of this democracy, to vote and have that vote counted, because if our votes are not counted, our voices are not heard. I hope that in the months to come, our voices will come together in support of common-sense solutions and reform, and bring us closer towards our goal of equal access and equal justice under the law.

GENERAL LEAVE

Ms. WATERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the subject of my special order today.

The SPEAKER pro tempore (Mr. BALLENGER). Is there objection to the request of the gentlewoman from California?

There was no objection.

A NEW ERA OF DEFENSE PARTNERSHIP BETWEEN THE UNITED STATES AND INDIA IS ON THE HORIZON

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

Mr. PALLONE. Mr. Speaker, I believe that a new era of a defense partnership between the United States and India is on the horizon. I come to the House floor this evening to discuss the potential for stronger defense ties between these two nations.

This relationship between the United States and India makes sense, and it is time that the world's two greatest democracies come together as natural allies. Ultimately, Mr. Speaker, I would like to see India and the U.S. form a stable defense alliance. Such an alliance would help secure our national security and those of our allies while isolating nations such as China, which pose a threat to India and other Asian democracies.

Assistant Secretary of State Richard Armitage, who called on New Delhi in a visit last weekend, said that he was very pleased with the warm support and cooperation extended by the Indian government on various matters, including defense and military cooperation. Bridging a new defense relationship with India would be remarkable, given the history of this nation's ties with the United States in the past.

During the Cold War, India unofficially joined hands with Russia in the non-alignment movement. This created tense relations between the United States and India, and ultimately the U.S. viewed India negatively. However, the Cold War is over. We have no reason to view India as a threat.

In fact, India and the United States have many similar democratic interests, and as a result, both countries could work together and work together well against the threat from a military buildup in China or from rogue nations in Asia that threaten American interests.

Mr. Speaker, Americans are still reeling from the incident last month when Chinese authorities detained a U.S. plane and military personnel. This incident and others exacerbate the difference between our democratic system and China's Communist regime. It highlights the need to have India, a stable democracy for over 50 years, as an ally in the region.

It was well documented that the Chinese have transferred missile technologies to rogue nations. The Chinese premier has reaffirmed this during a recent visit to Pakistan, during which he disclosed his commitment to helping Pakistan develop its military.

Threats to U.S. security loom large in Asia. Pakistan is politically unstable, is full of terrorism, as is documented in the U.S. annual terrorism report, and is moving further away from a return to civilian government.

The central Asia region is brewing with the extensive Osama bin Laden networks, which hold another comprehensive threat to U.S. security and regional interests. We do not need to look back too far, just to last year, to remember the tragic incident of the USS Cole.

U.S.-India defense relationships have increased under the Bush administration. This was clearly evidenced in external affairs minister Jaswant Singh's visit to Washington last month when President Bush, Secretary Powell, Secretary Rumsfeld, and national security adviser Condoleeza Rice made commitments to build on our relationship and to increase cooperation on defense and military matters bilaterally.

This is evidenced in the prompt scheduling of the U.S. Joint Chiefs chairman General Henry H. Sheldon's visit to India later this month to discuss high-level military issues between the two nations.

If a U.S.-India defense relationship can be nurtured, I believe it will improve bilateral, commercial, and trade ties and expand our existing investment commitments.

In order for us to do this in a substantial way, we must first remove all remaining sanctions on India. Many American and Indian scholars, as well as officials from the Department of State, have now acknowledged that the sanctions have done more harm to American companies doing business in India than to India itself, and removal of the sanctions will allow us to engage in a more comprehensive relationship with India.

Mr. Speaker, collaboration between the United States and India is moving both countries in a positive direction. As two great democracies, the United States and India are natural allies, and a strong defense relationship is the next logical step in our foreign policy.

1600

BUSH ENERGY POLICY

The SPEAKER pro tempore (Mr. BALLENGER). Under the Speaker's announced policy of January 3, 2001, the

gentleman from Colorado (Mr. MCINNIS) is recognized for 60 minutes as the designee of the majority leader.

Mr. MCINNIS. Mr. Speaker, I yield to the gentleman from Utah (Mr. HANSEN), Chairman of the Committee on Resources.

Mr. HANSEN. Mr. Speaker, I thank the gentleman from Colorado (Mr. MCINNIS) for yielding to me.

Folks in America, of course, Mr. Speaker, realize that today the Vice President of the United States was able to come up with an energy policy that makes an awful lot of sense, and tonight myself and some of my colleagues from the Committee on Resources would like the opportunity to discuss that issue.

It never ceases to amaze me when some of my colleagues or environmentalists lash out at big oil as if it were some diabolical archenemy lurking in the shadows ready to pounce.

It is amusing to watch them stage press conferences to make big oil some sort of bogeyman for environmental problems and for our current energy crisis, and afterwards step into their energy-consuming SUVs or gasoline-powered cars and drive over asphalt-paved roads in their nicely lit, air-conditioned homes which were built and furnished with hundreds of products derived from chemicals, plastics, and other materials because of petroleum.

It reminds me of the story of school children raised in the city, being asked where milk comes from, and having them respond and say well, it comes from the store.

Somehow, I think we are all missing an important step: the production phase. The oil has to come from somewhere. The energy we all consume, the lights in this building to keep the cameras functioning, has to come from somewhere.

As our economy grows, we have children and grandchildren and they grow up, receive educations, get married, get jobs, raise families. Where are they going to get the energy that sustains life, warms their homes, and transports their children to school? Where are we going to get our energy and what are we going to do about the current building energy crisis?

Many of my environmental friends say that we really do not need to focus on production of more oil or energy sources because of various environmental concerns. Usually urban dwellers, these individuals assert that conservation is the answer.

Harkening back to the days of Jimmy Carter, when we were told just to turn our thermostats down and put on a sweater, I do not believe that we can conserve our way out of this situation. It did not work in Jimmy Carter's day, and with even more demands today it certainly will not be the only answer.

Yes, we can and should do all we can to not be wasteful in our homes and at work. We should all turn off lights that we are not using, install more fuel-efficient heating and cooling systems, and encourage the development of alternative fuels and more fuel-efficient vehicles.

But is the answer to our current crisis for all to rush out and purchase hybrid gas-electric vehicles that are small, underpowered, and fail to meet even the most basic transportation hauling requirements of the typical American family, let alone thinking about buying one of these vehicles to pull our boat down to our favorite lake, camping trailer to our favorite campground?

It would probably pull the bumper right off the car while sitting in the driveway. We are not there yet, and we have a long ways to go.

Those of us from the West know all too well the hurt that the lack of energy and increase in oil and gas prices is causing our economies. We in the West often have to travel dozens of miles and hours at a time just to commute across long distances between our communities.

In the First District of Utah that I represent, it would take nearly 7 hours, traveling at the legal speed limit from between 65 to 75 miles per hour, to travel from the northern border of Utah to the southern border, a distance of over 400 miles.

Often, our communities are spread across vast distances, and the only viable option for transportation has to be using motor vehicles. The skyrocketing price of fuel has hit them especially hard. They do not have the option, as urban dwellers in the East may have, to take mass transit or ride a bicycle to work.

For the sake of our quality of our life, our jobs, our economy, we have to begin to really address the energy problem that we are facing in this country.

Much of what we are facing in this country, I believe, could have been prevented or mitigated significantly if the previous administration had not been, to use the words of former Secretary Bill Richardson, asleep at the wheel on energy policy.

Over the last 8 years, I watched as the previous administration basically took their marching orders from the extreme environmentalist lobby, and whether it was through executive order or by promulgating new regulations, locked up millions of acres of public lands to any reasonable energy development.

Mr. Speaker, I watched with concern as the Clinton administration let our Nation drift from less than 33 percent dependence on foreign oil when he took office to more than 50 percent today. I believe the figure is 57 percent.

President Bush has taken over the reins of government and has been left one messy problem to clean up regarding energy.

For 8 years, all we got was poll-driven photo-ops, like the infamous release of millions of gallons of water to float a kayak down the Connecticut River in order to provide a nice picture of Vice President Gore in his election efforts. All we got was President Clinton dispatching then-Secretary Richardson to the OPEC masters to literally get on his knees and beg and beg them not to raise oil prices.

America deserves better, and I am glad that President George Bush has made development and implementation of a coherent and comprehensive long-term strategy on energy as one of his very top priorities.

I just met with President Bush this week, and I know that President Bush and Vice President CHENEY understand the complexities of this issue. They are committed to working with Congress to come up with the tools that are needed to fix the problem. But there is no easy fix.

We must all recognize that natural resources are to be actively managed and wisely employed to advance the human condition.

We must have a policy that balances competing goods of environmental preservation or restoration, while ensuring public access and outdoor recreation to our public lands.

America needs balanced conservatism that recognizes man's role as God's steward, not the extreme environmentalist view that it too often views as the problem.

Just like the urban school child who may think that milk comes from a carton and not a cow, we as Americans need to look beyond the overinflated rhetoric of extreme environmentalist alarms that the Earth is in the balance, and educate ourselves on where our energy comes from and what the options are for our future.

We need to separate facts from assertion and science from political dogma. Mr. Speaker, I look forward to working with this administration as chairman of the Committee on Resources to do our part.

We all have been affected by rising energy prices, not just California. Wyoming Governor Jim Geringer recently recounted to the House Committee on Resources the story of a distraught elderly woman who called a Wyoming county commissioner in tears because her natural gas bill to heat her modest home was $500 a month and her Social Security check, which she relied on to provide medicine and food, was only $600.

The crisis is hurting the elderly, the poor, farmers, and small business owners. Small family farmers, who are our Nation's real endangered species, are feeling the crunch of huge increases in diesel fuel to power their tractors. The fertilizer they use, which is a petroleum-derived product, has skyrocketed even as commodity prices have remained low or fallen.

It will be a miracle if many more of them hang on and survive in the next few months.

What about the trucking industry? We all benefit from a strong and robust trucking industry. The fresh food and produce we buy at our local supermarkets is made possible only because of truckers. If they were to shut down for even 1 week, our Nation would be in a lot of distress. Their costs for fuel have skyrocketed, along with everyone else.

What is the effect? Who pays for all of these increased costs? In the short term, the truckers and farmers must pay these large costs, and it is hurting them big time. In the long run, we all pay for these increased costs.

Petroleum products make up such a large percentage of everyday life, so many things we totally take for granted, so that it will not take long until we see these negative effects.

We must take action. We must do it today, Mr. Speaker. Vice President CHENEY's energy task force report points the way to a long-term solution to our energy crisis that includes conservation but goes further to include more research into clean, renewable energy sources and increased production of hydropower, nuclear energy, gas, oil and coal.

I am sure Congress will follow this plan closely this summer in preparing a package that provides reliable, affordable, and environmentally-clean energy for decades to come, while maintaining consumer choices in our standard of living.

Right now our Nation's energy problems have taken on an urgency we have not seen for almost 30 years. For the first time in memory, demand for electricity in the West this summer is expected to exceed maximum output. Demand could exceed supply by as much as 7,000 megawatts during parts of June, July, and August.

The production strain on the power grid will be so great that several hot days or a power plant failure could trigger outages that would cascade like dominoes through the West.

Shortages are coupled with soaring prices. Gasoline is already over $2.70 a gallon in some parts of California. We have all heard predictions of $3 a gallon in California and the Midwest before the summer is out.

Al Gore's book, Earth in the Balance, called for those higher gas prices, which may explain one reason why the previous administration did nothing to forestall this crisis.

Natural gas prices jumped sharply this winter and will jump again this summer when natural gas is used at its annual peak. These prices have already driven up the costs of goods, services, and housing across the country.

Skyrocketing prices threaten small business. They threaten the health of the ill and the elderly who must choose between livable temperatures or buying food. Low-income families, anxious to keep infants and small children comfortable, have already tapped out most State and local emergency assistance programs.

The crisis did not happen overnight. It took us a lot of years to get there. It has been 20 years since a large refinery was built in the U.S. and more than 10 years since a power plant was built in California, even as the population there continued to increase dramatically.

We have neglected energy production and infrastructure. We are producing 30 percent less oil now than 30 years ago. Natural gas development on public lands is down by 14 percent, and we need at least 38,000 miles of pipeline to deliver the natural gas we need.

Our new economy runs almost entirely on electricity. Yet, according to the Edison Electric Institute, investment in our transmission system has declined by 15 percent a year since 1990, while use has jumped 400 percent in the last 4 years alone.

Our transmission grids across the country need repair, updating, and expansion. The Bonneville Power Administration provides affordable power to hundreds of towns and western cities. But Bonneville Power has not added new transmission lines in the system in 14 years, and much of its grid is 30 years old.

Bringing the system up to an adequate capacity will cost an estimated $775 million. The strategy in the Bush energy plan is both comprehensive and long term.

The Bush administration recognizes that hasty, short-term fixes threaten both our economy and environment. Decisions made in a crisis prompt us to waive environmental regulations.

In the late 1970s and 1980s, after a profound energy price shock, the Federal Government established the Energy Mobilization Board to override Federal, State, and local environmental laws that got in the way of energy production. Right now, Clean Air Act limits are being waived in California in a rush to avert a large disaster. By focusing on diverse long-term solutions, the Bush energy plan avoids these kinds of choices in the future.

Short-term fixes also threaten our economy. Upgrading and expanding our infrastructure requires investment money. Yet utility companies are reporting that Wall Street is alarmed by talk of price caps in California.

They are understandably hesitant to invest in companies that could be impacted by these price caps. We desperately need to invest in our Nation's energy infrastructure, fully and with confidence. We must avoid short-term fixes that pose long-term threats to our economy and environment.

The Bush energy plan calls for prudent streamlining of the process for licensing new nuclear plants and the recycling of hydropower plants.

Mr. Speaker, I am a big fan of nuclear power. Regardless of what the American public has been led to believe by the likes of the Hollywood bunch or antinuclear activists, new technologies and nuclear power have made it the most safe, affordable, and environmentally friendly form of energy.

New technology for reprocessing spent fuel rods exists and is improving. Nuclear power accounts for only 20 percent of the U.S. power supply. Yet in Europe, it is 35 percent. In France alone, it is 70 percent. This energy is clean, economical, and safe.

We have not had a new nuclear reactor built in this country in more than 20 years. It is time we stop letting inflammatory rhetoric and fear tactics of uninformed special interest groups stand between us and one of the best energy sources we have.

We must reduce the time and costs of relicensing hydroelectric plants. The previous administration created a battery of new Federal dam regulations aimed at wiping out hydropower.

Recent events have proven the previous administration to be foolish in this regard, but those regulations still stand today, and we have to do something about them. Because of them, towns and cities that own dams must spend years and millions of dollars to relicense their dams and meet several dozen new, stringent environmental requirements. One of those dams is the Cushman Dam owned by the city of Takoma, Washington.

This dam generates enough power to light 25,000 homes for a year. The previous administration would not let the city relicense its dam unless it met several dozen new environmental requirements that will cost tens of millions of dollars. That city is now fighting in court for the very survival of the primary power source.

□ 1615

In Utah and Arizona, Lake Powell produces tremendous amounts of clean hydropower. Yet, extreme environmental groups like the Sierra Club are advocating working toward decommissioning the dam and draining the lake, all to let a river run through it. Yet, to make up for the lost electricity, it would take at least five coal-fired generating plants.

Sometimes we are not too smart on how we approach complex problems. Hydropower is clean and renewable, and we must do more, not less, in that area. We need to maximize power generation of Federal Bureau of Reclamation dams, even as the previous administration put regulations in place that placed power generation at the very bottom of a long list of other priorities.

The Bush energy plan calls for opening a small percentage of the Arctic

National Wildlife Refuge for oil exploration and development. I totally support it.

Despite the doomsday slick commercials one sees on TV by some groups, I know it can be done in an environmentally sensitive manner. The vast majority of the refuge would remain off limits to oil production.

Current estimates suggest the oil we can gently distract from ANWR would replace Iraqi oil imports for the next 58 years. That is not just a 6 months of oil, as some special interest groups would have us believe. We are talking about replacing the oil we receive from one of the most hostile foreign governments.

Oil development on the coastal plain of ANWR will only impact 2,000 acres of 19.6 million acres. It would provide an estimated 735,000 well-paying jobs.

We have new technology to tap oil and gas in a way that protects the Arctic tundra and nearby wildlife.

ANWR is not only rich in oil but is rich in natural gas.

Mr. Speaker, in October of 1996, then-President Clinton announced that he had created the Grand Staircase Escalante National Monument, and with one fell swoop of his mighty pen, and without so much as a scintilla of input from any elected official from the State of Utah, locked up a million acres of public lands from future coal or energy development.

That is my home. I know a lot about southern Utah. I have lived there all of my life. I can tell my colleagues, Mr. Speaker, we locked up a trillion tons of low-sulfur coal that could be used and done in an environmentally sound way.

Mr. Speaker, President Clinton had made the statement when he announced it, he said ''We can't have mines everywhere.'' No. Mr. Clinton is right. We cannot have mines just anywhere, just where it is there. Just like Willy Sutton was quoted as saying, when asked why he robbed so many banks, he said ''because that's where the money is''. The reason we have mines in places is because that is where the ore is.

By locking up the Grand Staircase, our Nation has lost a mammoth reserve of high-Btu, low-sulphur coal that could power hundreds of cities in this country for centuries to come. The impact on the surface of the site would be almost negligible.

In conclusion, let me just say the future is bright. I know Americans know how to handle a problem when they see it coming, but they want somebody who will give them some direction. American people are bright, and they are patriotic.

As President Bush and Vice President CHENEY said, we have got a plan for you; we can make it work. I think the American people will realize we all have to sacrifice a little bit; but in the long run, we will be better off. It is the people who never have a plan, who are asleep at the switch, who are the ones, who have given us trouble at this time.

Now is the time for America to say here is a good plan, let us get behind it, and let us follow it.

ENERGY CONSERVATION

Mr. MCINNIS. Mr. Speaker, let me tell my colleagues, in my opinion, the biggest problem we have got out there is not so much the immediate energy crisis that we now face, it is the fact of our dependency upon foreign countries for our energy needs.

Right now, today, as we speak, 60 percent of our energy requirements come from foreign countries. We cannot afford for the future of this country, for future generations, for planning the future progress of this country to continue to increase our dependency or, in fact, to continue to have our dependency at a 60 percent rate. It puts this country in high danger of energy espionage or energy blackmail.

We cannot continue that path of going down that direction because the direction or the result of where that leads us is not good for future generations.

There are two separate ways, two methods to address our dependency on foreign oil. One of those methods, of course, as we have heard from the gentleman from Utah (Mr. HANSEN), the previous speaker, is more exploration. We have got to find more of our own energy resources.

But the second one, and this was highlighted today and it has been highlighted again and again and again, is conservation. Conservation is something that everybody in America can practice this minute, this hour.

Those of us on this floor, those of us across this country, as we hear these comments, we can begin to conserve energy. We can begin to become less dependent on foreign oil by exercising a little individual responsibility ourselves.

I will give my colleagues an example. Right now our latest census, I think, showed our population at about 282 million people. Can one imagine how much energy we would save if 282 million people that were using lights turned off the light as they left the room. Think of the instant savings in electricity.

If we had 282 million people who combined trips to the grocery store every week, every Sunday, if these 282 million people took a look and said, all right, we ought to have our groceries. Here is what we need this week. Let us go to the grocery store once instead of three times, or let us go twice instead of three times.

Now, obviously we do not have a clear factor of 282 million people because we have young people and there are people that do not drive, et cetera. But my colleagues understand the point.

Imagine how much water we could save, how much energy on water heaters we could save if, instead of running the garbage disposal with hot water, we ran our garbage disposal with cold water, if these millions and millions of people ran that garbage disposal for 20 seconds, which really in most cases is adequate to dispose of the garbage that one has, instead of continuing to allow the water and the electricity generating, running the garbage disposal to run for 60 seconds or 70 seconds.

We can conserve as the citizens of this country. We can contribute to help alleviate this problem. I have got a couple of examples. Now I am not going to go through all of these because I have several of my colleagues that I think have very important points to offer. But there are some key conservation areas that I am asking those of you who are hearing me, who are listening to go ahead and deploy yourself this evening in your own home. Set an example in your own home.

The best thing you can do when you go home this evening, most of us use ceiling fans for cooling in the summer. In the summer, make sure your fans are running in a clockwise direction. Clockwise. Because that is what pulls the cool air off the floor.

So when you go home this evening, look at your ceiling fan. Most ceiling fans will run both directions. I would guess that many of you today, when you go home, will find out that your fan is actually going counter-clockwise. If you move it, simply one flick of the switch to clockwise, you have done something today to help conserve energy in this country.

Many of you own automobiles. I would bet most of you who own an automobile have not read your owner's manual; or maybe when you purchased the car, in my particular case, several years ago, you read the owner's manual then, but you have not looked at it since.

Take a look at your local newspaper. Your local quick lube. They say change your oil every 3,000 miles. Do you know what the experts say, that major automobile company that designed your automobile, that were in charge of the manufacture of your automobile? More likely than not, you are not required to change your oil every 3,000 miles. In fact, if you look at your owner's manual tonight on your way home from work, I will bet you it says in your owner's manual change the oil every 5,000 miles or every 6,000 miles.

Do you know that, if we could get people to change their oil when the owner's manual tells them to change their oil instead of changing their oil when the marketing enterprises out there, the quick lubes tell you to change your oil, we could save a minimum, a minimum in this country of 11 million barrels of oil a day. We could start today.

There are a number of different things. Do you know how much energy we could save if people simply closed the refrigerator after they walked away from it, if people shut off the air conditioner when they were not going to be home?

A lot of us want to help get this country out of this problem. A lot of us in our hearts, we do not have it in our hearts to waste energy. We have it in our heart to be good citizens, and good citizens help conserve energy.

Let me just summarize it like this. I have had a number of constituents who have said to me, gosh, it is going to take a while for us to get electrical generation in place ready to go. It is going to take a while for us to find additional energy resources so that we can lessen our dependency on foreign oil. What can we do in the meantime?

Again, let me repeat to all of my colleagues, as we leave these Chambers, we can help immediately by turning out lights, by not changing that oil every 3,000 miles, by making sure that the direction of the ceiling fan is going as it should go.

I myself this morning, as I walked into my office, it is routine for me when I get to my office to turn on all the lights in my office. But for the first 2 hours I am in my own office in the morning, I sit at one location in my office; and I read newspapers. I only need one light. I do not need six lights. This morning in my office, I only had one light on, not six lights. The rest of my colleagues can do that as well.

So my contribution to these comments this afternoon is let us all contribute today to conservation. That is exactly what the Republican plan calls for. That is exactly what our President and our Vice President have said.

Again, we need two elements to lessen our dependency on foreign oil. We need to look for other energy resources. There is no question about it. We need to do it in an environmentally clean and safe manner. But we also need to conserve. If we combine those two elements, this country will, I think in a modest period of time, fairly quickly move out of this energy crisis, and we will be secure with energy for the future generations. That is what is critical.

ENERGY SHORTAGE MAY BE MOST SERIOUS PROBLEM FACED IN YEARS

The SPEAKER pro tempore (Mr. BALLENGER). Under the Speaker's announced policy of January 3, 2001, the gentleman from Pennsylvania (Mr. PETERSON) is recognized for 31 minutes, the remainder of the leadership hour.

Mr. PETERSON of Pennsylvania. Mr. Speaker, the problem facing this country, an energy shortage, may be the most serious problem we have faced in years. The California brownouts are only a symptom of a huge energy shortage that is prevalent in this country.

Ten dollar oil and a dollar per gallon gas lulled this country into a comfort zone that all is well with energy availability.

The Clinton-Gore administration, unfortunately, had no energy policy. The Clinton-Gore administration sold that conservation, and conservation is appropriate, and renewables would gradually replace fossil fuels. Yet, they supported new difficult regulations that made it almost impossible to realize this hydro, the most prevalent of renewables.

The Clinton-Gore administration sold that conservation renewables would gradually replace fossil fuels. Yet their regulations and policies did not support the relicensing of hydro, the most prevalent renewable source. They certainly did not propose the renewal or to make it easy to renew the operating license of existing safe nuclear plants. In fact, in reality, the Clinton-Gore administration started phasing out fossil fuel production before there was a replacement available.

So today we have a shortage of almost all kinds of energy. When one looks at how we make electricity today, 52 percent of our electricity comes from coal; 20 percent comes from nuclear, but most of those plants need to be relicensed and many felt it would be unable to relicense them in the last administration; 7 percent comes from hydro, and many feel it is going to be very difficult under the last administration's rules and regulations to relicense hydro, the most available renewable energy we have and the cleanest. Natural gas currently powers 16 percent of electric generation; oil, 3 percent; other renewables, 2 percent.

Now, we need to continue on the other renewables. We need to continue with solar and wind and geothermal. But if we double it, it will only produce 4 percent of our electricity. If we triple it, it will only produce 6 percent of our electricity.

□ 1630

In the next 20 years America's demand for oil will increase by 33 percent according to the Energy Information Institute. We are increasingly dependent, as we have already heard, on foreign governments for our oil. Back in 1973, when we were in crisis, we imported just 36 percent of our oil from overseas. Today we are somewhere between 58 and 60 percent. The number of U.S. refineries has been cut in half since 1980. A few have expanded, but no new ones have been built.

Then we come to natural gas. Consumer prices for natural gas have spiked this year. Home heating costs have doubled. I know industries who use a lot of gas who had their rates double, triple, and quadruple. America's demand for natural gas is expected to rise even more dramatically than oil. According to the Department of Energy, by the year 2020 we will consume 62 percent more natural gas than we do today.

In fact, one of my fears, one of my personal fears that I have been observing for the last couple of years is the amount of gas we have allocated to generation, because it is the quickest to build and it is the cleanest fuel we can burn to make electricity. The amount we have allocated to generation is greater than the amount that is being predicted to come into the system.

What happens when we use more than we have? The prices are going to escalate. It is the one fuel that worries me because it is what most American seniors use to heat their homes. It is what most American businesses have as the fuel that runs their business. Our hospitals and our schools and our universities, most of them use natural gas. If natural gas prices spike excessively again this year, we will have a huge heavy load placed on business, we will harm the economy, and we will force seniors to not be able to live in their homes.

Right now an estimated 40 percent of potential gas supplies in the United States are on Federal lands that are either closed to exploration or limited by severe restrictions. When we look at the map, the whole California coastline is closed, the whole eastern coastline of this country is closed, all of the area around Florida is closed; and yet other countries drill all around their shorelines and use natural gas as their heat. I guess Norway is one of the best at it.

Even if we find supplies of gas, moving it to market will require an additional 38,000 miles of pipeline and 255,000 miles of transmission line at huge costs.

Electricity, hydroelectric power generation, as I said earlier, is expected to fall sharply because of relicensing. Coal has historically been America's one source for affordable electricity. It currently powers half of America's electricity generators. Our Nation has enough coal to keep those plants running for 250 years. In fact, we have 40 percent of the world's coal, and we have 2 percent of the world's oil. It seems to me that coal should not be in a phase-out mode, as it has been with the past administration. We must use clean coal technologies to ensure this country's future for energy in the future.

Coal generators have already been required to make broad reductions in emissions. The Bush administration supports these efforts and will back it up with greater incentives for investments in clean coal technology. President Bush made the right decision not to impose new Federal mandates on the emissions of carbon dioxide. That is

the same gas we breathe out when we breathe. There are those who have criticized him for that. If he had allowed those regulations to come into place, coal use in this country would have come to a screeching stop because there is no replacement for it.

If America is to continue to have reliable electricity over the next 20 years, coal must play a continued role. If coal does not play a major role, from my point of view, this country will have very high energy prices and this country will face an economic recession. Nuclear power and hydroelectric face uncertain futures due to past policies. Hopefully, they will not under this new administration.

I am encouraged by the recommendation of the energy plan to increase our domestic energy supply by utilizing our public lands in a reasonable manner. Our Nation's public lands could and should play a role in sustainable energy policy. Thanks to so many new incredible developments in energy research, exploration and technology over the last 20 years, we can confidently explore for oil and gas and coal on our public lands in an environmentally-sound manner without leaving anything other than a small footprint.

The Federal Government owns one-third of this country; yet there are those who are opposed to use of public lands for energy production. One-third of America is owned by the Federal Government, and when we add State and local governments, somewhere between 45 and 50 percent of this country is owned by government. If all that land is going to be locked up to resource use, this country does not have an economic future.

Yes, ANWR is one of the areas where there is lots of discussion. The Energy Department says the coastal plain of ANWR is the largest unexplored potentially productive onshore basin for oil and gas in the United States. ANWR could contain enough oil to offset all Iraq imports for the next 46 years. Oil production in Alaska's Arctic occurs under the world's best environmental standards. Many of the countries we rely on for oil have little or no environmental regulations.

Oil development is strongly supported by the Eskimo people who actually live on the north slope of Alaska and by 75 percent of all Alaskans. Exploration would be done using 21st century technology, supercomputers, ice roads that melt in the spring, and directional drilling. Only 3 square miles of the coastal plain of the 30,600 square miles of ANWR would be affected. Only 3 square miles. That would leave 30,597 square miles untouched.

I certainly think for the future of this country, having a strong energy source, and none of these are a silver bullet, none of these solve the problem; but we need them all. It is the equivalent of building an airport one-fifth the size of Dulles in the State of South Carolina. The caribou herd in and near the Prudhoe Bay oil field is five times larger than when development began. All other wildlife species are healthy, no endangered species. Contrary to the myth the environmental extremists created, there is no north slope oil being exported. None has been since May 2000. When it was exported, no more than 5 percent was sold abroad. This is less than exported by the West Coast of the United States.

We barely think about the plight of the American farmer, but agriculture is paying huge costs because of energy. The cost of fertilizer has risen. In fact, some fertilizer plants have actually gone out of business. Some fertilizer plants sold their gas this year because they could make more money in selling the gas than producing the fertilizer.

We have not built a refinery in this country since 1976. In fact, 36 U.S. refineries have closed since 1992. We have not built a nuclear reactor in 20 years. California has not built a power plant of any sort in 10 years. According to Edison Electric Institute, our investment in our electricity infrastructure has dropped 15 percent since 1990; yet use of that system has jumped 400 percent in just the last 4 years. Most of the new plants built in this country are being fueled by natural gas, but we need to have the natural gas to run them.

The future of America depends on an energy policy. I have strong faith in the Bush administration and their proposal to take us where we need to be. There should be debate. Conservation should lead the road. We all need to get into the conservation business. We must use our energy wisely, but we must have a strong source of energy so that we have choices and people have options.

Mr. Speaker, I yield back my time.

ENERGY CRISIS IN CALIFORNIA

The SPEAKER pro tempore (Mrs. BIGGERT). Under the Speaker's announced policy of January 3, 2001, the gentleman from California (Mr. CALVERT) is recognized for the remainder of the leadership hour, 21 minutes.

Mr. CALVERT. Madam Speaker, I am obviously from California, and I would like to talk about some of the problems that we have in California. They are obviously well publicized. Some of the things people talk about are true, and certainly some things are not true.

First, I would like to congratulate my home State of California. No State uses less electricity per capita than the people in the State of California. I think many people may find that as a surprise, but that is the truth. No State uses less electricity per capita than the State of California.

No State uses more renewable energy than any State other than California. California has been a leader on wind. Right in my own county, Riverside County, in the Banning Pass, if any of my colleagues have been to Palm Springs, they can drive down the I–10 freeway and see row upon row upon row of wind machines that supply needed peaking electricity to Southern California.

No State uses more solar power than the State of California. We have really invested a significant amount of money in California into solar research and the utilization of solar power.

No State uses more geothermal than the State of California. Really, the geothermal industry started in Imperial County, California. If my colleagues go down into Imperial County near the Salton Sea in the beautiful State of California, they can see these huge geothermal plants that were developed to produce electricity.

All of that in California. People in California doing the best they can to conserve electricity, to use renewable energy in California. But today we know that that is still not enough.

Now, there have been reports that California has not built a power plant in 10 years. That is not true. I do not want to correct some of my friends, but we have built power plants in California in the last 10 years. Not large power plants. Certainly there have been power plants built outside of California that import power into California.

I congratulate Los Angeles, the Department of Water and Power, who gets a significant amount of their electricity, the City of Los Angeles, a significant amount of their electricity from the State of Utah using coal, the clean coal that the gentleman from Utah (Mr. HANSEN) talked about. And I congratulate Mayor Riordan who now is in negotiation with the people in Utah to develop additional plants, one plant that was discussed as large as 3,500 megawatts in the State of Utah, to transmit power into Los Angeles for future demand. That is necessary along with plants being built in California.

Certainly natural gas has been talked about. It is the preferred fuel source in California. But we have a problem in California, in not being able to get enough gas into the State of California because of all of these gas turbine plants that are being built. There have been a lot built of late and a lot more coming online. And we are happy to have them, but we do not have enough natural gas distribution coming into the State of California, which is adding to the increased price of natural gas within our State. So we have an infrastructure problem, not just with gas pipelines coming into California, but with the infrastructure around refineries. Refineries have been talked about. We have far less refining capability in California than we used to have.

California is well known because we have a lot of people, 35 million people. We certainly have a significant number of them living in the L.A. Basin and we have air quality issues. We have done a great job of cleaning up the air in Los Angeles. Doing that we have come up with our own fuel standards in California. We have lower sulfur than any other State in the Union, 15 parts per million or less in gasoline. California was the first State to do that. The U.S. EPA has now required the rest of the States to meet that standard, but California did it first.

Now, one of the unintended consequences of that is many of the refineries did not have enough capital so they went out of business rather than spending the money to upgrade that refinery to meet the new environmental standard. That was an unintended consequence. We do not have enough refineries, so even if we have additional oil, or the price of oil goes down, we cannot get enough petroleum products through a limited number of refineries. So we need to get incentives to build additional refineries to build the clean type of gasoline we need in California and throughout the country.

By the way, one of the problems my people in California, the people that drive every day have in California, is we have a stranded market in essence on gasoline because we have a different kind of gas standard than any other State in the Union. So we cannot import gasoline from anywhere. We have to produce all the gasoline that we make in our State for our drivers.

With respect to the Speaker, I will not get into the issue of oxidates today, but nevertheless to say that we in California will always produce clean gasoline; but we want to make sure we produce it economically and at the best cost available to the people of the State of California.

We do have a crisis in California. We have a crisis throughout this country on energy, and I am so pleased that we now have a President who will address it and a Vice President who took upon himself the time, and certainly in this last 100 days there have been a lot of pressures on this new administration, to recognize this problem that has been neglected for too long.

□ 1645

Now as we proceed with a long-term solution, and we did not get here overnight, certainly in California's case it took many years to get to the point that we are at today, but we finally will see a solution to the problem. I say to my friends and constituents, be patient. I know it is difficult. I filled up my car last week and it cost $35. No one should tolerate blackouts and these kinds of cost increases, but we have done it to ourselves. But we can get out of it because we have a policy that in the next number of years will bring us down the road to better energy independence, both with electricity and fuel.

Madam Speaker, I yield back the balance of my time for my colleagues.

PRESIDENT BUSH'S ENERGY POLICY

The SPEAKER pro tempore (Mrs. BIGGERT). Under the Speaker's announced policy of January 3, 2001, the gentleman from Idaho (Mr. SIMPSON) is recognized for the remainder of the leadership hour, 14 minutes.

Mr. SIMPSON. Madam Speaker, I would like to talk about the energy policy released today by the administration.

Madam Speaker, for the last several years we have had a strong economy, primarily because we have had affordable and reliable sources of energy; but now we are in an energy crisis which threatens our economic future and our national security.

The President and Vice President have come together and put together a plan, and today they released their national energy policy, which I would encourage every Member and every individual in America to get a copy of and read it through. It is a comprehensive plan. The President recognizes the problem. He is concerned about the effects that high energy prices, both in gasoline and in electricity, will have on the American people and on our economy. We have a bold, new approach to addressing the energy policy in this country.

We need reliable, affordable, and clean energy increases. We need improved infrastructure. We cannot meet tomorrow's challenges with yesterday's technologies. We need new technologies to meet the demands. Some people will say those technologies are not here yet. I will say, Madam Speaker, that Americans are second to none in their ability to solve problems when they set their minds to it. We are the most technologically advanced Nation on Earth. If we set our minds to solving a problem, we can do it.

The President's leadership comes at a very critical time, but we must act now if we are going to have a comprehensive plan to address the energy crisis which will be with us for several years if we do not act. If anyone questions whether there is a serious energy shortage in this country, let me just give a few statistics.

Over the next 20 years, U.S. oil consumption will rise by 33 percent. Over the next 20 years, U.S. natural gas consumption will rise by over 50 percent. Over the next 20 years, U.S. electricity consumption will rise by 45 percent. Since 1992, oil production is down 17 percent in this country, while consumption is up 14 percent. In 1993, we were reliant on foreign oil for 35 percent of our demands. That was during the oil crisis that we had in 1973.

We said at that time we needed to become less dependent on foreign oil because our economy was subject to the whims of those countries in OPEC. Instead of becoming less reliant on foreign oil, we are now nearly 60 percent reliant on foreign oil for our oil needs. The U.S. spends roughly $300 million a day, or about $100 billion a year on foreign oil.

It is obvious that the demands for energy in the future are going to increase in this country. So what have we done in the way of supply? In 1990, U.S. jobs in exploration and production of oil and gas were 405,000 in the United States. In 1999, 10 years later, U.S. jobs in exploration and production of oil and gas were 293,000, down 27 percent. In 1990, in the United States, U.S. oil rigs, we had 657 of them in the United States. In the year 2000, working U.S. oil rigs, 153; a 77 percent decline. Thirty-six oil refineries have closed since 1992, and we have not built a new oil refinery since 1976.

The previous administration had no, I repeat, had no long-term energy policy. It seems the energy policy of the past administration was to shut down exploration as we became more reliant on foreign oil, to shut down refineries, to shut down research on clean coal and finding new sources of coal, to shut down nuclear research. It seems that you could sum up the past administration's energy policy as the ''Do not worry, be happy,'' energy policy.

As I said, we have in this country a supply and demand problem, and that is essentially what the energy crisis is, a supply and demand problem.

Let me summarize what President Bush's energy plan does. It is 105 specific recommendations. Forty-two of those recommendations are targeted at conservation. Much has been said by our opponents that the President does not rely heavily enough on conservation. Forty-two of the recommendations are targeted at conservation; 35 recommendations are targeted at energy supply; 25 of the recommendations are targeted at increased energy security; 12 of the recommendations can be done through executive order; 73 of the recommendations are directives to Federal agencies; 20 of the recommendations will require action by this Congress.

Briefly, let me go through the major portions of his recommendations.

First, conservation. He wants to expand government support for programs for conservation, improved energy efficiency for appliances, improved conservation efforts in Federal buildings, and support new fuel-efficient technology for vehicles, buses, transit and other transportations.

In the area of renewable and alternative energies, he wants renewed focus on renewable and alternative energy, reduced delays in geothermal leasing processes, help for communities

that want to use renewable energy, so that they can do so; extend and expand wind and biomass tax credits; a new 15 percent tax credit for residential solar energy. He wants to put $1.2 billion in ANWR proceeds to renewable research, a new tax credit for the purchase of new hybrid or fuel cell vehicles, expand research on hydrogen and fusion energy. It sounds to me like he has concentrated much of his effort on conservation and renewable and alternative energy sources.

In clean-coal technology, President Bush wants to invest $2 billion over the next 10 years in new clean-coal technologies.

In the area of oil and natural gas, he wants to review the impediments to oil and gas leasing on Federal lands; review regulations on outer Continental Shelf energy development; consider additional leases in the national petroleum reserve in Alaska, and work with Congress to look at the possibility of leasing portions of ANWR which were set aside specifically to look for new energy sources, oil and gas, to work with Congress to look at making some leases in those areas of ANWR for oil and gas exploration.

In the area of nuclear energy, he wants to streamline the relicensing of existing nuclear power plants. There are many nuclear power plants that will be up for relicensing in the near future, which may not ask for relicensing because of the cost and time delays necessary to relicense these plants.

Madam Speaker, nuclear energy is truly one of the cleanest and environmentally friendly forms of energy that we can have. With the technologies that are being developed today at the INEEL in Idaho and in Madam Speaker's district in Chicago, they are developing technologies which are reducing the amount of waste that comes from nuclear power plants. If we continue down this road, energy in the United States will be produced, I believe, largely by environmentally friendly nuclear energy.

In the area of hydropower, the administration recognizes the clean air benefits of hydropower. It also has some problems. It dams up rivers, and that causes problems with fish, as we are seeing in the Pacific Northwest. But hydropower in the Pacific Northwest is very important. Eighty-one percent of the Nation's renewable electricity comes from hydropower. Hydropower supplies approximately 70 percent of the electricity in the Pacific Northwest. The administration supports reform of the relicensing process for hydroplants.

Today in Idaho we have a series of dams in the Hell's Canyon complex which have been there for some 30 years. I can understand the length of time it would take to license a new dam. If you have a free-flowing river and you suggest putting a dam in there, you would do substantial environmental studies to see the impacts that dam would have on the environment and the species and so forth. Those dams have been there for 30 years. We are trying to get them relicensed. Idaho Power is. It has taken over 10 years to relicense those dams, and millions and millions of dollars. And the people that are going to pay those dollars are the ratepayers. We need to streamline this relicensing process not only for dams but for transmission lines, for transmission pipelines, for oil and natural gas and other things.

Some people will say that this policy concentrates too much in one area and not enough in another area. I will tell you there are no silver bullets. We cannot conserve our way out of this problem. We cannot find enough oil or natural gas to get ourselves out of this problem. Nuclear power will not do it. It takes a combination of all of the efforts that we can bring to bear on this problem.

Conservation, renewable new sources of energy, new technologies, clean coal, new exploration, and nuclear energy, those are the things that are going to be necessary if we are going to address this energy crisis in the long term. And if we do not address this energy crisis in the long term, it will be back to visit us again.

Madam Speaker, I am glad that we have a President that recognizes the importance of reliable, affordable energy and the impact that it has on our economy, and I look forward to working with him to enact this policy.

CORRECTION OF PROCEEDINGS OF MAY 16, 2001, PAGE H2247

Ms. JACKSON-LEE of Texas. Mr. Chairman, I ask unanimous consent to speak out of order for 1 minute.

The CHAIRMAN pro tempore (Mr. SIMPSON). Is there objection?

Mr. FOLEY. Mr. Chairman, reserving the right to object.

The CHAIRMAN pro tempore. The gentleman from Florida (Mr. FOLEY) reserves the right to object.

Mr. FOLEY. I do, but I would like to hear the pending request from the gentlewoman.

Ms. JACKSON-LEE of Texas. I thank the Chairman very much.

First, let me thank the gentleman from Illinois (Mr. HYDE) and the gentleman from California (Mr. LANTOS), they know that I tried to get an amendment in dealing with the human rights violations of Ethiopia. All I expect to do today is to indicate that thousands of students have been detained and they have been released, but——

Mr. FOLEY. I object.

The CHAIRMAN pro tempore. The gentleman from Florida (Mr. FOLEY) objects.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Ms. KILPATRICK (at the request of Mr. GEPHARDT) for today on account of business in the district.

Mr. GANSKE (at the request of Mr. ARMEY) for today on account of traveling with the President.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BENTSEN) to revise and extend their remarks and include extraneous material:)

Ms. NORTON, for 5 minutes, today.

Mr. SCHIFF, for 5 minutes, today.

Mr. LAMPSON, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. LANGEVIN, for 5 minutes, today.

Mr. ENGEL, for 5 minutes, today.

Mr. PALLONE, for 5 minutes, today.

Mr. BENTSEN, for 5 minutes, today.

ADJOURNMENT

Mr. SIMPSON. Madam Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 57 minutes p.m.), under its previous order, the House adjourned until Monday, May 21, 2001, at 12:30 p.m., for morning hour debates.

OATH OF OFFICE MEMBERS, RESIDENT COMMISSIONER, AND DELEGATES

The oath of office required by the sixth article of the Constitution of the United States, and as provided by section 2 of the act of May 13, 1884 (23 Stat. 22), to be administered to Members, Resident Commissioner, and Delegates of the House of Representatives, the text of which is carried in 5 U.S.C. 3331:

> I, AB, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

has been subscribed to in person and filed in duplicate with the Clerk of the House of Representatives by the following Member of the 107th Congress, pursuant to the provisions of 2 U.S.C. 25:

Honorable BILL SHUSTER, Ninth Pennsylvania.

OATH FOR ACCESS TO CLASSIFIED INFORMATION

Under clause 13 of rule XXIII, the following Members executed the oath for access to classified information:

Neil Abercrombie, Aníbal Acevedo-Vilá, Gary L. Ackerman, Robert B. Aderholt, W. Todd Akin, Thomas H. Allen, Robert E. Andrews, Richard K. Armey, Joe Baca, Spencer Bachus, Brian Baird, Richard H. Baker, John Elias Baldacci, Tammy Baldwin, Cass Ballenger, James A. Barcia, Bob Barr, Roscoe G. Bartlett, Joe Barton, Charles F. Bass, Ken Bentsen, Doug Bereuter, Shelley Berkley, Howard L. Berman, Marion Berry, Judy Biggert, Michael Bilirakis, Sanford D. Bishop, Jr., Rod R. Blagojevich, Earl Blumenauer, Roy Blunt, Sherwood L. Boehlert, John A. Boehner, Henry Bonilla, David E. Bonior, Mary Bono, Robert A. Borski, Leonard L. Boswell, Rick Boucher, Allen Boyd, Kevin Brady, Robert A. Brady, Corrine Brown, Sherrod Brown, Henry E. Brown, Jr., Ed Bryant, Richard Burr, Dan Burton, Steve Buyer, Sonny Callahan, Ken Calvert, Dave Camp, Chris Cannon, Eric Cantor, Shelley Moore Capito, Lois Capps, Michael E. Capuano, Benjamin L. Cardin, Brad Carson, Julia Carson, Michael N. Castle, Steve Chabot, Saxby Chambliss, Donna M. Christensen, Wm. Lacy Clay, Eva M. Clayton, Bob Clement, James E. Clyburn, Howard Coble, Mac Collins, Larry Combest, Gary A. Condit, John Cooksey, Jerry F. Costello, Christopher Cox, William J. Coyne, Robert E. (Bud) Cramer, Jr., Philip M. Crane, Ander Crenshaw, Joseph Crowley, Barbara Cubin, John A. Culberson, Elijah E. Cummings, Randy ''Duke'' Cunningham, Danny K. Davis, Jim Davis, Jo Ann Davis, Susan A. Davis, Tom M. Davis, Nathan Deal, Peter A. DeFazio, Diana DeGette, William D. Delahunt, Rosa L. DeLauro, Tom DeLay, Jim DeMint, Peter Deutsch, Lincoln Diaz-Balart, Norman D. Dicks, John D. Dingell, Lloyd Doggett, Calvin M. Dooley, John T. Doolittle, Michael F. Doyle, David Dreier, John J. Duncan, Jr., Jennifer Dunn, Chet Edwards, Vernon J. Ehlers, Robert L. Ehrlich, Jr., Jo Ann Emerson, Eliot L. Engel, Phil English, Anna G. Eshoo, Bob Etheridge, Lane Evans, Terry Everett, Eni F.H. Faleomavaega, Sam Farr, Chaka Fattah, Mike Ferguson, Bob Filner, Jeff Flake, Ernie Fletcher, Mark Foley, Harold E. Ford, Jr., Vito Fossella, Barney Frank, Rodney P. Frelinghuysen, Martin Frost, Elton Gallegly, Greg Ganske, George W. Gekas, Richard A. Gephardt, Jim Gibbons, Wayne T. Gilchrest, Paul E. Gillmor, Benjamin A. Gilman, Charles A. Gonzalez, Virgil H. Goode, Jr., Bob Goodlatte, Bart Gordon, Porter J. Goss, Lindsey O. Graham, Kay Granger, Sam Graves, Gene Green, Mark Green, James C. Greenwood, Felix J. Grucci, Jr., Gil Gutknecht, Ralph M. Hall, Tony P. Hall, James V. Hansen, Jane Harman, Melissa A. Hart, J. Dennis Hastert, Alcee L. Hastings, Doc Hastings, Robin Hayes, J. D. Hayworth, Joel Hefley, Wally Herger, Baron P. Hill, Van Hilleary, Earl F. Hilliard, Maurice D. Hinchey, David L. Hobson, Joseph M. Hoeffel, Peter Hoekstra, Tim Holden, Rush D. Holt, Michael M. Honda, Darlene Hooley, Stephen Horn, John N. Hostettler, Amo Houghton, Steny H. Hoyer, Kenny C. Hulshof, Duncan Hunter, Asa Hutchinson, Henry J. Hyde, Jay Inslee, Johnny Isakson, Steve Israel, Darrell E. Issa, Ernest J. Istook, Jr., Jesse L. Jackson, Jr., Sheila Jackson-Lee, William J. Jefferson, William L. Jenkins, Christopher John, Eddie Bernice Johnson, Nancy L. Johnson, Sam Johnson, Timothy V. Johnson, Stephanie Tubbs Jones, Walter B. Jones, Paul E. Kanjorski, Marcy Kaptur, Ric Keller, Sue W. Kelly, Mark R. Kennedy, Patrick J. Kennedy, Brian D. Kerns, Dale E. Kildee, Carolyn C. Kilpatrick, Ron Kind, Peter T. King, Jack Kingston, Mark Steven Kirk, Gerald D. Kleczka, Joe Knollenberg, Jim Kolbe, Dennis J. Kucinich, John J. LaFalce, Ray LaHood, Nick Lampson, James R. Langevin, Tom Lantos, Steve Largent, Rick Larsen, John B. Larson, Tom Latham, Steven C. LaTourette, James A. Leach, Barbara Lee, Sander M. Levin, Jerry Lewis, John Lewis, Ron Lewis, John Linder, William O. Lipinski, Frank A. LoBiondo, Zoe Lofgren, Nita M. Lowey, Frank D. Lucas, Ken Lucas, Bill Luther, Carolyn B. Maloney, James H. Maloney, Donald A. Manzullo, Edward J. Markey, Frank Mascara, Jim Matheson, Robert T. Matsui, Carolyn McCarthy, Karen McCarthy, Betty McCollum, Jim McCrery, John M. McHugh, Scott McInnis, Mike McIntyre, Howard P. McKeon, Cynthia A. McKinney, Michael R. McNulty, Martin T. Meehan, Carrie P. Meek, Gregory W. Meeks, Robert Menendez, John L. Mica, Juanita Millender-McDonald, Dan Miller, Gary G. Miller, Patsy T. Mink, John Joseph Moakley, Alan B. Mollohan, Dennis Moore, James P. Moran, Jerry Moran, Constance A. Morella, John P. Murtha, Sue Wilkins Myrick, Jerrold Nadler, Grace F. Napolitano, Richard E. Neal, George R. Nethercutt, Jr., Robert W. Ney, Anne M. Northup, Eleanor Holmes Norton, Charlie Norwood, Jim Nussle, James L. Oberstar, David R. Obey, John W. Olver, Solomon P. Ortiz, Tom Osborne, Doug Ose, C.L. Otter, Major R. Owens, Michael G. Oxley, Frank Pallone, Jr., Bill Pascrell, Jr., Ed Pastor, Ron Paul, Nancy Pelosi, Mike Pence, Collin C. Peterson, John E. Peterson, Thomas E. Petri, David D. Phelps, Charles W. Pickering, Joseph R. Pitts, Todd Russell Platts, Richard W. Pombo, Earl Pomeroy, Rob Portman, David E. Price, Deborah Pryce, Adam H. Putnam, Jack Quinn, George Radanovich, Nick J. Rahall, II, Jim Ramstad, Charles B. Rangel, Ralph Regula, Dennis R. Rehberg, Silvestre Reyes, Thomas M. Reynolds, Bob Riley, Lynn N. Rivers, Ciro D. Rodriguez, Tim Roemer, Harold Rogers, Mike Rogers, Dana Rohrabacher, Ileana Ros-Lehtinen, Mike Ross, Steven R. Rothman, Marge Roukema, Edward R. Royce, Bobby L. Rush, Paul Ryan, Jim Ryun, Martin Olav Sabo, Loretta Sanchez, Bernard Sanders, Max Sandlin, Tom Sawyer, Jim Saxton, Joe Scarborough, Bob Schaffer, Janice D. Schakowsky, Adam B. Schiff, Edward L. Schrock, Robert C. Scott, F. James Sensenbrenner, Jr., José E. Serrano, Pete Sessions, John B. Shadegg, E. Clay Shaw, Jr., Christopher Shays, Brad Sherman, Don Sherwood, John Shimkus, Ronnie Shows, Rob Simmons, Michael K. Simpson, Norman Sisisky, Joe Skeen, Ike Skelton, Louise McIntosh Slaughter, Adam Smith, Christopher H. Smith, Lamar S. Smith, Nick Smith, Vic Snyder, Mark E. Souder, Floyd Spence, John N. Spratt, Jr., Cliff Stearns, Charles W. Stenholm, Ted Strickland, Bob Stump, Bart Stupak, John E. Sununu, John E. Sweeney, Thomas G. Tancredo, John S. Tanner, Ellen O. Tauscher, W.J. (Billy) Tauzin, Charles H. Taylor, Gene Taylor, Lee Terry, William M. Thomas, Bennie G. Thompson, Mike Thompson, Mac Thornberry, John R. Thune, Karen L. Thurman, Todd Tiahrt, Patrick J. Tiberi, John F. Tierney, Patrick J. Toomey, James A. Traficant, Jr., Jim Turner, Mark Udall, Robert A. Underwood, Fred Upton, Nydia M. Velázquez, Peter J. Visclosky, David Vitter, Greg Walden, James T. Walsh, Zach Wamp, Maxine Waters, Wes Watkins, Melvin L. Watt, J.C. Watts, Jr., Henry A. Waxman, Anthony D. Weiner, Curt Weldon, Dave Weldon, Jerry Weller, Robert Wexler, Ed Whitfield, Roger F. Wicker, Heather Wilson, Frank R. Wolf, Lynn C. Woolsey, Albert Russell Wynn, C.W. Bill Young, Don Young.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

1965. A letter from the the Director, the Office of Management and Budget, transmitting the cumulative report on rescissions and deferrals of budget authority as of May 1, 2001, pursuant to 2 U.S.C. 685(e); (H. Doc. No. 107–72); to the Committee on Appropriations and ordered to be printed.

1966. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving U.S. exports to Venezuela, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Financial Services.

1967. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Changes in Flood Elevation Determinations [Docket No. FEMA–7320] received May 15, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

1968. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Changes in Flood Elevation Determinations [Docket No. FEMA–D–7503] received May 15, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

1969. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—National Flood Insurance Program (NFIP); Letter of Map Revision and Letter of Map Revision Based on Fill Requests (RIN: 3067–AD13) received May 15, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

1970. A letter from the General Counsel, Federal Emergency Management Agency, transmitting the Agency's final rule—Suspension of Community Eligibility [Docket No. FEMA–7761] received May 15, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

1971. A letter from the Acting Chairman, National Credit Union Administration, transmitting notification that the Administration is establishing and adjusting schedules of compensation; to the Committee on Financial Services.

1972. A letter from the Regulations Coordinator, Department of Health and Human Services, transmitting the Department's final rule—Runaway and Homeless Youth Program (RIN: 0970–AC04) received May 15, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Education and the Workforce.

1973. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Final Effective Date Modification for the Determination of Nonattainment as of November 15, 1996, and Reclassification of the St. Louis Ozone Nonattainment Area; States of Missouri and Illinois [FRL–6980–7] received May 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

1974. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation

of Implementation Plans; State of Missouri [MO 121–1121; FRL–6980–8] received May 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

1975. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Air Quality Implementation Plans; Delaware; Nitrogen Oxides Budget Trading Program [DE 054–1031a; FRL–6981–4] received May 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

1976. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Determination of Attainment of the NAAQS for PM–10 in the Weirton, West Virginia Nonattainment Area [WV057–6016; FRL–6979–8] received May 11, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

1977. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting presidential certification and a memorandum of justification to permit U.S. contributions to the International Fund for Ireland with FY 2000 and 2001 Funds; to the Committee on International Relations.

1978. A letter from the Deputy Associate Administrator, Office of Acquisition Policy, General Services Administration, transmitting the Administration's final rule—Federal Acquisition Regulation; Electronic and Information Technology Accessibility [FAC 97–27; FAR Case 1999–607] (RIN: 9000–AI69) received May 1, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

1979. A letter from the Director, Selective Service System, transmitting the Performance Measurement Plan for FY 2002; to the Committee on Government Reform.

1980. A letter from the Director, Selective Service System, transmitting the FY 2000 Performance Report; to the Committee on Government Reform.

1981. A letter from the Secretary, Department of the Interior, transmitting the Department's report on the administration of the Marine Mammal Protection Act of 1972, pursuant to 16 U.S.C. 1373(f); to the Committee on Resources.

1982. A letter from the Acting Director, Office of Surface Mining, Department of the Interior, transmitting the Department's final rule—North Dakota Regulatory Program [ND–040–FOR; North Dakota State Program Amendment XXIX] received May 14, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

1983. A letter from the Acting Assistant Administrator for Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Final 2001 Specifications for the Atlantic Bluefish Fishery; Regulatory Amendment [Docket No. 010208032–1109–02; I.D. 121200L] (RIN: 0648–AM47) received May 14, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

1984. A letter from the Acting Assistant Administrator for Fisheries, NMFS, National Oceanic and Atmospheric Administration, transmitting the Administration's final rule—Fisheries of the Northeastern United States; Spiny Dogfish Fishery; 2001 Specifications [Docket No. 010319071–1103–02; I.D. 030101H] (RIN: 0648–AN71) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

1985. A letter from the Director, Federal Emergency Management Agency, transmitting notification that funding under title V of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, will exceed $5 million for the response to the emergency declared on January 24, 2001 as a result of snow which severely impacted the State of Wisconsin on December 11–31, 2000, pursuant to 42 U.S.C. 5193; to the Committee on Transportation and Infrastructure.

1986. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Pratt and Whitney PW4000 Series Turbofan Engines [Docket No. 2001–NE–09; Amendment 39–12212; AD 2001–08–52] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1987. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Dornier Model 328–300 Series Airplanes Equipped with Motive Flow Check Valves Having Part Number 106–0007–01 [Docket No. 2001–NM–45–AD; Amendment 39–12209; AD 2001–09–04] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1988. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A330 and A340 Series Airplanes [Docket No. 2000–NM–352–AD; Amendment 39–12214; AD 2001–09–09] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1989. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Sikorsky Aircraft Corporation Model S–76A Helicopters [Docket No. 2000–SW–40–AD; Amendment 39–12216; AD 94–14–20 R1] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1990. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 707 and 720 Series Airplanes [Docket No. 2001–NM–42–AD; Amendment 39–12179; AD 2001–08–02] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1991. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Gulfstream Model G–1159, G–1159A, G–1159B, G–IV and G–V Series Airplanes [Docket No. 2001–NM–83–AD; Amendment 39–12191; AD 2001–08–13] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1992. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–8 Series Airplanes [Docket No. 99–NM–275–AD; Amendment 39–12196; AD 2001–08–19] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1993. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–8 Series Airplanes [Docket No. 99–NM–274–AD; Amendment 39–12195; AD 2001–08–18] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1994. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; McDonnell Douglas Model DC–8 Series Airplanes [Docket No. 99–NM–273–AD; Amendment 39–12194; AD 2001–08–17] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1995. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A340 Series Airplanes Equipped with CFM International CFM56–5C Engines [Docket No. 2000–NM–180–AD; Amendment 39–12189; AD 2001–08–12] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1996. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 777–200 Series Airplanes [Docket No. 2001–NM–73–AD; Amendment 39–12180; AD 2001–08–03] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1997. A letter from the Regulations Officer, FHA, Department of Transportation, transmitting the Department's final rule—Federal-Aid Project Agreement [FHWA Docket No. 2000–7426] (RIN: 2125–AE77) received May 14, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1998. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Boeing Model 757–200, and –300 Series Airplanes [Docket No. 99–NM–124–AD; Amendment 39–12206; AD 2001–09–01] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

1999. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; JanAero Devices 14D11 and 23D04 Series Fuel Regulator and Shutoff Valves [Docket No. 2001–CE–02–AD; Amendment 39–12178; AD 2001–08–01] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2000. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; Airbus Model A300 B4–620, A310–203, A310–221, and A310–222 Series Airplanes (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2001. A letter from the Program Analyst, FAA, Department of Transportation, transmitting the Department's final rule—Airworthiness Directives; MD Helicopters Inc. Model MD–900 Helicopters [Docket No. 2000–SW–15–AD; Amendment 39–12175; AD 2001–07–09] (RIN: 2120–AA64) received May 10, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2002. A letter from the Director, Office of Regulations Management, Veterans Benefits Administration, Department of Veterans' Affairs, transmitting the Department's final rule—U.S. Flags for Burials of Certain Members of the Selected Reserve (RIN: 2900–AK56) received May 15, 2000, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Veterans' Affairs.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions of the following titles were introduced and severally referred, as follows:

By Mr. GEKAS (for himself, Mr. SENSENBRENNER, Mr. KING, and Ms. ROS-LEHTINEN):

H.R. 1885. A bill to expand the class of beneficiaries who may apply for adjustment of status under section 245(i) of the Immigration and Nationality Act by extending the deadline for classification petition and labor certification filings, and for other purposes; to the Committee on the Judiciary.

By Mr. COBLE:

H.R. 1886. A bill to amend title 35, United States Code, to provide for appeals by third parties in certain patent reexamination proceedings; to the Committee on the Judiciary.

By Mrs. MORELLA (for herself, Mr. TOM DAVIS of Virginia, Mr. HOYER, Mr. MORAN of Virginia, Mr. PLATTS, and Mrs. MINK of Hawaii):

H.R. 1887. A bill to amend the Law Enforcement Pay Equity Act of 2000 to permit certain annuitants of the retirement programs of the United States Park Police and United States Secret Service Uniformed Division to receive the adjustments in pension benefits to which such annuitants would otherwise be entitled as a result of the conversion of members of the United States Park Police and United States Secret Service Uniformed Division to a new salary schedule under the amendments made by such Act; to the Committee on Government Reform.

By Mr. ANDREWS:

H.R. 1888. A bill to eliminate corporate welfare; to the Committee on Ways and Means, and in addition to the Committees on Resources, Agriculture, Energy and Commerce, Transportation and Infrastructure, and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BARCIA (for himself and Mr. WU):

H.R. 1889. A bill to improve the utilization of educational technologies in elementary and secondary education by creating an educational technology extension service; to the Committee on Science, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ISTOOK (for himself, Mr. CUNNINGHAM, Mr. MILLER of Florida, Mrs. NORTHUP, and Mr. WICKER):

H.R. 1890. A bill to amend the National Labor Relations Act to provide for inflation adjustments to the mandatory jurisdiction thresholds of the National Labor Relations Board; to the Committee on Education and the Workforce.

By Mr. BRYANT (for himself and Mr. GORDON):

H.R. 1891. A bill to amend section 211 of the Clean Air Act to eliminate the phase-in period for the reduction of sulfur content in diesel fuel; to the Committee on Energy and Commerce.

By Mr. CALVERT (for himself, Mr. ISSA, Ms. WOOLSEY, Ms. LOFGREN, Mr. FRANK, Mr. SMITH of New Jersey, Mr. TERRY, Mr. KUCINICH, Mr. CANNON, Ms. ROYBAL-ALLARD, Mrs. CLAYTON, Mr. LEWIS of California, and Mr. CRANE):

H.R. 1892. A bill to amend the Immigration and Nationality Act to provide for the acceptance of an affidavit of support from another eligible sponsor if the original sponsor has died and the Attorney General has determined for humanitarian reasons that the original sponsor's classification petition should not be revoked; to the Committee on the Judiciary.

By Mrs. CLAYTON (for herself and Ms. CARSON of Indiana):

H.R. 1893. A bill to direct the Secretary of Education to conduct a study of the relative value of General Equivalency Diplomas and a review of policies and procedures to determine how the Department of Education can better serve the Nation's educational needs, and for other purposes; to the Committee on Education and the Workforce.

By Mrs. CLAYTON (for herself, Mrs. EMERSON, Mr. PAYNE, Mr. BEREUTER, Ms. KAPTUR, Mr. LEACH, Ms. PELOSI, Mr. OSBORNE, Ms. ROYBAL-ALLARD, Mr. GILMAN, Mr. SERRANO, Mr. BOEHLERT, Mr. BISHOP, Mrs. MORELLA, Mr. BALDACCI, Mr. HOUGHTON, and Mr. HASTINGS of Florida):

H.R. 1894. A bill to supplement current activities in the exchange of agricultural and farming expertise by establishing a grant program to support bilateral exchange programs whereby African American and other American farmers share technical knowledge with African and Caribbean Basin farmers regarding maximization of crop yields, use of risk management tools, expansion of agricultural trade, use of new financial instruments to increase access to credit, and other ways to improve farming methods, and for other purposes; to the Committee on Agriculture, and in addition to the Committee on International Relations, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. COLLINS (for himself, Mr. CARDIN, Mr. UDALL of Colorado, Mr. SAM JOHNSON of Texas, Mr. BLUNT, Mr. RAMSTAD, Mr. HORN, Mr. SHOWS, and Mr. MILLER of Florida):

H.R. 1895. A bill to amend the Internal Revenue Code of 1986 to establish a 2-year recovery period for depreciation of computers and peripheral equipment used in manufacturing; to the Committee on Ways and Means.

By Mr. DOOLEY of California:

H.R. 1896. A bill to provide assistance to States to expand and establish drug abuse treatment programs to enable such programs to provide services to individuals who voluntarily seek treatment for drug abuse; to the Committee on Energy and Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ENGEL (for himself, Mrs. BONO, and Mrs. MCCARTHY of New York):

H.R. 1897. A bill to amend the Public Health Service Act and the Internal Revenue Code to help solve the worsening shortage of registered nurses in hospitals and continuing care settings, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. FLAKE:

H.R. 1898. A bill to amend the Arms Export Control Act to update the export licensing requirements under that Act, and for other purposes; to the Committee on International Relations.

By Mr. GILLMOR (for himself, Mr. BEREUTER, Mrs. JONES of Ohio, and Mr. NEY):

H.R. 1899. A bill to amend the Federal Deposit Insurance Act with respect to municipal deposits; to the Committee on Financial Services.

By Mr. GREENWOOD (for himself and Mr. SCOTT):

H.R. 1900. A bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide quality prevention programs and accountability programs relating to juvenile delinquency, and for other purposes; to the Committee on Education and the Workforce.

By Mr. KIND:

H.R. 1901. A bill to modify the manner in which the wage index adjustment to payments under the Medicare Program to hospitals for inpatient hospital services is calculated; to the Committee on Ways and Means.

By Mr. LANGEVIN (for himself, Mr. KENNEDY of Rhode Island, and Mr. FRANK):

H.R. 1902. A bill to amend the Fair Labor Standards Act of 1938 to prohibit forced overtime hours for certain health care employees who provide care to patients; to the Committee on Education and the Workforce.

By Mr. LANGEVIN (for himself, Mr. LANTOS, and Mr. BRADY of Pennsylvania):

H.R. 1903. A bill to establish a demonstration grant program to assist States in providing subsidies for group health insurance premiums for low-income, Medicaid-eligible individuals; to the Committee on Energy and Commerce.

By Ms. LOFGREN (for herself and Mr. CANNON):

H.R. 1904. A bill to establish an Office of Children's Services within the Department of Justice to coordinate and implement Government actions involving unaccompanied alien children, and for other purposes; to the Committee on the Judiciary.

By Mr. MALONEY of Connecticut:

H.R. 1905. A bill to amend title XVIII of the Social Security Act to assure access of Medicare beneficiaries to prescription drug coverage through the NICE drug benefit program; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. MINK of Hawaii (for herself and Mr. ABERCROMBIE):

H.R. 1906. A bill to amend the Act that established the Pu'uhonua O Honaunau National Historical Park to expand the boundaries of that park; to the Committee on Resources.

By Ms. NORTON (for herself, Mr. ACEVEDO-VILA, Mr. BACA, Mr. BISHOP, Ms. BROWN of Florida, Ms. CARSON of Indiana, Mrs. CHRISTENSEN, Mr. CLAY, Mrs. CLAYTON, Mr. CLYBURN, Mr.

CUMMINGS, Mr. DAVIS of Illinois, Mr. FATTAH, Mr. FORD, Mr. HASTINGS of Florida, Mr. HILLIARD, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Mr. JEFFERSON, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. KILPATRICK, Ms. LEE, Mr. LEWIS of Georgia, Ms. MCKINNEY, Mrs. MEEK of Florida, Mr. MEEKS of New York, Mr. MENENDEZ, Ms. MILLENDER-MCDONALD, Mr. OWENS, Mr. PAYNE, Mr. RANGEL, Mr. RUSH, Mr. SCOTT, Mr. THOMPSON of Mississippi, Mr. TOWNS, Mrs. JONES of Ohio, Mr. UNDERWOOD, Ms. WATERS, Mr. WATT of North Carolina, and Mr. WYNN):

H.R. 1907. A bill to amend title 23, United States Code, to require States to adopt and enforce standards that prohibit the use of racial profiling in the enforcement of State laws regulating the use of Federal-aid highways, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. NUSSLE (for himself, Mr. POMEROY, and Mr. RAMSTAD):

H.R. 1908. A bill to amend the Internal Revenue Code of 1986 to clarify the exemption from tax for small property and casualty insurance companies; to the Committee on Ways and Means.

By Mr. RANGEL (for himself, Mr. CARDIN, Mr. COYNE, Mr. MCNULTY, Mrs. THURMAN, and Mr. STARK):

H.R. 1909. A bill to amend part B of title IV of the Social Security Act to create a grant program to promote joint activities among Federal, State, and local public child welfare and alcohol and drug abuse prevention and treatment agencies; to the Committee on Ways and Means.

By Mr. SAXTON:

H.R. 1910. A bill to deny Federal public benefits to individuals who were participants in Nazi persecution; to the Committee on the Judiciary, and in addition to the Committee on Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SAXTON (for himself, Mr. MORAN of Kansas, Mr. ANDREWS, Mr. LOBIONDO, and Mr. KING):

H.R. 1911. A bill to establish a demonstration project to provide for Medicare reimbursement for health care services provided to certain Medicare-eligible veterans in selected facilities of the Department of Veterans Affairs; to the Committee on Ways and Means, and in addition to the Committees on Veterans' Affairs, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SIMMONS:

H.R. 1912. A bill to amend the Individuals with Disabilities Education Act to provide full funding for assistance for education of all children with disabilities; to the Committee on Education and the Workforce.

By Mr. SKEEN:

H.R. 1913. A bill to require the valuation of nontribal interest ownership of subsurface rights within the boundaries of the Acoma Indian Reservation, and for other purposes; to the Committee on Resources.

By Mr. SMITH of Michigan (for himself and Ms. BALDWIN):

H.R. 1914. A bill to extend for 4 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted; to the Committee on the Judiciary.

By Mr. SMITH of Michigan:

H.R. 1915. A bill to amend the Internal Revenue Code of 1986 to suspend for six months the 4.3 cent increase in motor fuel taxes enacted in 1993; to the Committee on Ways and Means.

By Mr. WAMP (for himself and Mr. STUPAK):

H.R. 1916. A bill to provide for the establishment, use, and enforcement of a consistent and comprehensive system for labeling violent content in audio and visual media products; to the Committee on Energy and Commerce.

By Mr. LANGEVIN (for himself, Mr. FRANK, and Mr. WEXLER):

H.J. Res. 49. A joint resolution requiring a study and report on reducing discriminatory pricing of health services for the uninsured to improve access to needed health care services; to the Committee on Energy and Commerce.

By Mr. SUNUNU (for himself, Mr. BASS, Mr. BALDACCI, and Mr. ALLEN):

H. Con. Res. 137. Concurrent resolution honoring the 129 sailors and civilians lost aboard the U.S.S. Thresher on April 10, 1963, and urging the Secretary of the Army to erect a memorial to this tragedy in Arlington National Cemetery; to the Committee on Armed Services, and in addition to the Committee on Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. OSE:

H. Con. Res. 138. Concurrent resolution supporting the goals and ideas of National Community Residential Care Month; to the Committee on Government Reform.

By Mr. JONES of North Carolina:

H. Res. 144. A resolution expressing the sense of the House of Representatives that bonuses for managerial personnel of the United States Postal Service should not be awarded in any year in which the Postal Service anticipates that it will operate at a deficit or in which a general increase in postal rates has been requested, has gone into effect, or is likely to become effective; to the Committee on Government Reform.

ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 13: Mr. SHAW, Ms. MCKINNEY, Mr. LEWIS of Kentucky, Mr. DEFAZIO, and Mr. HERGER.

H.R. 31: Mr. FLAKE.

H.R. 94: Mrs. CHRISTENSEN.

H.R. 144: Mr. ABERCROMBIE.

H.R. 157: Mr. VISCLOSKY.

H.R. 168: Mr. TERRY.

H.R. 192: Mr. SHADEGG.

H.R. 214: Mrs. CHRISTENSEN.

H.R. 239: Mrs. MALONEY of New York, Mr. LEACH, Mrs. BIGGERT, Mr. WELDON of Pennsylvania, Mr. ROHRABACHER, Mrs. CAPPS, and Ms. DEGETTE.

H.R. 296: Mr. BARRETT.

H.R. 300: Mr. TERRY.

H.R. 326: Mr. BROWN of Ohio and Mr. STRICKLAND.

H.R. 396: Mr. MURTHA.

H.R. 425: Mr. FRANK.

H.R. 436: Mr. SCHIFF.

H.R. 460: Ms. WOOLSEY.

H.R. 476: Mr. HOSTETTLER.

H.R. 477: Mr. LANGEVIN, Mr. BONIOR, and Mr. FERGUSON.

H.R. 518: Mr. HOBSON.

H.R. 526: Mrs. NAPOLITANO and Mr. MASCARA.

H.R. 527: Mr. LINDER, Mr. TIAHRT, and Mr. BACHUS.

H.R. 572: Mr. WELDON of Florida and Mr. SMITH of New Jersey.

H.R. 598: Mr. CROWLEY and Mr. GUTIERREZ.

H.R. 606: Mr. LARSEN of Washington and Mr. ORTIZ.

H.R. 610: Mr. JOHNSON of Illinois.

H.R. 638: Mrs. MALONEY of New York.

H.R. 677: Mr. VISCLOSKY and Mr. MCHUGH.

H.R. 687: Mr. MURTHA.

H.R. 690: Mr. PALLONE.

H.R. 716: Mr. THOMPSON of Mississippi and Mr. CANTOR.

H.R. 718: Ms. JACKSON-LEE of Texas.

H.R. 746: Mr. GOODLATTE and Ms. CARSON of Indiana.

H.R. 781: Mr. BRADY of Pennsylvania, Mr. CONDIT, Mr. ACKERMAN, Mr. THOMPSON of Mississippi, Mr. SMITH of Washington, Mr. NEAL of Massachusetts, Mr. RAHALL, Mr. SKELTON and Mr. LAFALCE.

H.R. 794: Mr. BARCIA, Mr. THORNBERRY, Mr. CRAMER, and Mr. HINOJOSA.

H.R. 808: Mr. WELDON of Pennsylvania, Mr. BOEHLERT, Mr. HONDA, Mr. BENTSEN, Mr. UDALL of New Mexico, Mr. EHRLICH, Ms. PELOSI, Mr. THOMPSON of California, Mr. TANNER, Mr. PLATTS, and Mr. HINOJOSA.

H.R. 822: Mrs. MCCARTHY of New York.

H.R. 826: Mr. GREEN of Wisconsin, Mr. MCHUGH, and Mr. GRAHAM.

H.R. 830: Mr. LARGENT, Mr. FALEOMAVAEGA, Ms. SANCHEZ, and Mr. SCHROCK.

H.R. 848: Mr. COYNE, Mrs. NAPOLITANO, Ms. NORTON, Mr. DOOLEY of California, Mr. HINOJOSA, Mr. WAXMAN, Mr. PRICE of North Carolina, Mr. TURNER, and Mr. GEORGE MILLER of California.

H.R. 876: Mr. JEFFERSON and Mr. SHERMAN.

H.R. 902: Mr. SMITH of Washington, Mr. CANTOR, and Mr. STRICKLAND.

H.R. 909: Mr. WATKINS.

H.R. 912: Ms. DUNN and Mr. ROHRABACHER.

H.R. 914: Mr. BARTLETT of Maryland.

H.R. 917: Mrs. MCCARTHY of New York.

H.R. 921: Mr. KOLBE and Mrs. CHRISTENSEN.

H.R. 951: Mr. BAKER, Mr. CARSON of Oklahoma, Mr. CRAMER, Mr. TOWNS, Mr. SCHROCK, Mrs. WILSON, Mr. OTTER, Mr. CRANE, Mr. WOLF, and Mrs. MYRICK.

H.R. 968: Mr. KING, Mr. HONDA, Mr. CALLAHAN, Mr. CAMP, and Mr. GOODLATTE.

H.R. 975: Mr. OBERSTAR, Mrs. MALONEY of New York, Mrs. CHRISTENSEN, and Mr. SWEENEY.

H.R. 990: Mrs. CLAYTON, Mr. KILDEE, Mr. PLATTS, Mr. LATOURETTE, and Mr. KOLBE.

H.R. 1004: Mr. MCGOVERN and Mr. HASTINGS of Florida.

H.R. 1011: Mr. CLEMENT, Mr. SKEEN, and Mr. BALDACCI.

H.R. 1012: Mrs. JO ANN DAVIS of Virginia, Mr. UPTON, Mr. MCGOVERN, and Mr. PASCRELL.

H.R. 1013: Mr. FROST.

H.R. 1020: Mr. LUCAS of Oklahoma, Mr. JOHNSON of Illinois, Mr. SCHAFFER, Mr. SNYDER, Mr. COSTELLO, Mr. KENNEDY of Minnesota, Mr. BEREUTER, Mr. BOSWELL, Mr. HUTCHINSON, Mr. MCINTYRE, Mr. LOBIONDO, Mr. HOEFFEL, and Mr. THOMPSON of California.

H.R. 1041: Mr. PLATTS, Mrs. JOHNSON of Connecticut, and Mr. GREENWOOD.

H.R. 1052: Mr. WAXMAN.

H.R. 1055: Mr. KUCINICH.

H.R. 1056: Mr. KUCINICH.

H.R. 1057: Mr. KUCINICH.

H.R. 1058: Mr. KUCINICH.

H.R. 1059: Mr. KUCINICH.

H.R. 1060: Ms. SANCHEZ, Mrs. CLAYTON, and Mr. KUCINICH.

H.R. 1061: Mr. KUCINICH.

H.R. 1097: Mr. BOSWELL.

H.R. 1102: Mr. WATTS of Oklahoma, Mr. CHAMBLISS, Mr. BACHUS, Mr. ISAKSON, Mr. NORWOOD, Mr. CALLAHAN, and Mr. SPRATT.

H.R. 1110: Mr. LARGENT and Mr. TURNER.

H.R. 1143: Mr. OLVER, Mr. CROWLEY, Mr. MORAN of Virginia, Mr. HASTINGS of Florida, and Mr. SMITH of Washington.

H.R. 1192: Mr. BOSWELL.

H.R. 1198: Mr. DAVIS of Illinois, Mrs. MINK of Hawaii, Mr. TOWNS, Ms. MCKINNEY, Mr. STARK, and Mr. WU.

H.R. 1214: Mrs. JOHNSON of Connecticut and Mr. CRAMER.

H.R. 1266: Mr. PRICE of North Carolina.

H.R. 1273: Mr. MCINNIS, Mr. ROGERS of Kentucky, and Mr. WELDON of Florida.

H.R. 1296: Mr. SANDERS, Mr. REYES, Mr. BENTSEN, Mr. EDWARDS, Mrs. MORELLA, and Mr. JOHN.

H.R. 1304: Mr. RADANOVICH and Mr. FILNER.

H.R. 1305: Mr. CRAMER, Mr. HILLIARD, Mr. YOUNG of Alaska, and Mr. WHITFIELD.

H.R. 1329: Mr. GORDON.

H.R. 1344: Mr. CAPUANO and Mr. THOMPSON of California.

H.R. 1354: Mr. EVANS and Mrs. MINK of Hawaii.

H.R. 1363: Mr. KENNEDY of Rhode Island.

H.R. 1366: Mr. MCKEON, Mr. GALLEGLY, and Mr. POMBO.

H.R. 1367: Mr. HAYES.

H.R. 1383: Ms. WOOLSEY, Mr. GEORGE MILLER of California, Mr. LARGENT, Mr. PUTNAM, Mr. HONDA, Mrs. WILSON, Ms. SLAUGHTER, Ms. PELOSI, Ms. ROYBAL-ALLARD, Mr. SMITH of Washington, Mr. INSLEE, Ms. BROWN of Florida, Mr. BACA, Mr. NETHERCUTT, Mr. DINGELL, Mr. RANGEL, Ms. KILPATRICK, Mr. MATHESON, Mr. BARRETT, Mr. BLUMENAUER, Mr. RAHALL, Mr. MATSUI, Mr. TIERNEY, Mr. SANDLIN, Mr. SHERMAN, Mr. LARSEN of Washington, Mr. HINOJOSA, Ms. NORTON, Ms. SOLIS, Mr. GONZALEZ, Mr. BAIRD, and Mr. FILNER.

H.R. 1411: Mr. RAMSTAD.

H.R. 1436: Ms. KILPATRICK, Mr. FOLEY, Ms. WOOSLEY, Mr. SAWYER, Ms. MCCARTHY of Missouri, Mr. WAXMAN, Mr. OWENS, Mr. BOUCHER, Mr. CROWLEY, Mrs. THURMAN, Mr. COOKSEY, Mr. MORAN of Virginia, Mrs. TAUSCHER, Mr. LIPINSKI, Mr. EVANS, Ms. BALDWIN, Mrs. MORELLA, Mr. STRICKLAND, Mr. KUCINICH, Ms. NORTON, Mrs. DAVIS of California, Mr. KING, Ms. MCCOLLUM, and Mr. BAIRD.

H.R. 1466: Mr. TIBERI, Mr. FOSSELLA, and Mr. TIAHRT.

H.R. 1490: Mr. RAHALL, Mr. MORAN of Virginia, Mr. ALLEN, Mrs. MCCARTHY of New York, Mr. HILLEARY, Mr. TIERNEY, and Mr. OLVER.

H.R. 1494: Mr. LAFALCE.

H.R. 1504: Mrs. TAUSCHER, Mr. FROST, and Mr. KIRK.

H.R. 1506: Mr. BOUCHER.

H.R. 1507: Mr. BLUNT, Mr. MALONEY of Connecticut, Mr. BALDACCI, Mr. GUTKNECHT, Mr. HUTCHINSON, and Mr. SHADEGG.

H.R. 1509: Mr. BROWN of Ohio and Ms. RIVERS.

H.R. 1536: Ms. HARMAN, Mr. CLEMENT, Ms. SOLIS, and Mr. STRICKLAND.

H.R. 1581: Mr. CRANE, Mr. MICA, and Mr. ABERCROMBIE.

H.R. 1585: Mrs. THURMAN, Mr. FROST, Mr. CLYBURN, Ms. CARSON of Indiana and Ms. ROYBAL-ALLARD.

H.R. 1587: Mr. BONIOR, Mr. ACEVEDO-VILÁ, Mr. COSTELLO, and Ms. HARMAN.

H.R. 1594: Ms. MCCOLLUM, Mr. UDALL of Colorado, and Mr. OLVER.

H.R. 1596: Mrs. CLAYTON, Mr. TERRY, Mr. KOLBE, Mrs. MINK of Hawaii, Mr. SHOWS, and Mrs. TAUSCHER.

H.R. 1598: Ms. ESHOO, Mr. GREENWOOD, and Mr. KUCINICH.

H.R. 1600: Mr. CARDIN.

H.R. 1601: Mr. UDALL of Colorado and Mrs. CUBIN.

H.R. 1605: Mrs. THURMAN and Mr. DEUTSCH.

H.R. 1613: Mr. WATT of North Carolina, Mr. SCHIFF, and Mr. LOBIONDO.

H.R. 1620: Ms. HARMAN and Mr. ANDREWS.

H.R. 1621: Mr. LANTOS.

H.R. 1626: Mrs. THURMAN.

H.R. 1642: Mr. OWENS, Mr. BROWN of Ohio, Mr. OBERSTAR, Mr. LEWIS of Georgia, Mr. BRADY of Pennsylvania, Mr. COSTELLO, Mr. MORAN of Virginia, Mr. CUMMINGS, Mr. TIERNEY, Ms. RIVERS, and Mr. HINOJOSA.

H.R. 1644: Mr. BRYANT, Mr. LAFALCE, Mr. HILLEARY, Mr. SCHAFFER, Mr. BARTON of Texas, Mr. BARR of Georgia, and Mr. GOODLATTE.

H.R. 1650: Mr. JACKSON of Illinois.

H.R. 1663: Mr. MCNULTY, Mr. FRANK, and Mr. MCGOVERN.

H.R. 1667: Mr. BONIOR, Mr. KILDEE, and Mr. CONYERS.

H.R. 1690: Mr. HASTINGS of Florida, Ms. BROWN of Florida, and Mr. WYNN.

H.R. 1699: Mr. BAKER, Mr. BROWN of South Carolina, Mr. COOKSEY, Mr. DEFAZIO, Mr. GILCHREST, Mr. HOLDEN, Mr. KIRK, Mr. MCGOVERN, Mr. SIMMONS, Mr. TAUZIN, Mr. BARCIA, Mr. CLEMENT, Mr. CRENSHAW, Mr. DICKS, Mr. GREEN of Texas, Mr. HOSTETTLER, Mr. LIPINSKI, Mr. MCINTYRE, and Mr. STUPAK.

H.R. 1707: Mr. RADANOVICH.

H.R. 1718: Mr. ENGLISH, Mr. SHIMKUS, Mr. MCNULTY, Ms. DELAURO, and Mr. LEACH.

H.R. 1723: Mr. PRICE of North Carolina, Mr. GRUCCI, Mr. DEUTSCH, and Mr. EVANS.

H.R. 1734: Mr. BOEHLERT and Mrs. CUBIN.

H.R. 1735: Mr. RADANOVICH, Mr. GREEN of Texas, Mr. RUSH, and Mr. SHIMKUS.

H.R. 1760: Mr. FRANK and Mr. BONIOR.

H.R. 1765: Mr. BLUNT.

H.R. 1780: Mr. REHBERG, Mr. FRANK, Mr. ENGLISH, Mr. GREEN of Wisconsin, Mr. KING, Mr. SMITH of Michigan, Mr. BALLENGER, Mr. MCNULTY, and Mr. BONIOR.

H.R. 1804: Mr. RUSH.

H.R. 1806: Mrs. CLAYTON, Mr. KUCINICH, Mr. MCDERMOTT, Mr. SERRANO, and Mr. BORSKI.

H.R. 1831: Mr. GREEN of Texas, Mr. HALL of Texas, Mr. BURR of North Carolina, Mr. UPTON, and Mr. LUTHER.

H.R. 1835: Ms. DUNN and Mr. MCNULTY.

H.R. 1842: Mr. KENNEDY of Rhode Island and Mr. HINCHEY.

H.R. 1878: Mr. OBEY and Ms. BALDWIN.

H. Con. Res. 42: Mr. MOORE and Mr. HOLT.

H. Con. Res. 45: Mr. ANDREWS and Mr. CROWLEY.

H. Con. Res. 56: Mr. PLATTS, Ms. HART, Mr. REYES, Mr. RYUN of Kansas, Mr. NETHERCUTT, Mr. CLEMENT, Mr. GOODLATTE, and Ms. CARSON of Indiana.

H. Con. Res. 109: Mr. ENGLISH, Mr. SPENCE, Mrs. THURMAN, Mrs. JO ANN DAVIS of Virginia, Mr. GREEN of Texas, Mr. MCGOVERN, Mr. KING, Mr. ABERCROMBIE, Mr. MCHUGH, Mr. GOODLATTE, and Ms. HARMAN.

H. Con. Res. 116: Mr. SMITH of Michigan and Mr. BONIOR.

H. Con. Res. 135: Mr. WYNN and Mr. LAMPSON.

H. Res. 97: Mr. NADLER.

H. Res. 114: Mr. WOLF, Mr. LANTOS, Mr. SOUDER, Ms. GRANGER, and Mr. BUYER.

H. Res. 117: Mr. ACKERMAN and Mr. CAPUANO.

H. Res. 125: Mr. MCGOVERN, Mr. WYNN, Mr. CUMMINGS, and Mr. BLUMENAUER.

H. Res. 139: Mrs. JONES of Ohio, Mr. FRANK, Mr. OLVER, and Mr. WATT of North Carolina.

SENATE—*Thursday, May 17, 2001*

The Senate met at 9 a.m. and was called to order by the Honorable MIKE CRAPO, a Senator from the State of Idaho.

The PRESIDING OFFICER. Today's prayer will be offered by our guest Chaplain, the Reverend Daniel H. Miller, Moss Bluff Assembly of God, Moss Bluff, LA.

PRAYER

The guest Chaplain offered the following prayer:

Eternal God, blessed are You Lord, King of the Universe. We humbly ask for forgiveness for our sins as individuals and as a nation. We thank You for Your blessings, love, and mercy for each of us. We are reminded of our great heritage as one nation under God and thank You for Your blessings on America. We thank You for all of our governmental officials at every level, and we depend on You, O mighty God, for guidance and direction.

Father, I ask Your Holy Spirit, Great Counselor, to direct each Member of this Senate today, each man and each woman, as they see Your divine will, wisdom, and perspective on the issues we have before us as a nation. As Daniel of old prayed, ''Blessed be the name of God forever and ever; for wisdom and might are His.'' We rejoice in the Senators who seek to be right with You so they will know what is right for our Nation.

Lord, the days we live in are challenging to every individual's faith. Help us to look beyond merely the secular realm. I pray that the secularity would not replace spirituality. Give us humble mindedness in place of humanistic materialism.

Now on this day, O Lord, we come to You on behalf of our Nation asking for divine wisdom for every person in this Senate Chamber. Grant them wisdom and courage to face the challenges of this hour. Even though You have given us incredible intelligence, we cannot hope to find the way without Your help, O Lord. Grant us now a brilliant clarity of mind, a rich sweetness of spirit, and a compassionate peace in our souls for the challenges we must face together for the good of these United States of America. In the precious name of Jesus we pray. Amen.

PLEDGE OF ALLEGIANCE

The Honorable MIKE CRAPO led the Pledge of Allegiance, as follows:

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

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. THURMOND).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, May 17, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable MIKE CRAPO, a Senator from the State of Idaho, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. CRAPO thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

RECOGNITION OF THE ACTING MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Senator from Alaska.

THANKING THE GUEST CHAPLAIN

Mr. STEVENS. Mr. President, for the leader we thank the visiting Chaplain for his prayer.

SCHEDULE

Mr. STEVENS. Today the Senate will begin final remarks on the Dayton amendment with regard to IDEA, with a vote to occur momentarily. There will then be brief remarks and a vote on the Voinovich amendment on Head Start. Therefore, Senators may expect two votes at approximately 9:05 a.m. Under the order, Senator BYRD will be recognized for up to 30 minutes following these votes. The Senate will then begin the 20 hours of consideration of the reconciliation bill. Senators may expect votes throughout the day and into this evening in an effort to use a significant amount of the time on the reconciliation bill. A vote on final passage is expected no later than Monday night.

I thank my colleagues for their attention. I yield the floor.

BETTER EDUCATION FOR STUDENTS AND TEACHERS ACT

The ACTING PRESIDENT pro tempore. The Senate will now resume consideration of S. 1, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1) to extend programs and activities under the Elementary and Secondary Education Act of 1965.

Pending:

Jeffords amendment No. 358, in the nature of a substitute.

Kennedy (for Dodd) amendment No. 382 (to amendment No. 358), to remove the 21st century community learning center program from the list of programs covered by performance agreements.

Biden amendment No. 386 (to amendment No. 358), to establish school-based partnerships between local law enforcement agencies and local school systems, by providing school resource officers who operate in and around elementary and secondary schools.

Voinovich amendment No. 389 (to amendment No. 358), to modify provisions relating to State applications and plans and school improvement to provide for the input of the Governor of the State involved.

Leahy (for Hatch) amendment No. 424 (to amendment No. 358), to provide for the establishment of additional Boys and Girls Clubs of America.

Helms amendment No. 574 (to amendment No. 358), to prohibit the use of Federal funds by any State or local educational agency or school that discriminates against the Boy Scouts of America in providing equal access to school premises or facilities.

Helms amendment No. 648 (to amendment No. 574), in the nature of a substitute.

Dorgan amendment No. 640 (to amendment No. 358), expressing the sense of the Senate that there should be established a joint committee of the Senate and House of Representatives to investigate the rapidly increasing energy prices across the country and to determine what is causing the increases.

Wellstone/Feingold amendment No. 465 (to amendment No. 358), to improve the provisions relating to assessment completion bonuses.

Voinovich amendment No. 443 (to amendment No. 358), to amend the Higher Education Act of 1965 to extend loan forgiveness for certain loans to Head Start teachers.

Dayton modified amendment No. 622 (to amendment No. 358), to amend the Individuals with Disabilities Education Act to fully fund 40 percent of the average per pupil expenditure for programs under part B of such Act.

Hutchinson modified amendment No. 555 (to amendment No. 358), to express the sense of the Senate regarding the Department of Education program to promote access of Armed Forces recruiters to student directory information.

Bond modified amendment No. 476 (to amendment No. 358), to strengthen early childhood parent education programs.

Feinstein modified amendment No. 369 (to amendment No. 358), to specify the purposes for which funds provided under subpart 1 of part A of title I may be used.

AMENDMENT NO. 622

The ACTING PRESIDENT pro tempore. The Senator from Massachusetts.

Mr. KENNEDY. As I understand it, we have 3 minutes; is that correct?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. KENNEDY. I would like to reserve 30 seconds of the time and have 2 and a half minutes for the Senator from Minnesota.

The ACTING PRESIDENT pro tempore. Each side has 1 and a half minutes.

Mr. KENNEDY. I would like to then give 1 minute of my time to the Senator from Minnesota.

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 3 minutes of explanation prior to the vote on or in relation to the Dayton amendment No. 622.

The Senator from Minnesota.

Mr. DAYTON. I thank the Chair.

I thank the Senator from Massachusetts who long before I came to this body was championing the cause of American schoolchildren, and also his colleague, the chairman of the committee, the Senator from Vermont, and the Senators from Iowa and Nebraska, who coauthored the earlier IDEA amendment. I just want to take their excellent idea and make it even better.

My amendment would accelerate their timetable and mandate 40-percent Federal funding for the cost of special education in 2 years instead of waiting for 6 years. Why? Because this promise was made 25 years ago when the Federal mandates under IDEA were enacted.

Congress then promised the State and local school districts that the Federal Government would pay for 40 percent of their costs. A quarter century later, Federal funding for special education costs average 12 percent nationwide, only 9 percent in my home state of Minnesota. That broken promise affects every schoolchild and every school in Minnesota and, I expect, our entire country. Since every school must provide special education services to every child who needs them, those missing dollars must, in Minnesota, be taken away from other funding for regular education programs. Every student in Minnesota gets shortchanged because the Federal Government has not kept its promise.

Now, I'm told that I may be asked: Where will this money come from? Well, Mr. President, I'm a brand new Senator, and this is my very first amendment to come up for a vote on the Senate floor. So, I'll admit my ignorance. But, I cannot for the life of me, figure out how, in a budget which projects a $5.6 trillion surplus during the next ten years—$2.1 trillion for so-called discretionary spending—there isn't enough money for special education.

Later today, I'm told, we'll be voting on a $1.35 trillion tax cut. Where will that money come from? From the American taxpayers, obviously. So, I'm willing to ask the American Taxpayer, are you willing to share this surplus with American's neediest children? I'm confident that, in Minnesota, the answer would be an overwhelming ''Yes.'' Yes, there is enough money available to us for tax reduction and funding for special education.

To the Members of the Senate today, and to the House and Senate conferees: Can't you find room in your hearts and in your budget to fulfill a twenty-five year broken promise to the children of America with disabilities and with special needs. And to the dedicated teachers who devote their lives to reaching and teaching them.

We have the money to fund this commitment. This is not a budget decision. This is a values decision. This is a priorities decision.

If we aren't willing to finally fulfill a twenty-five year broken promise to America's school children with a small part of a $5.6 trillion surplus, then we have no one to blame, but ourselves.

Mr. President, I urge adoption of my amendment.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. DAYTON. I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Massachusetts is recognized.

Mr. KENNEDY. Mr. President, I regret that I will have to oppose the amendment by Senator DAYTON. I agree with the intent—to fully fund IDEA as quickly as possible—but it does it too quickly and undermines the Hagel-Harkin amendment that was already passed on this bill. The Hagel-Harkin amendment provides the full funding in 6 years. That is a reasonable yet ambitious timeframe, and it has bipartisan support.

I commend Senator DAYTON for his dedication to provide full funding, but I don't think it can be done in 2 years, so I will oppose the amendment in order to preserve the bipartisan commitment to fully fund IDEA in 6 years as passed in the Hagel-Harkin amendment.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

The Senator from Vermont.

Mr. JEFFORDS. Mr. President, the Senator from Minnesota returns us to a very important issue that we discussed at some length at the outset of the bill before us. Like the Hagel-Harkin amendment which was adopted and incorporated as part of the pending substitute, the amendment would convert the Individuals with Disabilities Education Act to a mandatory spending program.

Unlike the amendment we adopted 2 weeks ago, the Dayton amendment would provide for full funding of IDEA in 2 years. While I fully support that goal, I believe it is too ambitious a timetable.

As we have seen in vote after vote over the past 2 weeks, the Senate believes there are several important funding priorities in education ahead. Neither the budget we adopted nor any budget we are likely to adopt in the future can accommodate the increase the Senator seeks. Yet at the same time we need to fulfill our commitment to fully fund IDEA, we also need to meet our obligation under title I for teacher training, recruitment, and retention, for afterschool care, early education, and a host of other priorities.

So while I support the goal, I think the path taken by the Hagel-Harkin amendment is more reasonable and still very ambitious. I believe we can keep it, and I urge my colleagues to vote against the Dayton amendment.

I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. REID. I announce that the Senator from Georgia (Mr. CLELAND) is necessarily absent.

The ACTING PRESIDENT pro tempore. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 34, nays 65, as follows:

[Rollcall Vote No. 110 Leg.]

YEAS—34

Akaka	Dorgan	Murray
Baucus	Durbin	Nelson (FL)
Bayh	Edwards	Reed
Boxer	Feinstein	Reid
Breaux	Hollings	Rockefeller
Cantwell	Inouye	Sarbanes
Clinton	Johnson	Schumer
Conrad	Leahy	Stabenow
Corzine	Levin	Torricelli
Daschle	Lieberman	Wellstone
Dayton	Lincoln	
Dodd	Mikulski	

NAYS—65

Allard	Feingold	McCain
Allen	Fitzgerald	McConnell
Bennett	Frist	Miller
Biden	Graham	Murkowski
Bingaman	Gramm	Nelson (NE)
Bond	Grassley	Nickles
Brownback	Gregg	Roberts
Bunning	Hagel	Santorum
Burns	Harkin	Sessions
Byrd	Hatch	Shelby
Campbell	Helms	Smith (NH)
Carnahan	Hutchinson	Smith (OR)
Carper	Hutchison	Snowe
Chafee	Inhofe	Specter
Cochran	Jeffords	Stevens
Collins	Kennedy	Thomas
Craig	Kerry	Thompson
Crapo	Kohl	Thurmond
DeWine	Kyl	Voinovich
Domenici	Landrieu	Warner
Ensign	Lott	Wyden
Enzi	Lugar	

NOT VOTING—1

Cleland

The amendment (No. 622) was rejected.

Mr. KENNEDY. Could we have order, Mr. President? We have another amendment now that we intend to vote on. There is a brief moment or two of

explanation, and I think the Members should have the opportunity to listen to the proponents of it. Could we have order?

The ACTING PRESIDENT pro tempore. The Senate will be in order. Senators please take their conversations off the floor.

AMENDMENT NO. 443

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 3 minutes for explanation prior to a vote on or in relation to the Voinovich amendment No. 443.

The Senator from Ohio.

Mr. VOINOVICH. Mr. President, according to the experts, focusing on the earliest years of a child's life can make the greatest difference in that child's development and learning. One program we all know that makes a difference is Head Start.

In my State, we think so much of Head Start, that when I left office as Governor, Ohio was the only State in the Nation where every eligible child whose parents wanted them to be in the program had a slot open to them.

Unfortunately, Head Start programs typically have a hard time recruiting teachers with a bachelor's or a master's degree generally because of the pay differential between Head Start teachers and elementary and secondary school teachers.

For example, in Ohio today, only 11.3 percent of Head Start teachers have a bachelor's degree. Nationally, it is 22 percent. That needs to change.

The amendment Senator FEINSTEIN and I have offered is designed to encourage college students working on a bachelor's or a master's degree to become a Head Start teacher.

In exchange for a 5-year teaching commitment in a qualified Head Start program, a college graduate with a bachelor's degree or a master's degree could have up to $5,000 of their Federal student loan waived.

President Bush has pledged to improve the cognitive components of Head Start, and to do that, we have to have better teachers.

Hopefully, the $5,000 incentive in our amendment will help us reach the President's goal of no child left behind.

I urge my colleagues to support our amendment.

I yield the remainder of my time to the Senator from California.

The ACTING PRESIDENT pro tempore. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I am pleased to co-sponsor this amendment with Senators VOINOVICH, BAUCUS, COCHRAN, LANDRIEU, MURRAY, and CORZINE.

This amendment is simple. We are merely trying to expand the current Federal loan forgiveness program to include Head Start teachers. Elementary and secondary school teachers currently benefit under the Federal loan forgiveness program. We think that Head Start teachers should be afforded the same opportunity.

In exchange for 5 years of teaching, Head Start teachers could have up to $5,000 of their Federal student loans forgiven. By offering Head Start teachers the same loan forgiveness benefit, I believe, we will encourage more college graduates to enter the field.

New educational requirements were included in the 1998 reauthorization of the Head Start Program. By 2003, 50 percent of Head Start teachers will be required to have an associate or 2-year degree, a bachelor's, or an advanced degree.

How can we ask low-paid Head Start teachers to go back to school to finish their bachelor's degree or college students to enter the field if we cannot even offer them the same loan forgiveness already afforded to elementary and secondary school teachers?

Head Start is one of the most important Federal programs because it has the potential to reach children early in their formative years when their cognitive skills are just developing.

I believe we must continue to improve the cognitive learning aspects of the Head Start program so that children leave the program able to count to ten, to recognize sizes and colors, and to recite the alphabet. To ensure cognitive learning, we must continue to raise the standards for Head Start teachers.

Offering Head Start teachers similar compensation for their educational achievements and expenses afforded to other teachers is one step to encouraging collage graduates to become Head Start teachers.

I urge my colleagues to support this amendment.

Mr. BAYH. Mr. President, I rise today to applaud the Senator from Ohio for his recognition of the need to provide incentives to attract individuals to the worthy cause of teaching in the critical early years of learning. As Senator KENNEDY has already noted, we have over 100 amendments filed to this legislation which are not germane. While I support many of these amendments, including the Voinovich amendment on loan forgiveness for Head Start teachers, I think that it is important that the Senate stay focused on the reauthorization of the Elementary and Secondary Education Act. I look forward to debating and supporting the Senator from Ohio during the debate on the reauthorization of the Head Start Program. However, today I will lend my support to Senator KENNEDY's efforts to keep this education bill from languishing under the load of nongermane amendments.

The ACTING PRESIDENT pro tempore. The Senator's time has expired. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I am going to support this amendment as an amendment on the reauthorization of the Head Start bill. Currently, we are providing loan forgiveness now for elementary and secondary teachers when they go into underserved areas. We also had an offset on that. This amendment does not have an offset. We ought to have an offset. It ought to be on the Head Start bill.

Also, we are trying to keep only germane amendments in this bill. This is not germane. We have 100 amendments which are not germane, many of which I will agree with. But on this particular occasion, I hope this will not be accepted.

The ACTING PRESIDENT pro tempore. The Senator from Vermont.

Mr. JEFFORDS. Mr. President, I agree with the statement just made by my friend from Massachusetts.

Senator VOINOVICH has been a leader—both as Governor and as a Senator—in recognizing the critical need to improve the quality of the care and education we provide to our youngest children. The amendment he offers with Senator FEINSTEIN would address this vital issue.

My colleagues are absolutely correct that the key to a child's achievement in elementary school is found in the years prior to going to school, especially at ages 3 and 4.

But as I mentioned 2 days ago during the debate on another amendment, I have agreed to oppose amendments to this bill that are not directly relevant, and, therefore, I must reluctantly oppose Senator VOINOVICH's amendment.

Mr. KENNEDY. Mr. President, have the yeas and nays been ordered on the amendment?

The ACTING PRESIDENT pro tempore. The yeas and nays have been ordered.

The question is on agreeing to amendment No. 443.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 76, nays 24, as follows:

[Rollcall Vote No. 111 Leg.]

YEAS—76

Akaka	Dodd	McCain
Allard	Domenici	McConnell
Allen	Dorgan	Mikulski
Baucus	Durbin	Miller
Bennett	Edwards	Murkowski
Biden	Feinstein	Murray
Bingaman	Fitzgerald	Nelson (FL)
Boxer	Graham	Nelson (NE)
Breaux	Gramm	Reed
Brownback	Grassley	Reid
Bunning	Harkin	Roberts
Burns	Hatch	Rockefeller
Cantwell	Hollings	Santorum
Carnahan	Hutchison	Sarbanes
Carper	Inhofe	Schumer
Chafee	Inouye	Sessions
Cleland	Johnson	Shelby
Clinton	Kerry	Smith (NH)
Cochran	Kohl	Smith (OR)
Conrad	Landrieu	Snowe
Corzine	Leahy	Specter
Daschle	Levin	Stabenow
Dayton	Lincoln	
DeWine	Lugar	

Stevens	Torricelli	Warner
Thompson	Voinovich	Wellstone

NAYS—24

Bayh	Enzi	Kennedy
Bond	Feingold	Kyl
Byrd	Frist	Lieberman
Campbell	Gregg	Lott
Collins	Hagel	Nickles
Craig	Helms	Thomas
Crapo	Hutchinson	Thurmond
Ensign	Jeffords	Wyden

The amendment (No. 443) was agreed to.

RESTORING EARNINGS TO LIFT INDIVIDUALS AND EMPOWER FAMILIES (RELIEF) ACT OF 2002

The PRESIDING OFFICER (Mr. ALLEN). Under the previous order, the Senate will proceed to the consideration of H.R. 1836, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia, Mr. BYRD, is recognized to speak for up to 30 minutes, with the time not being charged to the reconciliation bill.

Mr. KENNEDY. Mr. President, may we have order so the Senator from West Virginia can be heard. This is an enormously important issue and the Senator has thought long and hard about it. The Senator is entitled to be heard.

The PRESIDING OFFICER. The Senate will be in order. Senators will take their conversations off the floor.

The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank the very distinguished Senator from Massachusetts for his thoughtfulness, his consideration. I thank the Chair. I also thank those Senators who are listening, even though they may not be in this Chamber. I thank the majority leader for arranging for me to have this time without its being charged against the time on the reconciliation bill.

Mr. President, the day before yesterday, Americans turned on their television sets to see live coverage of a runaway freight train traveling through northwestern Ohio. I saw it. Many of you saw it. Nobody was at the controls and officials were failing in their attempts to stop the train. To make matters worse, the train was carrying toxic chemicals. News stations were bracing for disaster. The safety mechanisms put into place to prevent such a scenario were not working. Local and emergency personnel were left simply to block highway intersections, to issue warnings, and to let the runaway train rumble through, endangering the environment, endangering the infrastructure of whatever cities or small towns happened to be in the way, and endangering the lives of citizens.

Mr. President, the Senate, today, faces its own runaway train. These tax cuts have been on the fast track since they were first proposed in the snows of New Hampshire during last year's campaign. A budget resolution was rushed through this body to authorize this tax cut bill, bypassing the Budget Committee, and without the benefit of the President's detailed budget, or any analysis from the Joint Tax Committee, or the Congressional Budget Office. Senate Democrats were then excluded from the conference committee to further expedite the process.

Mr. President, I was talking with one of our new Members about the concurrent resolution on the budget, and about the fact that the members of the Budget Committee representing the minority were excluded. This was a relatively new Member in this Senate. He said, ''I was disturbed by that.'' But he said, ''The Democrats did it when they were in power. That is what they tell me.''

Mr. President, not a word by those who say that was done by the Democrats when they were in control—not a word—is true. The Democrats, when they were in control, never excluded the then minority from the conferences or from the committees with respect to the budget. I was majority leader and it was not in my makeup; it would be totally alien to me to exclude the minority, when I stand up so many times, as I have over the years, to say that the Senate is the protector of minorities, the Senate protects the minority's rights.

I have read about those tales told by some Senators—often, the aides of the minority—who are presently in the minority who said: Well, BYRD did this; BYRD did this. Those Members were not even in the Senate when BYRD was majority leader. They were not here. Three-fifths of the Senate makeup today were not here when Byrd was majority leader, were not here when Senator Mansfield was majority leader, were not here when Lyndon Johnson was majority leader. So much for that.

The safety mechanisms that the Senate put into place to prevent such a reconciliation disaster have been disabled, and there seems little anyone can do but issue warnings, and watch the train rumble through, endangering our Nation's infrastructure investments and our Nation's fiscal soundness.

The tax cuts that are involved here—and let me say parenthetically that I like to vote for tax cuts. Over the 55 years I have been in public office, I have voted for a several tax cuts, and it is always a great pleasure to do that.

Let me say this. I respect every Senator in this body, no matter if he disagrees with me, no matter if he votes for this tax cut. I respect his or her decision on that matter. I found when I was majority leader, that the Senator who hurt me today by his vote saved me tomorrow. I say what I say today with great respect.

I am not against all tax cuts, but I am against this one, this colossal tax cut that is based on projections over 10 years away when we cannot even project the economy 1 year away or 6 months away. It is like the weather. These things are really unpredictable.

This is a tax cut that threatens to ignite an explosion in the national debt and blow up the economy as resources are squandered and long-term problems are ignored.

Mr. President, a few days ago, the Senate passed the FY 2002 budget resolution, and even before Senators had voted, there was little reason to believe that this body would abide by the revenue levels set forth in that budget resolution. Senators were openly talking about how tax cuts would exceed those authorized in the budget resolution.

In other words, Mr. President, that budget resolution was a sham. Its primary purpose was to authorize a reconciliation bill by which this body would pass a massive tax cut bill that could not be passed as a free standing bill. This $1.35 trillion tax cut could not be passed in this Senate as a free-standing bill.

Section 103 of the FY 2002 budget resolution allows the Republican leadership to bring this massive $1.35 trillion tax cut bill to the floor as a reconciliation bill. And why is it so important to that leadership? Because section 103 permits the Republican leadership to bring the tax cut bill to the floor with, at most, 20 hours of debate. And reconciliation allows time to be yielded back on a nondebatable motion. Section 103 makes sure that the bill cannot be filibustered. So section 103 makes sure that 51 votes will be enough to pass the tax cut bill.

In other words, Mr. President, the most important feature of the budget resolution for the Republican leadership was the provision that allows the leadership to muzzle debate on a bill that will change the fiscal landscape of this Nation for a generation and by so doing, to thwart the will of the minority in this Senate.

Under our Constitution, under our Senate rules and precedents, under our laws, it is the Senate that is supposed to ensure that complex bills have a thorough debate. The people are entitled to that. Yet, this tax bill will not get the debate that it so richly deserves. In all likelihood, it will be passed before midnight of this black day.

Under the Congressional Budget Act, reconciliation bills are limited to 20 hours of debate. The 20 hours can be reduced by a nondebatable motion. We have a $5.6 trillion gross debt, $20,062 for every man, woman, boy, and girl in this country; to put it another way, it represents $929 for every man, woman,

boy, and girl in the world; $929 for every man, woman, boy, and girl in the world! The budget resolution and this $1.35 trillion tax bill will result in an increase in that gross debt to $6.7 trillion in 2011, or over $22,000 per person in this country.

Was that budget resolution a disciplined plan for tax policy? No. It squandered potential surpluses on a $1.35 trillion tax cut that is conveniently drafted to have exploding costs in the outyears.

I probably will not be here. Many of us will not be here when that time comes in the outyears. Some Senators will be defeated—mark my word—because of the votes they will cast on this bill.

Over 61 percent of the revenue losses contained in the tax cut bill will come in the second 5 years of the 10-year plan. Tax reductions grow from $10 billion in fiscal year 2001 to $186 billion in fiscal year 2011. The Center on Budget and Policy Priorities estimates that in the second 10 years—get this—in the second 10 years, from 2012 to 2021, the key years when Social Security will be in jeopardy—hear me now, you elderly citizens; hear me, you young people whose parents will become elderly, who may be already elderly and when you, too, will become elderly, if God blesses you to live long enough—the key years when Social Security and Medicare will be in jeopardy, the revenue losses will total $4.1 trillion.

How long does it take to count a trillion dollars at the rate of $1 per second? Thirty-two thousand years!

This is a bear trap. This bill could just get 10 hours of debate. If the majority wishes to yield back its time, the minority will have 10 hours. It is that plain and simple. So why do we have a reconciliation bill process that limits debate? What was the common good that warranted our sacrificing our tradition of full debate in this Senate?

I helped to craft the Congressional Budget Act of 1974. I can assure Senators that the authors of that act did not intend the reconciliation process to be used for a large tax cut. That was called the Budget Reform Act of 1974. Well, if it was called, as it was, the Budget Reform Act, surely it did not intend to be used to pass colossal tax cuts.

The intent in creating the House and Senate Budget Committees, the Congressional Budget Office, and the budget and reconciliation process was to assert Congress' prerogatives in the budget process. The Constitution vests in the Congress the power over the purse. That is a power for which our English forbears fought and spilled their blood at the point of the sword, to wrest from tyrannical monarchies the power of the purse and place it in the hands of the people's elected representatives in the House of Commons.

Yet, in the recent years before the passage of this Budget Act—I was here. I was here. I didn't just read about it; I was here; Senator KENNEDY was here; a few other Senators were here—in the recent years before the passage of the Budget Act, the power of the purse was being usurped more and more by the executive branch. There were deferrals of appropriations; there were rescissions of appropriations. Made by whom? The Chief Executive. And so Congress got its belly full of that and passed the reconciliation process. The Budget Reform Act was established.

The reconciliation process was established as a mechanism to make sure that the goals set out in the budget resolution were implemented through the spending and tax bills that followed. It allowed the Congress to establish enforceable reconciliation instructions on the authorizing committees so that both spending and revenue targets would be achieved. The reconciliation bill was intended to be a tool to reconcile any differences between those goals and the final bill. Most importantly, reconciliation provided a tool to deal with persistent budget deficits.

As a deficit-fighting tool, reconciliation has proved to be quite effective. Since 1980, reconciliation bills have been passed and signed into law 14 times, resulting in trillions of dollars of savings.

Regrettably, in recent years the Senate Republican leadership has chosen to take a course that has fostered political polarization. In 1999, a reconciliation bill was used to consider a $792 billion omnibus tax cut, targeted to the wealthy, that would have slowed the progress on reducing the debt. It was vetoed. In 2000, the reconciliation process was again used for huge tax cuts and, again, the bill was vetoed.

The desire to limit the rights of Senators—and when we limit the rights of a Senator in the chair or the Senator from Massachusetts or the Senator from Georgia or the Senator from New Jersey or the Senator from Nevada or other Senators—we limit the rights of the people they represent. Limit my rights in this body and you limit 1.8 million West Virginians' rights in this body.

In both 1999 and 2000, the appropriations process ended with large omnibus appropriations conference reports that were unamendable and contained bills and issues that had never been before the Senate.

What are we doing to the Senate process? What are we doing to the legislative process? What are we doing to the rules and precedents of the Senate? We are ignoring them. We are making them irrelevant.

In the Consolidated Appropriations Act for fiscal year 2000, five appropriations bills were included, along with numerous non-appropriations bills such as a State Department Authorization bill, arms control compliance legislation, and Superfund recycling rules. Last year, three bills were included in the Consolidated Appropriations Act for Fiscal Year 2001 along with Medicare and Medicaid reforms and new tax legislation establishing new tax expenditures. One of those Appropriations bills, the Treasury/General Government Appropriations Bill had never been taken up in this Senate.

Now this is no way for the Senate to take care of the Nation's business. We should do better. All of us, majority and minority alike, should seek to protect the institution of the Senate. This Senate is going to be here long after the Presiding Officer has served his tenure here. The Senate will be here long after the Senator from West Virginia has been forgotten. This Senate will be here, it will stand. We should remember that the Senate is for the people, all the people, the people who are yet unborn. We hold their rights in our hand. We should not bend our rules to promote the partisan political goals of the moment.

In the 107th Congress, this Congress, we should insist on our rights as Senators for a full debate. Last year we took direct action to address the issue of omnibus appropriations containing matters that had not been before the Senate by reasserting rule XXVIII. I thank the majority leader and the minority leader and Senator STEVENS for joining with me in reasserting, reinstituting, rule XXVIII last year.

This year the Senate approved my amendment to the budget resolution to extend debate on the reconciliation bill to 50 hours and to limit the so-called vote-aramas by ensuring that amendments were printed in the CONGRESSIONAL RECORD for all Senators to see. Sadly, my amendment was dropped during the closed-door conference between the two Houses. Senators should have an opportunity at length to debate and to amend the tax cut legislation.

Why is the Republican leadership insisting on using the reconciliation process for tax cut legislation? What are they afraid of? The Republican leadership did not hide behind a reconciliation bill for President Reagan's tax cut. Senator Howard Baker was the majority leader at that time. They didn't hide behind a reconciliation. They brought it up as a freestanding bill.

In 1981, President Reagan sent to Congress a large tax cut proposal and numerous proposals to cut spending. The Congress used the reconciliation process, the Omnibus Budget Reconciliation Act of 1981, to debate the spending cuts. The tax cuts, however, were fully debated as a freestanding bill, the Economic Recovery Tax Act, without depending on reconciliation. There were 118 amendments debated over 12 days. What a difference.

The American people elect their representatives to come to Washington to

debate the issues that affect their daily lives. They did not elect Senators to be rubberstamped. That is why I say to every Senator, every new Senator: Remember one thing. You don't serve under any President. You serve with the President.

I have served with 11 of them, counting the current one. The Senate is not a quivering body of humble subjects who must obey. They only must obey the people who send them here. We should not short circuit debate on a bill that will hit home in the pocketbook for decades to come.

In the Federalist No. 10—there were 85 Federalist Papers, I urge Senators to read these Federalist Papers again. Let me read from the Federalist No. 10 by Madison. Listen to what he said and apply it to today's Senate:

> Complaints are every where heard from our most considerate and virtuous citizens, equally the friends of public and private faith, and of public and personal liberty; that our governments are too unstable; that the public good is disregarded in the conflicts of the rival parties; and that measures are too often decided, not according to the rule of justice, and the rights of the minor party; but by the superior force of an interested and over-bearing majority.

That was James Madison speaking, and it sounds as if it were written only yesterday.

After 6 years of divided government, President Bush promised that he would be a unifier. The President has said that he wants bipartisanship. He has said that he has faith in his plan. If those statements are true there is no need to hide behind the iron wall of reconciliation. Webster defines reconciliation as a restoration of friendship or harmony. Let us not use the reconciliation process to divide and polarize this Congress. Now is the time to hear all the voices and build consensus among ourselves and among our people. The American people expect and deserve a full debate.

How much time do I have remaining, Mr. President?

The PRESIDING OFFICER. The Senator has 2 minutes 45 seconds.

Mr. BYRD. Mr. President, if this tax cut is such a good idea, why don't we take the time to debate it? Why don't we debate these tax cuts at length, if this is such a good idea?

I say to you, Senators, your votes are going to have consequences. We don't even know yet what the review of the military services and the Defense Department will cost. We don't yet know the cost. That is still out there to be heard from. We don't have an energy policy in this country. We haven't done anything to shore up Social Security. We have crumbling schools. We have dangerous highways. We have unsafe airports. Our people don't have pure drinking water in many of the rural areas.

Now is the opportunity for us to do something about those things. What are we going to tell our old people, our senior citizens?

This is a red letter day for the American people. Here is the calendar. I will say it is a black day. I remember Black Tuesday, October 29, 1929, which marked the beginning of the Great Depression—Black Tuesday.

This is Black Thursday, May 17, 2001. Remember it—Black Thursday. This is a Black Thursday for the American people, a day on which we will have squandered the unalienable right of our elderly citizens to the pursuit of happiness mentioned in our Declaration of Independence.

We will have squandered the unalienable right of our elderly citizens to the pursuit of happiness by bartering it for a mess of tax pottage.

Mr. President, when Aaron Burr in 1805 addressed the Senate before his departure through the Senate doors of the old Chamber for the last time, he uttered these prophetic words:

> This House is a sanctuary; a citadel of law, of order, and of liberty; and it is here—it is here, in this exalted refuge; here, if anywhere, will resistance be made to the storms of political phrensy and the silent arts of corruption; and if the Constitution be destined ever to perish by the sacrilegious hands of the demagogue or the usurper, which God avert, its expiring agonies will be witnessed on this floor.

Mr. President, we are witnessing the demise of the U.S. Senate as our forefathers knew it and as I knew it when I came to this body. We are witnessing the demise on this day—Black Thursday—and in these times. Burr's prophetic words are being borne out before our very eyes. History will not be kind to us, nor will our children and grandchildren rise up to call us blessed.

Remember, my colleagues, May 17, 2001—Black Thursday!

I yield the floor.

The PRESIDING OFFICER. I thank the Senator from West Virginia. Who yields time on the pending bill? The Senator from Iowa.

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

The PRESIDING OFFICER. The clerk will call the roll.

The senior assistant bill clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

Mr. GRASSLEY. Mr. President, there is, at the desk, a committee amendment. I ask unanimous consent that it be adopted, the motion to reconsider be laid upon the table, it be considered original text for the purpose of further amendments, and all points of order be considered preserved.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

The amendment (No. 650), in the nature of a substitute, was agreed to.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted and Proposed.'')

Mr. GRASSLEY. Mr. President, we will start consideration right now, and there will be up to 20 hours of debate and action on the bill that is before us under the reconciliation provisions of the Budget Act on what will be the largest tax cut that has been given to the American people in the past 20 years. In this process, we are going to take a considerable and substantial sting out of the Federal tax bite. This is the third-largest tax reduction in the last 50 years, to put it in some other perspective as well.

Before I get to the issues that are before us, I will say a little bit about the process of putting this legislation together.

I know we are all going to be thinking about what kind of tax bill we have, how much taxes are going to be reduced, the fairness of it all, and the equity of it all. But I would like to have my colleagues spend a little bit of time thinking in terms of how we got here.

First of all, almost 12 months ago, the President of the United States gave a speech saying that one of the foundations of his campaign was going to be a very substantial tax reduction because taxes have reached the highest point they have ever been in the peacetime history of the United States.

He campaigned on that and did not back off one iota when pundits made fun of it, when economists maybe took exception to it. It was very well thought out and intellectually honest. He pursued full steam ahead through the highs and lows of the campaign—through times when you might be depressed with the campaign going against you, through times when you were on a high in the campaign, and right through that campaign—through the election, through the period of time when there was some sort of question as to who might be the next President because of what was going on in Florida and the counting of ballots, and from the time he was announced the winner to the time he gave his inaugural address on the day of swearing in.

So we are here today because we have a President who wants to make a difference, a difference for the taxpayers in this country, a difference for the economic advancement of our people, the creation of jobs, and the encouragement of investment.

Without this Presidential leadership, we would have tax bills before the Congress this year but they would not be as substantial as what we now have before us. For the President of the United States, it is not substantial enough because, as we know, he proposed almost 20, 25 percent more than we are dealing with. Here again, the President must accept the will of the people expressed

through the Congress. There was a compromise, a necessary bipartisan compromise on a level somewhat less than what the President proposed, but the $1.35 trillion we are dealing with in this bill.

The bill we have before us is a product of the process: The Presidential election, the extremely important leadership of a President who is committed to principle and performing in office what he said he would do during the campaign—and that is a rarity in politics, but this President is doing it—and the legislative process in the Congress.

Compromise is always necessary in any Congress, whether it is overwhelmingly controlled by one party or the other party or whether it is evenly divided, as it is now in the Senate—absolutely evenly divided, 50 Democrats/50 Republicans—or in an almost evenly divided House of Representatives with the Republicans being the clear majority.

Process is pretty important. I want people to think of this process as we debate very controversial amendments over the next 2 days. The Senate Finance Committee is kind of a microcosm of the entire Senate, and perhaps people will think of the hard work Senator BAUCUS and I, and my colleagues on the Republican side and almost half of the Democrats, have put into crafting this legislation. It didn't happen in one 10-hour meeting on Tuesday, when we considered all the amendments that were in dispute, about the product Senator BAUCUS and I put together. It didn't happen in 10 hours. It happened over a long period, starting about mid-January. I will refer to some of the substantial things that happened to get us where we are today from where we were last January.

That is not to detract from what I said about the President of the United States contributing greatly to where we are today as well, maybe not in the specifics of the bill but the overall questions—are taxes too high, and should they be reduced—the President winning on the process that they should be reduced, and now going through the process of actually giving the American working men and women the tax relief they deserve.

People will get tired of my saying it, but this is a bipartisan tax bill. My friend Senator MAX BAUCUS, ranking Democrat on the Finance Committee, worked with me to put together a package of tax cuts that would receive solid support on both sides of the aisle. We knew this would not be easy, getting the people's business done, unless it was a bipartisan product. That, again, is a reality of a 50/50 Senate.

This bill came together after the Senator from Montana and I heard from our respective caucus members about their priorities. You don't put together the biggest tax cut in two decades without considering all points of view. As we start this debate now, it is not just Senator BAUCUS and Senator GRASSLEY who are at the table—where maybe that was the situation from time to time over the last several months—every Senator, all 100, is at the table as we now consider the product of the Finance Committee and its bipartisan cooperation. That is the nature of the Senate.

We talked to our members about their priorities, and then we put this product together. Two days ago, our efforts yielded the results we hoped for when we started out 4 months. ago. This bill was approved by the Senate Finance Committee by a 14–6 margin, a clear demonstration of solid bipartisan support.

I hope the work that has gone into this product over the last 4 months is respected. Even though Members might not agree with it, could they do better? Each time people are down here casting a vote—and they are going to vote yes or no—I ask my colleagues, particularly on the Republican side, to think in terms not that they like everything that is in here but could they have done better. If they can't do better, I hope they will show respect for the bipartisan approach we used.

More importantly, I hope they will respect the transparency that has been the hallmark of the Finance Committee's work throughout the first 4 months and the communication that has gone into this by individual Members communicating with others to say, ''What do you think about tax legislation,'' to get specific points of view from specific Members and, most importantly, the people on this committee as well as others outside the committee.

It was not easy to arrive at a final agreement. Among the Finance Committee's 20 members, there were many opinions on what is important. In the end, no one got everything he or she wanted, including this chairman. Most of us got something we can support. We got a bill that will reduce taxes, will bring about tax relief for American working men and women in a meaningful way, in a way that taxpayers are going to notice and notice soon—by this summer—and they then will see it in fatter wallets.

I am very pleased Senator BAUCUS and I and other members of the Senate Finance Committee have been able to put together this truly bipartisan package. It is a testament to the Finance Committee that within 1 week after the budget resolution was passed, we now are on the Senate floor to vote on comprehensive tax relief for everyone who pays income taxes in America. I hope the Senate will express—not to me, not to Senator BAUCUS, but to other members of the committee—the cooperativeness and the spirit of cooperation that was evident throughout that process Tuesday. I want Members to know that I am proud of the Finance Committee in this process as well as the substance of this legislation.

Now I will turn to what is in the bill. The heart of the bill is across-the-board tax cuts in individual income tax rates.

Again, a little bit about the process: Senator BAUCUS and I have met at least weekly for a long period of time since January. I met with individual members of the committee in their office—not in my office, in their offices—throughout the month of January and February, both Republicans and Democrats. I have had my staff meet with other staff on an ongoing basis, but very intensively, during and since the Easter break.

I have also had an opportunity to visit with Members outside of my caucus and also Democrat Members outside of the committee as well. And you always wonder when you go down this process—it takes over 3 or 4 months—whether it is time well spent. I wondered, as I would go to the next meeting, whether it was really worth my time.

Let me say, in looking back to all the time I have put in on this, and I think of my background as a farmer; you put the seed in the ground, as we are doing in Iowa, to grow the biggest corn crop that any State produces—because we are No. 1—and for the first period of time before it emerges above the ground, three-fourths of that growth that first month is below the ground. You don't see it unless you dig in there with your fingers and inspect it.

And so Senator BAUCUS and I sowed that seed in January and that seed sprouted. I know now it sprouted; I didn't know then that it would sprout. It sprouted for those days between the middle of January and last Friday at 1:30, when we finally had an agreement.

So I conclude that whatever time I spent on this—and I am going to conclude for Senator BAUCUS, and maybe I should not do that—and whatever time he spent on that process was time well spent. Even though we are going to have honest disagreements, I hope we can be cordial and polite in this process of debate. I will have to remind myself of that from time to time as well.

Now to the process. The heart of this bill, as I said, is across-the-board tax cuts of individual income tax rates. This bill creates a new 10-percent rate that will apply retroactively to the beginning of this year. This new low rate will apply to income that is currently taxed at a 15-percent rate. So people who are hit first by the 15-percent rate now can already count going back to January 1 this year, that on their first dollars made they are not going to pay 15 percent; they are going to pay 10 percent. It will give immediate tax cuts to millions of American taxpayers

and provide an immediate stimulus to the economy.

For married persons, the upper end of the 15-percent rate bracket will be expanded to include income currently taxed at the 28-percent rate. So for those people being taxed at 28 percent, they are going to see more of their income taxed at the 15-percent rate. The current 28-percent rate will drop to 25 percent. The current 31-percent rate will fall to 28 percent. The existing 36-percent and 39.6-percent rates will be lowered to 33 and 36, respectively.

This legislation also includes immediate death tax relief and its eventual repeal.

This bill expands the child credit and earned-income credit, enhances pension protection and incentives to save, and creates over $30 billion in educational incentives—full deductibility of interest on student loans, deductibility on college tuition, and on educational savings accounts. It provides marriage penalty relief and relief from the individual alternative minimum tax.

Everyone in America will share in this tax cut. It is across-the-board relief for those who pay income taxes. That means that this tax cut will flow to every wallet on every Main Street in America. Over 100 million individuals and families will have their tax relief; 14 million elderly individuals will receive tax reduction, resulting in 12 million paying less tax on Social Security benefits; over 40 million couples will benefit from the marriage penalty relief; 3 million couples will no longer itemize deductions as a result of the standard deduction increase; 9 million individuals and families will benefit from the increased individual retirement account contribution limits from $2,000 to $5,000; 30 million families will benefit from the increased child credit.

This is a tax bill for everyone, regardless of income level, size of family, your age, your marital status. I will give you a few examples of what we expect next year.

A married couple with two children and $15,000 in income will pay no income tax because we expanded the earned-income credit and per-child credit. This family will receive an additional $1,000 from the Government. A married couple with two children and a $90,000 income will receive an additional tax reduction of $1,050. A couple, age 65, married and filing jointly, with a $30,000 income, will have a $600 reduction. A single mom with one child and a $25,000 income will receive a tax cut of $400.

Keep in mind, these examples are for the year 2002, which is just the beginning of these tax savings. The tax rate cuts, child credits, and other benefits will greatly increase as they are phased in over the next several years.

I know most of us in this Senate also have personal stories about what this tax relief for working men and women will do for those same people back home. I will tell you about some of the people in Iowa and what this tax cut will mean for them.

Maurice Colby, Vinton, IA, retired after processing waste water for the Navy for 28 years. He works part time for his neighbor, a family farmer, during planting season. I will bet he works there during harvesting season as well. He does that to earn extra money.

As retirees, Mr. Colby and his wife worry about expenses. Their total tax bite is tough, especially when heating fuel and high gasoline prices are considered. The Colbys usually take a driving vacation most summers but not this year. Mr. Colby said this to me: ''It's time for relief. It has been a long time.''

Ronald Harless, 76, and his wife Jean, 72, of West Des Moines, are retirees on a fixed income. Mr. Harless worked as a printer making telephone books. Mrs. Harless was an office worker. Mr. Harless says he lived frugally and saved his money for retirement. Despite a series of heart surgeries, he has never used the Veterans' Administration's health services, even though he is a Navy veteran who landed at Normandy during World War II.

Mr. Harless says he paid taxes all of his life, has never been a drain on the taxpayers and wants to keep it that way. Mr. Harless of West Des Moines, IA, wants to support himself and stay out of the taxpayer-funded nursing homes as long as he can. However, he says he and his wife are, in their words, ''barely getting along'' on their retirement income and, hence, would welcome the tax provisions of this bill to give them some needed relief.

Joseph McBride, Jr., of Fort Dodge, IA, works in sales and marketing for a food service company. His wife is a registered nurse. They have four children, ages 14, 12, 10, and 8. Mr. McBride says he would welcome a tax cut because he would like to have more money in his pocket to secure his children's future.

He is very interested in saving money for his children's college tuition and will see that increase from $500 up to $2,000. The tax cut will be very beneficial.

He also wants to put a little extra money in the local economy. Fort Dodge's economy is not as good as he would like, and he wants to do his part to help it get better.

Another concern is energy costs. Mr. McBride in Fort Dodge says he remembers the recession and gas shortages during the Presidency of Mr. Carter. Mr. McBride said he paid more money in taxes last year than he ever has. Mr. McBride is right; he did pay more taxes last year than he ever has. That is because the Federal Government's collection of individual income taxes is now at its highest level in history.

As I have said many times, today's tax surplus in our Federal Treasury is caused by excess collections of individual taxes.

During the height of World War II, the tax collection from individuals was 9.4 percent of gross domestic product. Today income tax collection from individuals is an astounding 10.2 percent of GDP, nearly a full percentage point above World War II. More importantly, not just a little bit above World War II, but we have seen a 50-percent increase in individual tax collections in the last 6 years, from about just a little over 7 percent of gross national product to 10.2 percent now.

I might have a chart during the debate, but I can show where the revenues into the Treasury from the estate tax have been about level for the last decade. Corporate taxes have been level for the last decade. Taxes from fees and services have been about level. But we see a great spike in the individual income taxes coming into the Federal Treasury in the last 6 or 7 years.

It is beyond belief in a time of unprecedented peace and prosperity that individual tax collections exceed the level required to defend the entire world, which is what the United States did 56 years ago. That is why we must move decisively to give working men and women this tax relief. We must not keep the money in Washington where there is a tendency for it to burn a hole in the pockets of Members of Congress to a point where they have to spend it.

This will help in several ways. It will not build up Government spending to a level that is unsustainable so that if we ever go into a recession, income goes down but spending does not go down, and then we again have a deficit.

Also, since the Federal Government does not create wealth—it only provides an environment for working men and women of America to create wealth—we move the money from Washington back to the individual taxpayers of America, and there it is going to turn over many more times, because of the freedom of the marketplace, than it will if it is left in the Federal Treasury. There is a political decision of what ought to be done with it. There is a lot of efficiency with a political decision, but it does not have the potential for economic growth that it will have if my constituents in Iowa spend it and/or invest it.

Too often Members of Congress think this is not the people's money; this is the Government's money. It is the taxpayers' money, and Washington has simply collected too much of it, particularly too much from the income tax. There has been a 50-percent increase of gross national product over the last 6 years. So we are going to return this money. It is even wrong for me to say that because there is some implication that it is my money. We are going to let the American people keep more of the money they earn by passing this tax bill.

Over the next few days, we are going to hear a lot of talk about population demographics and about how this tax relief for American men and women is going to compromise our national priorities.

Let me set the record straight at the very beginning. This tax relief for American working men and women in no way endangers our national priorities. The President has said that. I have said it. It is a fact. A majority of the Congress said that when they adopted our budget last week. We are here because a majority of the Congress, and a bipartisan majority of the Congress, said we ought to put more money in the pockets of working men and women than into the Federal Treasury.

The budget resolution did that. It did it through a blueprint for how the Government will fund its priorities. That blueprint provides record levels of funding for education, prescription drugs, and defense. I want to make very clear that we pay down every dollar that is possible to pay down on the national debt over the 10 years of this budget resolution.

That blueprint also says we have more than enough surplus to enact the tax relief for working men and women that is before us in this bill today. In fact, the bill before us refunds only 24 cents of each dollar of projected surplus.

How many people who are listening now or who will read this in the paper are going to say: How come you can't do better than that? The only answer I can give them is, it is part of the process of compromise by which we work in a bipartisan way to do the people's business.

Twenty-four cents out of each dollar is hardly what I would call a risky tax measure. We are going to hear this from a lot of our colleagues: Risky, risky. We are going to hear people say that the projections in the budget for the next 10 years are so uncertain that we should not be giving a tax cut. This caution by my colleagues is perfectly legitimate. We ought to always be cautious on almost every public policy decision we make. But check with those same Members to see that when they want to spend more money, do they worry about whether the budget projections are accurate for the next 10 years? No, it is only when we want to let the American people keep their hard-earned money that this issue arises.

For those who want to use the word ''risky,'' those who want to say the projections could change and want us to be cautious, the only thing I ask—it is perfectly legitimate for them to say that, but as they are talking about a new spending program that is going to spend out over the next 10 years, I encourage that same caution before people vote on that issue.

This is a responsible tax cut. We are at the highest level of individual taxation in history. It is a time to end that.

Let's also get another thing straight. This bill in no way touches the Social Security or Medicare trust fund. This is a bipartisan tax bill that represents the best thinking from both sides of the aisle. It is a victory for the process of the Senate. The problem we now face is that some people around here preach bipartisanship but then turn around and attack the bipartisan compromise reflected in this bill. They will work to obstruct this bill's enactment, and they will demean the great efforts and political risks that Republicans and Democrats alike take to reach this bipartisan agreement.

I imagine we are going to see plenty of this sort of thing on the Senate floor over the next few days. I don't think it will work because today we are about doing the President's business. This bill only contains tax relief for individuals. It is not larded with favors for special interests. You cannot draft bipartisan legislation such as that very easily. I think there is some purity of cause and purity, consequently, of content.

This bill before the Senate is a historic opportunity to prove we can join together, on a bipartisan basis, as common Senators, with a common purpose, to relieve a heavy burden from the people who sent us here. The Finance Committee has shown this can be done. Our committee has done what the Constitution and the rules of the Senate require. We have led the way. I am very proud of our Members and their efforts.

I urge all Senators to be vigilant in our deliberations, circumspect in rhetoric. The relief ordered by this bill is too needed by too many to be demagogued by the few. America is watching. America is waiting. What America is going to see over the next 3 or 4 days in this Senate is a product of a process that started about the second or third week of January when the Senator from Montana, then for a short period of time chairman of this committee, as the Democrats controlled this body for 17 days back then, said: I would like to meet with you and talk with you about the functioning of the committee.

That was an hour and a half discussion. But some important few words were said by Senator BAUCUS on that day, which were that we could have a bipartisan tax bill if we worked at it. I thank Senator BAUCUS for that suggestion. I thank Senator BAUCUS for spending so many hours with me since then to make it happen. Most importantly, I thank him for his handshake at 1:30 last Friday when we had an agreement.

I thank the Senator.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. The Senator from Montana has graciously agreed to let me make a short statement, and I ask for recognition.

The PRESIDING OFFICER. The Senator is recognized.

(The remarks of Mr. STEVENS are located in today's RECORD under ''Morning Business.'')

Mr. BAUCUS. Mr. President, I ask unanimous consent that the clerks at the desk, with legislative counsel's assistance if needed, be authorized to correct the drafting of any Members' amendment that may be affected by changes in the committee amendment which the Senate just adopted.

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

Mr. BAUCUS. Mr. President, I rise to enthusiastically support the committee bill. This has not been an easy bill to write. These have been tough negotiations, a lot of give and take, as almost always is the case in any matter of significant consequence. The same is certainly true now.

I might say the Senator from Iowa and I, along with other members of the committee, had many meetings. We took a lot of time to get comfortable with the various provisions of the bill, just to understand what they are. There was a lot of to and fro, but I might say it was all done in good faith.

This is not easy. When there are so many moving parts and it is so complicated, by definition, people have to act professionally in order to get something accomplished and that is what happened. I have the highest respect for the chairman of the committee, who has done a yeoman's job, as well as the other members of the committee who worked hard to make this a workable bill.

As we all know, when all is said and done, we must have a balanced compromise. We have to reach some agreement because we all cannot have our way in the constitutional way we as a country organize ourselves. We have to have some organization. That is basically majority rule.

Let me explain why I think this is a good bill. In the first place, I believe this is a significant improvement, from my perspective, over the bills that were proposed by the President and passed by the Congress. Most significantly, the committee bill provides a much better distribution of tax cuts. That is a matter that I think is lost upon a lot of people. The committee mark has a better, more progressive distribution of the tax cut than either the bill suggested by the President or by the House. In fact, this might raise some eyebrows. According to the Joint Tax Committee analysis, the committee we all look to as the best independent analysis, the bill before us today will make the tax system more progressive than under current law—not only compared with the President's

proposal, not only compared with the bill that passed the House, all the various bills that passed the House, but also compared to current law; that is, this bill is more fair in the distribution of tax cuts to payers of income taxes than current law.

That is not to say this bill is better than the President's. I would not ask Senators to vote for a bill just because it is better than it could have been. Instead, I believe the standard we should apply on a tax bill is whether on its merits, taking everything into consideration, the bill makes positive changes that improve our tax system and are better for most Americans. By that standard, I suggest this bill passes with flying colors.

Let me explain why. First, we create a new 10-percent bracket. This is the single biggest piece of the bill—$438 billion over 10 years, by far the single largest component. There is a new 10-percent tax bracket which has the effect of benefitting every single American who pays income taxes. Most of the benefit goes to low- and middle-income taxpayers. In fact, about 75 percent of the benefit goes to people who earn less than $75,000 a year. Let me repeat that statement. Seventy-five percent of the benefit under the 10-percent bracket, the new bracket, goes to people who earn less than $75,000 a year.

One other thing. Unlike most of the other tax cuts in the bill, this one takes effect immediately—better yet, retroactively to the first of the year. This will not only help average taxpayers but it also provides an economic stimulus because it puts more money in the hands of consumers.

We also expand the tax credit for families with children from $500 to $1,000 per child. And we do more. We increase the amount of the credit that is partly refundable so lower income families can benefit from the credit as well. We do this along the lines suggested by Senators SNOWE, LINCOLN, KERRY, JEFFORDS, and BREAUX. It is a very important new contribution that they have authored. It is a good idea of theirs. I commend particularly Senator SNOWE, who is the lead sponsor of the group to get more refundability under the child tax credit.

This is a big improvement over the current law. Why? Because it means we will increase the tax credit for 16 million more children, I might say, compared with the President's bill; that is, this bill provides a benefit to 16 million more American children than the proposal of the President and the House.

But that is not all we do for lower income working families. We make important reforms that expand and simplify the earned-income tax credit so it is available to many more low-income working families than it is today. In fact, the bill contains the most significant expansion of the EITC, earned-income tax credit, in many years. We also simplify the EITC—make it much easier for eligible families to qualify. These are huge simplification provisions.

And there is more. We create new incentives for education. For example, we help parents set money aside for their children's future education. We encourage employers to help their employees attend classes and earn degrees, and we help college students pay off their student loans—a big improvement.

Because of the leadership of Senator TORRICELLI and Senator SCHUMER, we create a new provision in the Tax Code that allows a deduction for college tuition payments. Many American families have a hard time meeting their children's higher education expenses. This provision is of significant help. It is not a total solution, but it goes a long way toward helping families provide for their children's higher education. All in all, I think it is an education tax incentive package of which we can all be proud.

There is more. We include a pension tax incentive package that has strong bipartisan support in the Senate. We all know the problem. Our personal savings rate is at rock bottom, having gone from 11 percent of GDP 30 years ago to zero or even negative savings today, meaning, among other things, that people are not putting enough money away for their retirement, thereby increasing the potential burden on Social Security.

The pension provisions of the bill will help address this problem, taking another step forward to addressing the baby boomer problem that we know is coming in about 10 years.

We make it easier for workers to take their pension plans with them when they change jobs. We strengthen pension security and enforcement. We enhance pension fairness for women. We increase the contribution limits for IRAs and 401(k)s so people can put more money into them.

On top of that, we create two new incentives that will dramatically expand pension coverage for lower income workers. One helps small businesses establish pensions for their employees. It is very hard today for small businesses to set up pension plans for their employees, much more difficult than it is for big business. In this bill, we help them do that.

The other incentive is a new matching plan to help employees save their own money for retirement—again, an incentive to help employers match their contribution.

We reduce the marriage penalty. We address the estate tax. These are not Republican priorities; they are not Democratic priorities. They are bipartisan priorities, important to virtually every single Member of the Senate.

Those are the main provisions of the bill. Putting them all together, I believe the bill represents a very significant improvement over current law. That is the standard I think we should use. Is it perfect? No. Of course, it is not. Is it the bill that I would write, that any Senator would write? Of course not.

That is not really the question. That is not the basic point. Rather, taken as a whole, does this bill represent a significant improvement over current law? I think it clearly does.

At this point, I will address some of the key arguments that have been made against the bill. First, the process.

Some will say that we should not be railroading this bill through the Senate on a reconciliation fast track which limits debate and amendment. I agree. To my mind, it is unnecessary, it is inappropriate, to use reconciliation instructions for a tax cut.

I very much agree with the statements made earlier today by the senior Senator from West Virginia, Mr. BYRD. I believe he is right. He argued for a process that is much more open, that is more expansive, so that tax bills have a lot more time in this Chamber, and many more opportunities for amendment.

I remind my colleagues, President Reagan's tax cut in 1981 was not under reconciliation, it was not under this constrained process; rather, it was outside reconciliation. The bill was considered here for 2 weeks. There were hundreds of amendments. That is democracy.

I might say—it is a bit of a stretch here, but I think it is an important point—Thomas Jefferson once said: A country is only as strong as that bond and that nexus between the people and the people's representatives. Representatives cannot do it alone. People cannot do it alone. But it is that bond between the people and the people's representatives which, by and large, determines the strength of a country.

If we rush a tax bill through too quickly—one of the most important bills that is going to be before this body perhaps in several years—clearly, we need that process, that bond to work. And for it to work, we have to have the opportunity to offer many amendments, to debate them very thoroughly, to get the people engaged in what we are doing.

By rushing this through, people do not know what is in this bill. There are problems as a consequence of that, but the deeper problem is people become disconnected from the process, and they care less about what we are doing because they do not know what we are doing, and they do not know how we got to where we are. They are going to start to become more cynical, less engaged. That is not good.

And just as we all know in running for office, you cannot satisfy—I think as President Lincoln said—all the people all the time, but we do the very

best we can. We want to fully engage people so they are more involved in getting a better product, but also because in engaging people, they understand the reasons for what we are doing much more clearly.

That is fundamentally why I think this tax bill should not be in reconciliation but, rather, should be in an expanded process. That is why I voted and spoke against, I might add, the amendment of the good Senator from New Mexico some while ago to add reconciliation instructions to the budget resolution. It is really not good Government.

Despite our best efforts, I must say, though, that dye has been cast. That decision has been made. So we have to work within the process that the Senate has chosen to employ. We have to work with what is given to us. We have to play the hand that is dealt. And that hand, unfortunately, means reconciliation for the tax bill.

In any event, I might say, the chairman of the Finance Committee, Senator GRASSLEY, has provided, I think, the best process possible under these circumstances. He has been totally open. He has been totally bipartisan. He has been equally fair. In light of the fact that I oppose the process, it should not compel us to oppose the bill.

Let me turn to the substantive criticism of the bill. One criticism is the tax cuts are back-loaded. The bill does, in fact, cut taxes more in later years than in earlier years. That is true. In large part, this is because of the constraints of the budget resolution. But there are several points to keep in mind.

First, the bill is significantly less back-loaded than the President's plan. I do not have the chart here. I think I will ask to have that chart put up. But the point is, the bill is significantly less back-loaded than the President's plan. That means these tax cuts come earlier, and the bill costs 36 percent less in the last year, in 2011, than in the President's plan.

That is significant. Yes, there is still some back-loading. Yes, back-loading is a problem we should address. But the point is, we cannot let perfection be the enemy of the good. This is better than the President's proposal.

As the chart shows—this is in the last year of the bill we are now considering, the last year being 2011—the administration's bill, which is similar to the House-passed bills, would cut taxes close to $300 billion in that last year. The bill before the Senate, which is shown in the blue on the right, indicates it is about half, a little more than half, about $186 billion, cut in the last year. So it is an example of less back-loading than the President's.

I will show you another chart as well. This chart shows over the 10-year period of the bill—it is hard to see; I apologize; I am not the best color-contrast guy in the world in putting this chart together—the red line going up is the administration's proposal, which shows that each year the tax cuts in the President's bill are greater. That is the red line that slopes upwards.

It is hard to see, but the blue line that is underneath it shows, particularly beginning in the year 2004, the cuts in later years are much less.

You will also notice that the blue line, though it is not really horizontal, is much more horizontal than the red line, again, showing that although there is some back-loading, there is much less back-loading in this bill.

In addition, the most significant back-loading problem comes from repealing the estate tax in the year 2011. For that, and other reasons, I hope we can replace repeal of the estate tax with reform of estate tax.

Third—and this is in explaining why there is this back-loading problem—under the Byrd rule, provisions that lose revenue during the second 10 years must be sunset; that is, they must be terminated.

So if we do that—and this bill does do that—we can assure that the changes that are scheduled to be made in later years can be reexamined—and must be reexamined—down the road, in light of future budgets and future priorities.

Another argument that has been made against the bill is that it is unfair. Critics say that too much of the tax cut goes to people at the upper end of the income scale.

I might say, both sides bring passion to this argument. Critics of the bill rail against cutting taxes for millionaires. On the other hand, there are those for whom the top rate of 33 percent, down from 39.6, is a holy grail.

Let's step back for a minute and just look at the facts.

First, our Nation does have a progressive Federal income tax system. According to the Joint Committee on Taxation, the top 10 percent of taxpayers today pay about 70 percent of all Federal income taxes. The top 1 percent pay about 36 percent of all Federal income taxes. Our tax system is, therefore, very progressive today. In fact, essentially in each of the years since 1993 up through today it has consistently been more and more progressive.

Given this progressive system, a tax cut that applies across all income classes is, by definition, going to result in a larger tax cut for upper income Americans because they pay more taxes. That is just simple mathematics. That, in part, is what happens under this bill. We cut taxes across all income groups, so everyone who pays income tax today benefits, and those who pay a large amount of income taxes do, in fact, receive a larger benefit—larger, I might add, than I would prefer.

But remember, the bill does more than just cut income taxes. On that distribution point, let's take taxpayers with incomes of $25,000 or less, taxpayers with incomes of $50,000 or less, taxpayers with incomes of $75,000 or less, and taxpayers with incomes of $100,000 or less. In each of those categories, the percentage of tax reductions under the committee bill is much greater than under the administration's bill. And they vary; on average it is about 12 to 10 percent greater. Contrast that with taxpayers with incomes of $100,000 to $200,000, and taxpayers over $200,000. In both of those categories, the proportion of benefits under the committee bill is less for those taxpayers than under the President's plan.

Again, to make the basic point: This bill is more progressive because it shifts tax cuts in a greater proportion to those Americans with incomes under $100,000. What it does is slightly decrease the proportion of tax cuts for higher income Americans compared with the President's and/or the House bill. This bill makes the tax system more progressive.

We have also tried to cut taxes for people whose primary tax burden is not income taxes but payroll taxes. After all, about 80 percent of Americans pay more in payroll taxes than income taxes. Our bill doesn't leave these people out; it brings them in.

These are the provisions that accomplish this: We expand and simplify the earned-income credit which may be the best program ever created to help low-income working families. We double the child credit and make it partly refundable, covering 16 million more children. We create new incentives to help low-income savers save for retirement.

I have mentioned a lot of the provisions. So what is the practical effect? Take a married couple with two children earning $15,000. Under the President's proposal, they wouldn't get any tax cut at all. Once our bill is fully in effect, they will get a tax cut of $1,152, very significant for lower income Americans with kids.

Putting it all together, I believe the bill we are considering today is one of the best bills ever written for lower and middle income families. I will say it again: This bill is one of the best ever written for lower and middle income families. So when we talk about fairness, let's keep our eye on the ball.

Does this bill give wealthy people a tax cut? Yes, it does. But that is not the only question we should ask. There are other questions that might be more important. For example, does the bill help those who are struggling to feed their families and to pay their bills? Yes, it does. Does it help the single mom, the construction worker, the two-earner couple trying to put money away for their children's education? Yes, it does, and it helps them a lot.

So with respect, I suggest to those who say the bill is unfair, just step

back a bit, take a look at the whole picture. If they do, I am confident that many, not all, will conclude that the bill deserves their strong support.

As I said at the beginning, this is not a perfect bill, but it is balanced. It is bipartisan. It is good for taxpayers. It is good for working families. It is good for the economy, and it is good for the country.

I urge Senators to support the bill.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the chairman and the ranking member for the way they have conducted the business of the Finance Committee. It has been, within the Finance Committee, a fair process. I publicly commend them for it. The chairman and the ranking member have both reached out to Members. They have visited us. They have asked us for our opinions. We didn't necessarily agree, but they certainly listened.

The markup itself was a model of fairness. I salute the chairman for the way he conducted the markup. I was saying to my wife I don't remember a more fair markup in terms of the way it was handled. I thank the chairman for that as well.

With that said, I strongly disagree with this proposal. It is a profound mistake for the country. It is a profound mistake because it is part of a larger budget package that threatens our economic security.

This tax cut is part of a budget proposal that has concealed more than it has revealed. This is part of a budget proposal that is not the real budget. As a result, it misleads Members and it misleads the American people. Ultimately, it leads us into a fiscal trap that will be a trap for all of us.

When I say this budget—of which this tax cut is one part—conceals more than it reveals, I mean by that, whole chunks of Federal spending that we all know are going to occur have been left out. The President is about to propose a major defense buildup. It is not in this budget. The President has said education is the No. 1 priority, but there is no new money for education in the budget. The President has said we must strengthen Social Security for the future, but there is no money in this budget for that purpose.

The reason those things have been left out is quite clear: If they were included, what one finds is that the budget, with this size tax cut, would not add up. What one finds is that when you put in the funding for education, if we really believe that is the top priority and we fund it as we have voted; if we follow the President's proposal for a major defense buildup and put that money in the budget; if we follow the President's suggestion to strengthen Social Security and put that money in the budget, and we put it all in one place where people can see whether it adds up or it does not, what one sees is that it simply does not.

The result is a massive raid on the Medicare trust fund and the Social Security trust fund, and that will create serious problems for this country going forward.

The New York Times said it well in an editorial on May 12. They commended the chairman and ranking member for improvements they have made in the bill over what the President proposed, but their conclusion was:

> But over all it amounts to another gross abdication of fiscal responsibility.

I believe that is true. This bill, in the larger budget context, is a gross abdication of fiscal responsibility.

Part of the problem is that all of this is based on a forecast that even the forecasters warn us is uncertain. Those who did the forecast, the Congressional Budget Office, have said to us: You have to understand, this is a 10-year projection. Looking back at our previous forecasts, we can tell you there is enormous variance. In fact, over the last 10 years they have been off by an average of 100 percent a year. That is how far off they have been in their previous forecasts.

Some people want to believe this projection is cast in concrete. It is not. It is built on quicksand. That threatens the economic security of our country.

Those who made the forecast prepared this chart. It shows in the fifth year we could have anywhere from a $50-billion deficit to more than a trillion-dollar surplus. That is the variance they project, looking back at their previous forecasts and seeing how far off they were. Then they projected those variances to this projection. They warned us in an entire chapter of their forecast how uncertain any 10-year projection is. That is the backdrop for what we do here over the next several days.

To me, it counsels caution. It counsels caution on spending, on tax cuts. Let's not bet the farm that any 10-year forecast is going to come true. No company would do it; no private concern would do it; no American family would do it; but we are about to do it here in the Congress.

The second critical fact people need to know: The Senator from Iowa said we are paying down all the debt there is to pay down. That is just one part of debt. He is talking about the publicly-held debt. The publicly-held debt, as we meet here today, is $3.4 trillion. Unfortunately, that is not the total debt of our country because in addition to that publicly-held debt—that is debt held by the public—we also have debt that the general fund of the United States owes to the trust funds of the United States. That debt is every bit as much debt as the debt held by the public. That has the same legal claim on the assets of our country as the publicly-held debt.

What has been missing from this debate is that the debt held in Government accounts, the debt owed by the general fund of the United States to the trust funds, is going to increase. It is going to increase from about $2 trillion in 2000 to nearly $6 trillion during this same period. In fact, when one puts the two together—the publicly-held debt and the debt to the trust funds of the United States—what one learns is the overall debt, the gross debt of our country, is not going down; it is going up. The gross debt of our country is going from $5.6 trillion today—that is a combination of the publicly-held debt and the debt owed to the trust funds of our country, which is $5.6 trillion today—to $6.7 trillion at the end of this 10-year period of this tax cut. That is the hard reality. The debt of our country is not going down; the debt of our country is going up.

When they described this as fiscally irresponsible, the New York Times made the case that this tax bill is badly backloaded. That means the true cost is hidden in the first 10 years. The cost explodes in the second 10 years because many of the provisions don't take effect until late in the decade, so their full cost is masked. The cost in the first 10 years is $1.35 trillion, as advertised. But that is the tip of the iceberg because the cost in the second 10 years goes up to nearly $4 trillion, right at the time the baby boomers are retiring, at the time the number of people eligible for Social Security and Medicare will double. This ticking timebomb is put right in the middle of that demographic timebomb.

As the Comptroller General has warned us, we are headed for a circumstance we have never seen in our Nation's history, a circumstance in which the number of people eligible for Medicare and Social Security will double, and double in very short order. That changes the budget circumstance of our country very dramatically: In this decade, we enjoy substantial surpluses; in the next decade, we face massive deficits.

What I proposed, what colleagues on this side of the aisle favored, was to take a substantial part of these surpluses now, reduce the size of the tax cut, cut it about in half, and use that money to prepare for what is to come, to reduce this long-term debt. That would be a wiser course, a more fiscally responsible course, a more conservative course.

The back loading is in page after page of the tax bill before us. The marriage penalty and standard deduction provisions don't take effect until 2006 to 2011. The marriage penalty, 15-percent bracket, doesn't take effect—I am told that may have been changed overnight. There are so many changes, and

that is one reason some of us thought we ought to at least wait a couple of days to know what we are amending. I am a member of the Finance Committee, and I just learned this morning that apparently this is being moved up a year. It doesn't take away the point that it is backloaded.

The indexation of the 10-percent bracket doesn't take effect until 2007. The final rate cut in the upper brackets takes effect in 2007. The pushback on the Pease limit on itemized deductions doesn't take effect until 2009. Repealing the phaseout of personal exemptions takes effect in 2009. The full phase-in of IRA contribution limits doesn't take effect until 2011. The full phase-in of the child credit doesn't take effect until 2011. The repeal of the estate tax doesn't take effect until 2011. This is totally backloaded. That means the total cost is hidden from view in this 10-year period.

The Philadelphia Inquirer looked at this plan and wrote this editorial entitled ''Tax Slashers At Work. Once started, they can't seem to stop.'' They made this observation about the Finance Committee:

> Like 20 frat brothers trying to cram themselves into a Volkswagen, U.S. Senators are overstuffing their tax bill.

They pointed out:

> Remember the outrage over the marriage penalty that affects many two-income couples? The Senate bill would only start to address this problem five years from now. By that time, the Bush Presidency—and a lot of marriages—may be over.

Mr. President, I am told this may have been moved up and it may not take effect for 4 years instead of 5. I have not seen the details. It doesn't take away from the point that it is backloaded. The Philadelphia Inquirer said:

> With other tax breaks, the bill does the opposite trick: providing tax relief right away, then supposedly ending it a few years down the road. A tax break for college tuition is slated to die after 2005. Relief for some of those hit by the alternative minimum tax would end after 2006.

Their commentary was:

> Sure, Congress is really going to let a popular tax break for the upper middle class die in an election.

The Philadelphia Inquirer says:

> That is dishonest and cynical.

They go on to point out:

> Another slow phase-in is the repeal of the estate tax over 10 years. If Congress weren't so intent on being generous to billionaires, it could afford to get more relief sooner to the parties sometimes genuinely injured by the inheritance tax: family farms and small businesses.

Unfortunately, much of what the Philadelphia Inquirer says is exactly right. Here is the marriage penalty relief delayed under the bill that came out of the committee until 2006. No relief for those married couples who suffer the penalty of the Tax Code that is imposed on some who are married. There was no relief—nothing—for the first 5 years. Then it is phased in. That is the kind of back loading the Philadelphia Inquirer was talking about.

Then they talked about sunsetting some provisions. Alternative minimum tax relief is one of them. The alternative minimum tax is something that will affect a dramatically increased number of taxpayers under this proposal. Currently in this country, only 1½ million taxpayers are affected by the alternative minimum tax. But under this bill, by the end of the period, nearly 40 million people will be caught up in the alternative minimum tax.

Boy, are they in for a surprise. They thought they were getting a tax cut. Nearly one in every four taxpayers in America is going to be caught up in the alternative minimum tax—a complex calculation designed to keep the superrich from getting by without paying any taxes, because they used excess depreciation, excess deductions, excess exclusions. They were getting, in cumulative total, unfair benefits. That only applies to 1½ million people today.

Under the tax bill that is before us, that is going to mushroom to nearly 40 million people. Does anybody really believe we are going to allow this to happen? I do not. It should not happen. It does happen under this bill, and it is another reason I believe it is misleading.

What does this bill do in terms of addressing that issue? It offers some help initially, but then it ends it later in this decade. It is going to stop providing that additional assistance for the alternative minimum tax right at the time the number of people affected by it explodes.

This does not pass any kind of test. It does not pass a credibility test. It does not pass a fiscal responsibility test. It does not pass a fairness test. It does not pass any kind of test. But that is what is right in the guts of this bill before us.

It does not stop there because with the estate tax, it is the same thing. They hide the true cost because they put off its elimination until the 10th year. That is when they eliminate the estate tax, and then the cost explodes, but they do not capture that explosion because they do not put it in this bill. That is why the New York Times says this is fiscally irresponsible. And they are right. It does not pass the fiscal responsibility test.

That is what happens to the estate tax. Under the bill from 2002 to 2011, it costs $145 billion. But what happens in the second decade that is right beyond what is captured in this bill? The cost explodes to $790 billion, right at the time the baby boomers start to retire, right at the time the Federal Government has new responsibilities and obligations that are going to be very costly to meet. And we are going to give a $790 billion cut to the wealthiest 2 percent? Is that fair? We are going to shift that obligation on to all the American people and off the wealthiest 2 percent? It does not strike me as very fair.

That is not the only thing that is unfair about this bill. This bill says to the bottom 20 percent of the American people: You get 1 percent of the benefits. Those who have the lowest income in this country, the lowest 20 percent, we say to you: You get 1 percent of the benefits. The top 20 percent, the wealthiest 20 percent, we say: You get 70 percent of the benefits. That does not strike me as fair.

I know our Republican friends will say the wealthy people pay more in taxes. They do. That is certainly true. But this bill gives 33 percent of the benefits to the wealthiest 1 percent, the wealthiest 1 percent who, on average, in this country earn $1.1 million a year. I am glad they do. I hope very much that every American has the chance at some point in their life to receive $1.1 million a year in income. That is terrific.

That is one of the great things about the American dream. You can start with nothing in this country and you can become a person of means and do great things. You can help people through your own private resources. You can help your family. I am all for that.

When it comes to the people's money—we have heard a lot about this, the people's money, let's give it back to the people. To which people are we giving it back? We are giving 70 percent to the wealthiest 20 percent. We are giving 33 percent to the wealthiest 1 percent. Is that really fair? I do not think so. I can tell you, the wealthiest 1 percent do not pay 33 percent of the taxes; they pay about 20 percent of the taxes.

Our friends on the other side want to talk about only income taxes, but people do not pay just income taxes. They also pay payroll taxes. And the truth is, the fact is, 80 percent of the people in this country pay more in payroll taxes than they pay in income taxes. Yet this is just an income tax cut, and it is heavily weighted to the wealthiest among us, and it is not fair.

There has been a lot of talk that it is more fair than what President Bush proposed, and that is true; it is modestly better than what the President proposed. The President gave 72 percent of the benefits to the top 20 percent. This bill gives 70 percent of the benefits to the top 20 percent. I guess we can say it is better than what the President proposed, but the larger truth is, it is not much better, and it is still not fair.

I do not think there is anything that shows the unfairness of this proposal better than what happens to rate reduction at the various tax brackets.

In our country, we currently have a 15-percent bracket. Those are couples who earn up to $45,000 in taxable income. That means they are earning $60,000 or $65,000 a year in gross income. Then we have a 28-percent bracket, a 31-percent bracket, a 33-percent bracket, and we have a 39.6-percent bracket.

All of these brackets will be benefited by a new 10-percent rate. The new 10-percent rate simply says that a couple on their first $12,000 of income will be taxed at a rate of 10 percent. That is on their first $12,000. So everybody's first $12,000—everybody's—will be taxed at a rate of 10 percent instead of 15 percent, as current law provides. That is a benefit to every single tax bracket because everybody's first $12,000 will be taxed at a lower level.

Interestingly enough, this bill also provides rate relief to the various brackets. It gives a 3.6 percentage rate reduction to those who are in the 39.6-percent bracket. In other words, the biggest percentage reduction goes to the wealthiest group, and each of the other brackets gets 3 percentage points of rate relief. Those in the 33-percent bracket, 31-percent bracket, 28-percent bracket, they get 3 percentage points of rate relief, or about 10 percent of their overall tax burden.

What happens to those in the 15-percent rate bracket? They get no rate relief. They get none. Everybody else, every other bracket gets rate relief, but not the people in the 15-percent bracket. Is that fair? I do not think so.

How many people are in that 15-percent rate bracket? This is where the real unfairness of this bill is revealed because that is where 70 percent of the American taxpayers are. They get no rate relief. That is where 69 percent of the small businesses are. They get no rate relief. All of the talk that we are going to give marginal rate relief because it is the key to encourage savings and investment, but it only applies to the top rates. It does not apply to the 15-percent rate because this bill does not give them rate relief. It does not give the 70 percent of the American taxpayers rate relief. It does not give the 67 percent of small businesses rate relief. It reserves rate relief for those in the highest brackets.

There is something wrong with this bill, and what is wrong is it is not fair.

This bill has been sold repeatedly as an economic stimulus bill, one that can provide some lift to our economy in this period of weakness. That is an interesting theory and one I support. I believe we ought to give economic stimulus in this year, and we passed it in the Senate. We voted for $85 billion in tax relief in the year 2001. What is in this bill is not the $85 billion for which we voted. Oh, no, the stimulus in this package, this $1.350 trillion tax cut, is $10 billion. There is almost no stimulus out of this big package for this year.

For those who told people we are going to stimulate the economy by giving people money back in their pocket this year, this bill doesn't do it. We voted for $85 billion of stimulus this year in the Senate by an overwhelming vote. That is not what is in this bill. They cut that back down to $10 billion in relief this year.

I go back in history and look at the record. We had the same theory at work in the 1980s. That theory was we could have massive tax cuts, we could have massive buildup in the defense spending, and it would all add up. It did not add up. The result was an explosion in debt and deficits. We quadrupled the national debt, saw a dramatic increase in budget deficits, and under President Bush it got totally out of hand. We had a budget deficit of $290 billion the last year of his administration, and in 1993 we passed a package that raised income taxes on the wealthiest 1 percent and cut spending.

That package brought us back to balance. That brought us back to fiscal sanity. That brought us back to getting our fiscal house in order. That kicked off the longest economic expansion in our Nation's history.

We are about to go back to this theory. We could have a massive tax cut, coupled with a massive buildup in defense expenditure, and somehow it will add up.

History tells a great deal. This chart shows the trends in spending and revenues from 1980 to the year 2000, a 20-year snapshot. The red line is the total outlays, the blue line is the total revenues. We can see what happened the last time we had this theory at work. In 1981, a massive tax cut was passed, massive increase in defense expenditure, as this President is proposing. That is what happened to the expenditure line. It went up. Here is what happened to the revenue line with the massive tax cut: It went down. The deficits that were already too large exploded; the national debt exploded. It was only in 1993 when we passed a plan to reverse these lines, to reduce outlays, to increase revenues, that we were able to balance the budget and start reducing the national debt, that we were able to get our fiscal house in order and to put our country on a course to strong economic growth—the greatest, strongest, economic growth in our Nation's history.

And now we are going to retest the theory that was tried in 1981: a massive tax cut combined with massive increase in defense expenditure.

I pray we don't have the same result. Back in the 1980s, we had time to recover. But now we don't. We had time to recover in the 1980s because the baby boom generation was still relatively young. But now the baby boom generation is aging and they will retire in this next decade. Then everything changes. These surpluses turn to deficits. That is what, to me, counsels caution, that counsels a smaller tax cut, one that is more fairly distributed, one that passes the fiscal responsibility test, one that passes the fairness test, one that does not put America in jeopardy of exploding this debt.

Here is where we are on the growth of Federal debt. In 1980, we had a gross Federal debt of $909 billion. Today, as I said earlier, we are up to $5.6 trillion. Under this plan, the debt is going to continue to go up. It will go up to $6.7 trillion. I believe that is a mistake. At this time of surplus we ought to devote more of these resources to debt reduction. We ought to have a tax plan that is smaller, that takes the difference and puts it into strengthening our future economic position by reducing debt now when we have the opportunity, when we have the chance.

I believe the tax bill before the Senate flunks every test. It flunks the fiscal responsibility test because it is badly backloaded and because the national debt will grow. It flunks the fairness test because it gives the overwhelming part of the benefit to the wealthiest among us. I can't justify it. I don't think it is fair.

We are going to vote on this, perhaps on Monday, maybe as late as Tuesday. This is going to be a defining vote. It is an important vote. It will make a real difference to the future of this country. I regret very much the budget resolution passed by a slim vote in the Senate, 53–47, that put this scenario in place. But it did pass. That is where we are.

The great thing about our country is we are a democracy. We decide by votes. The votes of the elected Representatives of the people have decided this will be the course we pursue. I believe this bill is a profound mistake, that it would be far wiser to reduce the size of the tax cut initially, by about half as much as what is proposed, maybe a little more than half, and then wait to see how events unfold.

This is an uncertain time. We can see it in the markets; we can see it in unemployment; we can see it in productivity growth not being as strong as we have previously seen. All of that, to me, counsels caution.

I hope my colleagues seriously consider opposing this plan. I think it is a risky plan, that it is a dangerous plan. Does that mean it wouldn't work out under any circumstances? No. I think we have to be very direct and very clear. It may work out just fine. It may. Things may turn around. Things may improve. We may have more revenue than we are anticipating and that this tax cut is fully justified—not the fairness of it, but the amount of it.

No one can know that. No one can know what the next 10 years hold. We ought to be more cautious. We ought to be more conservative. We ought to reserve more of this forecasted surplus for debt reduction. We ought to reserve more of it to strengthen Social Security for the future. We ought to prepare

for the baby boom generation. Then if things work out as forecasted, or if they are better than forecasted, which we all hope will be the case, we can have a tax cut of this size, maybe even bigger. But we shouldn't lock it in now based on an uncertain forecast at a time when the economy is shaky. And we ought not to put in place a tax cut that doesn't give a lift to this economy when it is weak.

We ought to provide stimulus now. We can afford to provide a $85 billion tax cut this year and get that money into the pockets of the American people now to strengthen the economy. That is not what this bill does. That is what we voted for in the Senate, but that is not what this bill does. Only $10 billion of this tax cut is effective this year, the year we are in, the time when we know we have economic weakness.

I thank my colleagues for this time. I say to the chairman of the committee, thank you for the fairness with which you have conducted the debate. That is the strength of America. We have different points of view. That doesn't mean we don't respect each other. I have great respect for the Senator from Iowa. I work with him frequently. I have great respect for the Senator from Montana. We work together frequently. But on this question we have a principled and profound difference. The great thing about America is we have a chance to express those differences and to vote on them. When we are done, when that is finished, we will go on and again work together on measures that are important to our country and to our individual States.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I will take the opportunity to address some of the issues the Senator from North Dakota addressed. I accept his graciousness about how we have run this process, and also confirm that on many things we work together—and I think of two: agriculture and rural health care. Those are two very important issues for our constituents.

The Senator from North Dakota has heard me speak on this point, and I mentioned it in my opening remarks. We did hear him say, as one Member who will probably say this several times today and throughout this debate, that this is a very risky road we are going down. There again, I think that caution is the responsibility of every Member of this Senate. I do not regret that he makes that caution.

On the other hand, we also appropriate a lot of money. We pass a lot of programs that obligate this Congress and the taxpayers of this country to pay a lot of money several years down the road based on the same Congressional Budget Office projections of what the future income of this Treasury is going to be.

All I would say is, if it is risky to consider this when we have tax cuts, then we ought to use the same adjectives and implore the Senate of the United States to use the same caution as we are adopting other programs down the road.

We never hear that. It is OK to pass spending bills and not worry about what the future holds; can we meet those obligations? But if we incur obligations letting the people of the country keep their tax money and decisions relating to them, then obviously that is an entirely different story and we hear the word ''risky'' used.

Another point of contention with the Senator from North Dakota deals not with the statistic he used, or not with the point he is trying to make, but when he says 2 percent of the wealthiest Americans are going to benefit by the repeal of the death tax—this is such a complicated issue to deal with, who benefits from the death tax. Our own nonpartisan Joint Tax Committee does not even figure estate tax and who benefits and who loses in the distribution tables they put out. That is because, for the death tax, the person who benefits has died. So it is ridiculous to talk about the death tax benefiting 2 percent of the most wealthy in America, because the people who made the money are gone from the face of this Earth.

There is an assumption here that may be partly correct—but I bet you would never prove if it were correct—that the people who inherit from the person who died happen to be wealthy. There is some effort by some think tanks in this town to figure that equation into the distribution tables of whether we are benefiting the wealthy or the not so well off. I think it is intellectually dishonest—the Senator is not intellectually dishonest, but the people who do this figuring. If our own professional people who are nonpolitical can't do it, why should we listen to some think tank that is politically oriented to make that judgment for us? It is wrong. You cannot trace the money.

One other thing I ask the Senator from North Dakota to consider is that his picture of America, of the rich and the poor, just does not exist. Dividing America into the rich and the poor, as if somehow you are born poor and you stay poor all your life; you are born rich and you stay rich all your life—that America does not exist. It is a never-never land.

Mr. President, 150 years ago the French nobleman, De Tocqueville, who came to our country to study democracy—he was here about 3 years and wrote a lot about it—wrote:

> The rich are constantly becoming poor. The rich daily rise out of the crowd and constantly returneth thither.

That was 150 years ago, and it has not changed now. All you have to do is look at the University of Michigan studies on this point and you will find economic status in this country is always transient. We do not have two distinct, unchanging groups in America, the rich and the poor. These are generally, as was in these graphs divided here—you know, the lowest income one-fifth, the next highest income one-fifth, the middle income one-fifth, and then the next highest income fifth, and then the very wealthy fifth, 20 percent.

Only one-half of 1 percent of the American people—year after year—are in the lowest one-fifth. So when he talks over here on the lowest 20 percent benefiting in so minuscule a fashion from this tax bill, he could be talking about one-half of 1 percent of the people. The people who are in that bottom one-fifth today, most of them in 1 year are going to be in other levels of income, who are going to benefit from our tax bill. Only one-half of 1 percent, I want to repeat, are in the lowest one-fifth year after year.

One-third of the lowest one-fifth rise to the second, third, fourth, or fifth quintile by next year—just 1 year away from being in that lowest 20 percent. Mr. President, 80 percent move out of the bottom one-fifth—80 percent of the bottom one-fifth move to the middle class and above, and 30 percent of those people who were in that lowest one-fifth rise to the highest one-fifth; in other words, the wealthiest one-fifth in America.

This is America. That is what America is all about, the ability to move up as you use your talents.

The other end of the scale is probably even more surprising. If you take the very wealthiest one-fifth of America at any one time, the rich do not always stay rich.

That is another way of saying what De Tocqueville said 150 years ago: If you take the top 1 percent of Americans, 10 years later more than one-half had dropped out of the top 1 percent and also dropped out of even the top one-fifth.

So what we have here is an America that has always existed, never an America of people who were always poor, and never an America of people who were always rich, but people who were moving up the economic ladder, and some who had the misfortune of moving down the economic ladder even if they were at one time in the top 1 percent of the most wealthy.

So when you see a chart that says the lowest one-fifth and the top one-fifth, remember, that is today; tomorrow, that picture will not be the same. As people move up that ladder, they are going to benefit from the tax reduction regardless of the fact that there is a lot in this bill for the lowest income people.

We have a very dynamic society, an America that is ever-changing, an

America where the poor, except for one-half of 1 percent, are much better off at various times in their life. Then, for those who are very fortunate to be born in wealth or to grow wealthy, very few of them always stay wealthy.

So I hope these things are taken into consideration as we hear about the ''winners'' and the ''losers'' because with this tax bill there are not any losers. Everybody is a winner.

I yield the floor.

Mr. President, I yield the Senator from Oklahoma whatever time he wants to consume.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. First, I compliment my friend and colleague from Iowa for the comments he just made, but also for his management of the bill, as well as Senator BAUCUS from Montana.

They have worked well together to produce a good product.

I was disappointed to hear the comments made by my friend and colleague from North Dakota criticizing the bill. I happen to disagree with many of the statements he made about this bill benefiting the rich and wealthy, and so on. I just disagree with it. He is entitled to his own opinion; he is not entitled to his own facts.

I want to talk a little bit about the facts and talk a little bit about what is in this bill because I think it has been mischaracterized in this Chamber. I think it is important that we know what is in the bill.

Again, I compliment Senator GRASSLEY and Senator BAUCUS for bringing us this bill today. I think this bill is a giant step in the right direction. It is not perfect. Maybe it can be made better. But I think it is important that we look a little bit at the facts. I believe the facts will show that this bill does not just benefit the wealthy. I think it is a fair tax cut and weighted very much toward low-income people.

I want to speak a little bit about the statement that this is a repetition of the Reagan tax cut, and are we going to see deficits as a result of this because that is what we saw when Ronald Reagan cut taxes in 1980?

I came to this body on January 3, 1981, but I looked at the record. In 1980, total revenues to the Federal Government were $517 billion. Ten years later, total revenues to the Federal Government were double that amount: $1.032 trillion—almost exactly double. So if Ronald Reagan had these massive tax cuts, revenues to the Federal Government doubled in that 10-year period of time. He was President 8 years of that time. Certainly, you could say he was responsible for that.

The fact is, spending grew fast, so revenues grew, and grew rather substantially, doubling in that 10-year period of time. The problem was, spending grew faster. Maybe we should blame Ronald Reagan; maybe we should blame the Democrats and the Republicans who were running Congress; there is plenty of fault to go around. My point is: Revenues grew.

What Ronald Reagan did was, he made a significant reduction in rates, but revenues continued to grow. He reduced the maximum rate from 70 percent to 28 percent. He had broad bipartisan support for those tax bills, I might mention. The first bill brought it down from 70 to 50 percent, and a couple years later we passed another bill that brought the rate from 50 percent to 28 percent. I remember Senator Bradley was supportive of that bill. My point is: we brought rates down but revenues continued to grow.

I think that is also evidenced by the fact that when we reduced rates in 1997, when we reduced the capital gains rate from 28 percent to 20 percent, revenues grew.

So some people react: Wait a minute, you can't cut rates when you reduce revenues. I disagree with that. We reduced the capital gains rate and revenues have grown substantially.

I want to talk a little bit about the bill before us. Does it benefit primarily the wealthy? I think not. I think it is weighted way toward the low-income groups. I will just give you a couple facts. The facts are that we take the 15-percent bracket, the people who make $12,000 or less adjusted gross income, and they pay 10 percent. That is a reduction of 33 percent. That is not stretched out over 7 years but retroactive to January 1. That is today. That is real. That is $600 per family for every family who pays taxes. That will make a difference. That is weighted toward the low income. People who make $12,000 or less get the full $600.

People who make $1 million, they get the same $600. Percentagewise, that is going to eliminate a lot of people's tax liability, period. Millions of people will pay no income tax as a result of that change. That change is made immediately, retroactive.

I heard my colleague say there are only $10 billion of outlays or scoring for this fiscal year and that we only have a few months left in this fiscal year. But as a result of the changes we are making, a lot of people will get refunds that will have smaller withholding for the last couple months of this fiscal year; they will get a refund in April of next year. They are going to get a tax cut. It will be a tax cut for taxpayers.

What about the rest of the brackets? The rest of the brackets do not get anything as far as a rate change. All the brackets get a 1-point reduction in the rate change effective January of next year. If you figure percentagewise, that is a much greater percentage reduction in taxes for the lower income brackets than it is for the higher income brackets. Again, I think some people are trying to score points and have political class warfare, but that is ridiculous. And that does not even count the other changes that are made in the tax bill.

We have the $500 tax credit per child which is made refundable, against my advice. I do not think that is good tax policy, but it is in this bill. So if anyone is saying we are benefiting the wealthy, there is a $500 tax credit that is refundable. Under this bill, we are giving people money back who did not even pay taxes. That certainly is weighted toward the low-income people.

How can someone say we are not even benefiting this one group? That is just not right. Or that this tax bill benefits the wealthy? That is just not right. I was one of the principal sponsors of the $500 tax credit per child that we passed in 1997. That did give people tax credits. It reduced their tax liability when having kids. If they have four kids, that is $2,000 more they get to keep this year as a result of what we passed in 1997. We expand that now to make that $1,000 per child. We phase that in. The first $100 is effective immediately. So if a family has four kids, that would be four times $600. That would be $2,400 they would get to keep this year, that they would have reduced in their taxes. Most of it would show up in a large refund for next year. But that is a tax cut benefiting primarily low-income people. Higher income people do not get that. So I just wish people would be factual.

Let's take, again, the upper income group. All the upper income rates get a 1-point reduction effective January of 2002—next year. When do they get another reduction under this bill? Not until 2005. So the low-income people who make $12,000 or less adjusted gross income get a 33-percent reduction effective immediately, but those in the higher income are going to have to wait another 3 years—until the year 2005—for another reduction. They get 1 point in 2002—next year, in January—and then they have to wait another 3 years to get another point. I think that is way too slow. Then they have to wait until the year 2007 to get 1 more point for all the rates. I think we are way too timid in getting the rates effective.

Then some people still criticize the bill, saying the upper income is really benefiting. That is hogwash. How does that compare to the tax increase that passed in 1993? Did we phase in the tax increase that passed in 1993 and President Clinton signed? We had a tie vote. Vice President Gore broke the tie twice in the Senate. Did we phase that in when we took the maximum rate from 31 percent to 39.6 percent? No. It was not phased in. It was made retroactive to January 1, 1993.

Was that the only increase we did on upper income people? No. In addition to that, we said there won't be a cap on

Medicare taxes, so an individual pays 1.45 percent of payroll on all payroll now. It used to be capped at the Social Security base. At that time it was—last year it was $75,000. Now that goes up.

So you pay 1.45 percent of Medicare on all income and actually your employer does it, too, so in effect that was a 2.9-percent increase on top of the 39.6. So President Clinton increased the maximum tax rate from 31 percent to 39.6 to actually 42.5 percent. The package we have before us today will reduce that by one point next year. President Clinton raised the rate from 31 percent to 42.5 percent. This bill is going to reduce it from 42.5 percent to 41.5 percent, still over 33 percent higher than it was in 1993.

When it is all said and done, it is still 20-some-odd percent higher than it was in 1993. The bill we have before us phases it down over 6 years to 36 percent. Maybe it must be higher for some individuals. I don't know. How much do you want the Government to pay? How big a percent should the top 1 percent pay? They now pay 35.9 percent of all income taxes, and evidently some people think it should be 50 percent or more. Is that good policy? I don't think so.

Then they say: You had a tax cut. If they pay 100 percent of the taxes, and you give a tax cut, I guess they get 100 percent of the tax cut, and that would be wrong.

That same rhetoric is employed on the death tax. We have increased the exemptions over the years and, therefore, only the top 2 percent pay the death tax. Therefore, if you cut the death tax, you are really benefiting the wealthy. What is right about the Federal Government taking over half of what somebody has worked their entire life for and they want to pass on to their kids? What is right about the Government saying, we want 60 percent of it; we want 55 percent of it? That is present law. Only the top 1 percent does or only the top 5 percent. So who cares? Our job in the tax policy is to redistribute wealth. We want to rob Peter to pay Paul. We have a lot more Pauls. We are going to make them happy. We are going to take Peter's money and give it to lots of people.

Some people think the primary purpose of the Tax Code is to redistribute income so we have all these distributional charts. We have to make sure this percentile gets their fair share of the money. They didn't pay their fair share of the taxes, but we want to make sure they get their fair share of the money. We don't do that with spending programs. Some people are trying to turn the Tax Code into aid for families with dependent children. I disagree. We should not use the Tax Code for spending purposes.

The Tax Code should be fair and equitable. There is nothing right about somebody working their entire life and building up a business, a farm, a ranch, or a company of some kind and they die and all of a sudden the Government says: Hey, we want half. Move over. We don't care if you have to sell the company. We don't care if it bankrupts the company. We want half. The Government is entitled to take half.

I think that is absolutely, fundamentally wrong.

What we are trying to do eventually in this bill is repeal the taxable event on death and say the taxable event would be when somebody sells the property. If they inherit the property and they don't sell, they continue operating the farm, the business, whatever, as long as they are operating it, fine. If they sell it, then they pay tax, and the tax will be at the capital gains rate. It won't be at 55 percent. It won't be at 60 percent.

Somebody said, we don't have the death tax rate at 60 percent. Yes, we do. If you have a taxable estate on death between 10 million and 17 million, the taxable rate is 60 percent. We get rid of that 5 percent kicker right off the bat. That is one of the things we should do in this bill. We ought to get the death tax down. We ought to get marginal rates down. Marginal rates are too high. So we have gradually reduced them. I think we are way too gradual in reducing them. But for some people to say, wait a minute, we are doing too much for this group because we are really benefiting them, when all they get under this bill, all they get if this bill was law, and this is all we passed for the next 3 years, all the wealthy would get would be basically a 1 percentage point reduction next January in their rate, from 39.6 to 38.6, or correspondingly the other rates, 28 to 27, and that would be it until the year 2005. I think that is pretty pathetic. We can do better. I hope we will do better.

For some people to say that really benefits the wealthy just because a few years ago we raised your rate from 31 percent to 42.5 percent, forget about that. To reduce it by 1 percentage point, when you increased it 11.5 percent—11½ points, not percent, 11½ points—now we are going to give you a great big 1 point reduction, give you one-tenth of that back in 4 years, that is a massive tax cut? I beg to differ with you.

If we passed the Bush tax plan as it is, it is still much higher than it was under President Clinton.

I make these points. I think people need to look at the tax legislation in total. They need to look at the tax credit, the refundability of the tax credit, maybe the wisdom of that. I think that should be considered. We finally start making some real inroads on marriage penalty relief. I wish we did more, and I wish we did it earlier. But, unfortunately, some people reduce the size of this tax bill.

Some people say: Wait a minute, why can't you do marriage penalty more immediately? Because some people voted on the budget resolution to reduce the size of this package from 1.6 trillion to 1.35. OK, they won. So now we have the budget resolution, and we are doing the best job we can with 1.35. We should work to pass the best bill we can with 1.35. If we had the 1.6, maybe we could do more with the marriage penalty. Maybe we could do more with the rates; we could accelerate more the rates. But we didn't win on the budget.

A lot of rhetoric I have heard says: I want to redo the budget, fighting the budget battle. The budget battle, you lost that one. Now we are fighting the tax battle: Should we have a tax cut or not? Should we eliminate the death tax or not? Should we cut rates any? Is a 1 point reduction in the next 4 years too much for all income brackets? I don't think so.

Let me refer a little bit on this. We didn't cut the 15-percent rate. I mentioned in the Finance Committee, I would be happy to consider alternatives. Right now, we have weighted a lot of the tax cut. You have different rates. You have a zero rate which we are expanding substantially. We have the 15-percent rate, the 28-percent rate, 31-percent rate, 33, 39.6. We have reduced all those rates. Somebody said: You didn't reduce the 15-percent rate. What you did is you took a chunk of it out and made it 10 percent.

There is another way of doing it. We could reduce the 15-percent rate, take that same amount of money, we took half the tax cut. By adjusting that, putting in the new 10-percent rate, we could reduce the 15-percent rate to 13.5. That would be a 10-percent reduction in the 15-percent rate and probably do that for the same amount of money we did by creating the 10 percent.

We would cut rates for everybody in the 15-percent bracket. That might be a better tax policy than going to 10 percent. I am willing to consider that.

In other words, there are different ways of doing this. It might come out the same dollarwise for the total bill, and it is more equitable. There are some things we can do.

This bill is not perfect. But to slam it and say we are not doing anything over here and ignoring the child credit, to ignore the fact that we are expanding the 15-percent bracket substantially for married couples, which means a lot of married couples will be paying 15 percent instead of 28 percent, almost a reduction of one-half on a lot of their income—that is a big change—to ignore those kinds of things would be a mistake.

I urge my colleagues to support this package. I hope we don't have a lot of amendments. It has been pretty well balanced, if you want to look at it like that, from a political perspective. I hope we can improve the bill as we go

forward. I hope we don't engage in a lot of class warfare rhetoric nonsense. It seems that that has been coming out lately. I don't think it is justified. It is not becoming to the Senate.

Taxpayers are entitled to tax relief. They haven't had it for the last couple years. Congress passed, in 1999, tax relief. President Clinton vetoed it. Congress passed a couple bills last year to eliminate the death tax and eliminate the marriage penalty. President Clinton vetoed them. Taxpayers are overdue in getting relief. It is time we give them some relief. This bill is the first good news the taxpayers have had, certainly since 1997, and the first significant, real relief they have had in decades.

I am very hopeful and pleased that we will put this on the President's desk, hopefully, by next Friday.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, the great thing about our country is we can have honest differences of opinion, and we do. The Senator from Oklahoma says he is against redistributing income through the Tax Code. That is exactly what this bill does. Only this redistributes it up.

We have a circumstance in which the wealthiest 1 percent are getting a greater share of the tax reduction provided in this bill than they pay in Federal taxes. Now the Senator wants to talk just about income taxes. People don't only pay income taxes; they pay income taxes, payroll taxes, and other taxes. The wealthiest 1 percent don't pay 33 percent of Federal taxes—they don't. They pay 23 percent to 26 percent in Federal taxes, but they get 33 percent of the benefit in this plan. That is not fair. It is not fair.

The Senator talks about the estate tax. The fact is, the estate tax is paid by the wealthiest 2 percent of the estates in America. We agree there is a problem with the current estate tax because it bites at much too low a level—$675,000 for an individual, $1.3 million for a couple—before you start paying any tax. That is too low given what has happened to the value of financial assets, real estate and other assets.

I have supported increasing the estate tax to $5 million for an individual, $10 million for a couple, but eliminating the estate tax is fiscally irresponsible given the cost the Federal Government is going to face when the baby boomers retire. It costs $750 billion the second 10 years. From where is the money going to come? The Senator from Oklahoma is going to shift that burden on to everybody else.

The tax policy is fundamentally a question of, what is the fairest way of distributing the burden in society? What is the fairest way? The Senator from Oklahoma apparently has a difference with this Senator, at least on what is fair. I don't think it is fair to take the people's money and give 33 percent of the benefit of this tax cut to the wealthiest 1 percent. I don't think that is fair. I don't think it demeans the Senate one bit to have that debate. I think it is exactly the debate the people of this country, who sent us here, expect us to have. What is the fiscally responsible thing to do? What is the fair thing to do? That is exactly what we ought to be debating.

We also have a difference on what the historical record is. The Senator goes back to the 1980s and talks about a doubling of tax receipts. But I think that is misleading because it doesn't take account of inflation. The way to best compare what happened to revenue and expenditure in different historical periods is by looking at revenue as a percentage of gross domestic product and outlays as a percentage of gross domestic product. When you do that, it is very clear what happened in the 1980s. The spending went up with the big defense buildup the President proposed and Congress enacted. The spending went up as a percentage of GDP. The revenue went down sharply as a percentage of GDP. That opened up this massive chasm, which was deficit. The yearly difference between what we took in and what we spent multiplied the debt. The debt quadrupled, putting this country in a deep hole. And the same folks who designed that package are coming back with the one we see today.

The question is, what is the fiscally responsible thing to do? I don't believe it is responsible to pass this package. I don't think it is a fair thing to do, either.

I rise to offer an amendment to deal with one of the issues that I think is most unfair in terms of the bill that is before us. Every Senator has talked about the need to fix the marriage penalty. Indeed, we should fix it because some couples pay more taxes simply because they are married. That is not right. That is not fair. I think we all agree with those propositions. But this bill doesn't do anything about it for 4 years. There is no marriage penalty relief in this bill for this year. There is no marriage penalty relief in this bill for next year. There is no marriage penalty relief in this bill for the year thereafter. There is no marriage penalty relief for 4 years. I don't think we can leave this legislation without addressing the marriage penalty now.

The amendment I am offering would simply say, let's put in place those elements of this legislation that address the marriage penalty now. Let's do it this year. Let's put it in place immediately. I believe marriage penalty relief should begin as soon as possible—not 4 years from now, not 5 years from now, but now.

Under my amendment, the two key components of this legislation dealing with the marriage penalty would be put into place immediately: One, the standard deduction for married couples would double the deduction for single individuals; two, the top income limit in the 15-percent bracket for married couples would be double the limit for single individuals. This does not solve the marriage penalty, but they are the provisions that are in this bill. These are the provisions in this bill that do not take effect for 4 years. I am simply saying let's move them up and have them take effect immediately.

By providing marriage penalty relief more quickly, we are helping middle-class Americans, strengthening families, and removing tax disadvantages to marriage. I think we can all agree on that. We also help simplify tax filing for the many families who will no longer have to itemize their deductions. We are improving the fairness of the package.

The bottom line is, without this fix, a couple who got married last year will have to wait until their eighth wedding anniversary to get full marriage penalty relief. I don't believe that is right or fair. We can do better. This amendment is an attempt to do that.

My amendment is paid for by delaying the rate reductions for the top two brackets, so that the rates will drop to 35 percent and 38 percent in 2009, and to 33 and 36 percent in 2010. In essence, we are saying, put marriage penalty relief as a top priority.

AMENDMENT NO. 654

Mr. CONRAD. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. CONRAD], for himself and Mr. JOHNSON, proposes an amendment numbered 654.

Mr. CONRAD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To accelerate the elimination of the marriage penalty in the standard deduction and 15-percent bracket and to modify the reduction in the marginal rate of tax)

On page 9, strike all after line 11 and before line 15 and insert the following:

"In the case of taxable years beginning during calendar year:	The corresponding percentages shall be substituted for the following percentages:			
	28%	31%	36%	39.6%
2002, 2003, and 2004.	27%	30%	36%	39.6%
2005 and 2006 ..	26%	29%	36%	39.6%
2007 and 2008 ..	25%	28%	36%	39.6%
2009	25%	28%	35%	38%
2010 and thereafter.	25%	28%	33%	36%

"(3) ADJUSTMENT OF TABLES.—The Secretary shall adjust the tables prescribed

under subsection (f) to carry out this subsection, and in any fiscal year in which such adjustment results in an on-budget surplus smaller than the medicare HI trust fund surplus, the Secretary shall further adjust such tables to ensure that in such fiscal year the on-budget surplus is not less than such account.''.

Beginning on page 19, strike line 8 and all that follows through page 20, line 12, and insert the following:

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''twice the dollar amount in effect under subparagraph (C) for the taxable year'';

(2) by adding ''or'' at the end of subparagraph (B);

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.''; and

(4) by striking subparagraph (D).

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6), as amended by section 103(b), is amended by striking ''(other than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(3)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''.

(c) EFFECTIVE DATE.—The amendments made by

Beginning on page 20, strike line 21 and all that follows through page 22, line 4, and insert the following:

''(8) ELIMINATION OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.—

''(A) IN GENERAL.—With respect to taxable years beginning after December 31, 2001, in prescribing the tables under paragraph (1)—

''(i) the maximum taxable income in the 15-percent rate bracket in the table contained in subsection (a) (and the minimum taxable income in the next higher taxable income bracket in such table) shall be twice the maximum taxable income in the 15-percent rate bracket in the table contained in subsection (c) (after any other adjustment under this subsection), and

''(ii) the comparable taxable income amounts in the table contained in subsection (d) shall be ½ of the amounts determined under clause (i).

''(B) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. The Senator can offer an amendment in his own right.

The PRESIDING OFFICER. The Senator from North Dakota controls 1 hour on the amendment.

The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, I say to the managers I have no desire to take an hour on this amendment, considering the other amendments Senators desire to offer. I am prepared to go to a vote very quickly on this amendment. Perhaps others want to speak. I understand that.

I ask unanimous consent that Senator JOHNSON be shown as an original cosponsor of the amendment.

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

Mr. CONRAD. Mr. President, perhaps others would like to speak. I am happy to work with the manager in whatever way he thinks is most appropriate in order to move things along. If the manager on our side wants to delay consideration and have other amendments considered or have others speak on other subjects, that is fine with me.

Mr. BAUCUS. Mr. President, as the Senator from North Dakota knows, we are trying to negotiate out a sequence and order of amendments. I very much appreciate the graciousness of the Senator from North Dakota. At this point, since I do not know what the Senator from Texas, who has an amendment on the subject, desires, I suggest that the Senator proceed with his amendment, and that after a reasonable period of time we will be in a much better position to know about how to sequence this. I urge the Senator to proceed.

Mr. CONRAD. I thank the Senator very much. I have made my initial remarks. I see the Senator from South Dakota, Mr. JOHNSON, now in the Chamber. He is an original cosponsor of the amendment. I think he would like time to speak on the amendment as well.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. JOHNSON. Mr. President, I thank my colleague from North Dakota. I will be very brief.

I applaud the work Senator CONRAD has done on the marriage penalty amendment by accelerating the marriage penalty relief to begin immediately. One of the great disappointments of the pending legislation is that the marriage penalty is not phased out until beginning the year 2005.

There are many of us who thought this was going to be one of the high-priority items we would be taking up in a tax cut bill, and yet we find nothing happens relative to getting rid of the marriage penalty for half a decade.

The offset Senator CONRAD has proposed is a delay in the phase-in of the marginal tax rates for the top two brackets, the 39.6 and 36-percent brackets. Those are families who are making roughly $300,000 a year for the 39.6-percent bracket and about $161,000 for the 36-percent bracket. This would be delayed. They would ultimately get the bracket reduction, the same as was initially proposed.

The question is, who has to wait? The people with the marriage penalty or the highest tax bracket? Somebody has to wait to fit into the tax plan, and it seems to me we ought to accelerate the marriage penalty, which benefits everyone who is married, regardless of what their income might be, and move forward with that.

Again, under this amendment, we will allow the phased-down reductions of those two top tax brackets just as was in the original bill. It is not a matter of eliminating bracket reduction, but it is a matter of having to choose, having to make a decision. We have to decide right here and now whose tax relief ought to come first. Should it be people who are, under Federal policy, being penalized for their marital status, or should the highest income people in America get their relief first and people who are being penalized for being married have to wait? To me, that is an easy decision. To me, public policy ought to encourage family stability. Public policy ought to encourage marriage, not discourage it, and in the course of trying to come up with a more equitable Tax Code, it ought to be among the very first items we address.

To delay tax relief on the marriage penalty in order to continue to quickly reduce the tax brackets on the wealthiest upper percentiles of the American public does not make a lot of sense to me.

This change would be a great benefit to married families all across South Dakota. It would affect, by slowing down the phase-in, fewer than 3 percent of the citizens of my State, but in exchange for that, they would get their marriage penalty relieved as well regardless of income levels.

This is a sensible, commonsense amendment being offered by Senator CONRAD. It does nothing to the overall scope of the tax cut. It does nothing to eliminate the reductions in brackets for the top income tax brackets, but it does say, with an exclamation point, right here and now that we will make elimination of the marriage tax penalty immediately one of our priorities. We should not be phasing it in over the course of 5 years simply to allow the immediate reduction of tax payments by the wealthiest upper percentiles in America. That is the tradeoff. That is the balance and choice we have to make.

I applaud Senator CONRAD for his work on this amendment and hope my colleagues on both sides of the aisle will support the immediate elimination of the marriage penalty. I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield to the Senator from Colorado what time he might consume.

The PRESIDING OFFICER. The Senator from Colorado is recognized.

Mr. ALLARD. If I may have 15 minutes.

Mr. GRASSLEY. I yield 15 minutes.

Mr. ALLARD. Mr. President, first I commend Chairman GRASSLEY for his hard work in putting this tax bill together. He has done a great job as chairman of the Finance Committee, and we all appreciate how quickly he was able to get this tax cut out of his committee. He has provided critical leadership in the battle to provide tax relief to the American people.

I reiterate, as I have time and again, the budget surplus is the people's surplus, it is not the Government's surplus, and it is time to refund a portion of this surplus to the people who pay the bills. They are being overtaxed, and they deserve a refund.

This bill provides that refund in the form of lower income tax rates. It repeals the death tax. There is an increase in the child tax credit. There is relief on the marriage penalty provisions and tax relief for education expenses. That is a good start. I am one of those Senators who thinks there could be more done and should be more done as far as the size of the tax cut, but this is a good start.

My hope is that we can continue to improve this bill in the Senate and in conference, and that we can work for more tax cuts in a second tax bill later this year.

I have two concerns with this bill. First, the bill does not cut the income tax rates far enough. There should be no higher rate, in my view, than 33 percent. All of the tax brackets should be lowered so that we have only four rates: 10 percent, 15 percent, 25 percent, and then the final level would be the 33 percent.

In my view, no one should pay more than a third of their income in Federal income taxes. This is what the President and the House have proposed, and I am hopeful we can move to that in the conference.

The second concern I have is that this bill contains no reduction in the capital gains tax rate. I will, therefore, be offering an amendment to add this tax cut to the bill. My amendment will reduce the top capital gains rate from 20 percent to 15 percent with those in the lower brackets paying only a 7-percent rate on capital gains.

I have two versions of this amendment. One is a permanent rate cut. The other is a 2-year rate cut that should clearly raise revenue even under the Joint Tax Committee scoring.

I cannot understand why we do not have a capital gains cut in this bill. Both parties have come together in support of immediate tax relief to stimulate the economy, and, in my view, there is no tax that could do more to stimulate the economy than a further reduction in the capital gains rate if we could cut that further. If we want to pull the economy out of its slump, if we want to revive the stock market, if we want to return to full economic growth, we should cut the capital gains tax.

The greatest irony is we could cut this tax with no loss of revenue. In fact, a capital gains tax cut will actually raise revenue. This occurs for three reasons. First, a reduction in the tax on capital gains will, purely and simply, increase economic growth. Second, it will increase the value of capital assets held by taxpayers. Three, when the tax is cut, people will sell more capital assets. We open up the gates of commerce.

Remember, the capital gains tax is a voluntary tax. It is only paid when the assets are sold and investors are much more willing to sell capital assets when the tax rate is lower. This is not a theory. It has been proven time and again by history. Let me reflect on a few of those historical moments.

In 1997, we reduced the capital gains tax from 28 percent to 20 percent, and many of you, I think, in this Chamber will recall the debate over whether this would raise or lower revenues. We now have the answer. Revenue from capital gains increased dramatically after the tax rate cut. In fact, in just the 4 years since the rate cut, 1997 through 2000, the Government has received $200 billion more capital gains revenue than forecast before the tax rate. I repeat, $200 million in added revenue in just 4 years.

I call my colleagues' attention to this chart. I have placed a copy on each Member's desk. The chart shows for the years 1997, 1998, 1999, and 2000 the orange-yellow bars, what would have been the projected revenue from capital gains if we had not reduced the capital gains rate. The amount of growth that has occurred during this same period is phenomenal. This reflects the increase in capital gains revenue, and this projected what it would have been if we had not cut capital gains. It is substantial. It is $200 billion in added revenue in 4 years.

Each time we have cut the capital gains tax rate, revenues have gone up.

This happened after the 1978 cut from 40 percent to 28 percent. It happened again in 1981 when the rate was cut from 28 percent to 20 percent.

By contrast, after the 1986 tax increase, revenues actually declined.

Then finally in 1997, after the most recent reduction in the tax rate, we experienced a huge capital gains revenue increase.

This added revenue has been a big factor in the budget surpluses of recent years. In fact, this $200 billion of added revenue exceeds the entire non-Social Security surplus since 1997.

I refer my colleagues specifically to the four years since the 1997 rate cut from 28 percent to 20 percent. In each year you can see the revenue that was forecast before the rate cut, and then next to it the revenue that we actually received.

The revenues are virtually double the forecast after the rate cut—as I noted, $200 billion in new money in just 4 years.

The increase in revenues should make this tax cut an easy sell, but that is not the main reason that we should cut the tax.

The main reason is that this tax cut immediately increase savings, capital investment, and stock values.

All of this is pointed out in Monday's Wall Street Journal op-ed by Arthur Laffer, Lawrence Kudlow, and Stephen Moore.

At this time I ask unanimous consent that this Journal article be printed in the RECORD at the close of my remarks.

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

(See Exhibit 1.)

Mr. ALLARD. Let me just quote from the final paragraph of this article:

> The last capital-gains cut in Washington led to higher productivity and capital investment, a spectacular surge in stock values, and a new age of federal surpluses. Isn't that exactly what is meant by a fiscal stimulus?

That is what is meant by fiscal stimulus. We should add this provision to our tax bill for the simple reason that it will get this economy moving again.

The American people are overtaxed.

Tax Freedom Day was May 3, this year. This is the latest it has ever been.

This means that average American families will work the first 123 days of the year to pay the combined tax bill from all levels of government—Federal, State, and local.

It is time for a tax cut.

We frequently discuss the budget surplus, but I believe that it is more accurate to refer to it as the tax surplus. The tax surplus represents an overpayment by taxpayers and should be refunded to those who overpaid.

Tax cuts will benefit all Americans by making the economy stronger. Low taxes reward work, saving, and investment. Low taxes provide the fuel for our economy to create new jobs and raise our standard of living.

Allowing people to keep their own money simply makes the most sense. People are in a better position than the government to know what they need. I believe in the people's priorities, not Washington's priorities.

This tax cut is real money that can be used for the downpayment on a home, college tuition, or a family vacation.

While I want to add a capital gains tax cut, I know that this tax bill contains many important provisions.

All taxpayers will get immediate relief when the 15 percent rate is lowered to 10 percent on a significant portion of income.

The tax bill also increases the child tax credit, provides tax relief for education expenses, and eliminates the death tax.

I am particularly pleased to support repeal of the death tax. It is the one tax cut issue that comes up consistently.

The United States retains among the highest estate taxes in the world, and top estate tax rates can reach over 55 percent. This is money that was already taxed when it was earned.

The estate tax can destroy a family business. This is the most disturbing

aspect of the tax. No American family should lose its business because of the estate tax or death tax.

Similarly, more and more large ranches and farms are facing the prospect of break-up and sale to developers in order to pay the estate tax.

Americans are spending more than ever on taxes. In fact, we now pay more in taxes than we do for food, shelter, and clothing combined. Since when did the Federal Government become more important than life's essentials?

It is time to reverse this trend by cutting taxes across the board. Low taxes will help our economy and will also help America's families.

I ask my colleagues to support my amendment to reduce the capital gains rate to 15 percent.

This addition will make the bill even stronger than it is now.

Adding this will stimulate the economy, increase saving and investment, and boost Federal revenues.

We should not let this opportunity pass without adding the tax cut that will do the most to restore the prosperous 4 percent to 5 percent economic growth that we experienced in the late 1990's.

There is no reason why our economy cannot sustain high levels of economic growth.

This is in fact the best way to ensure that we can continue tax relief, pay off the national debt, improve education opportunities, and finance the Social Security and Medicare commitments that have been made to the baby boom generation.

We need a strong and vibrant economy to fully achieve our goals and realize our dreams for all Americans.

A capital gains tax cut will help us to quickly restore that strong economy.

I ask for the support of my colleagues as we move to cut the capital gains tax rate.

EXHIBIT 1

[From The Wall Street Journal, May 14, 2001]

REAL RELIEF: A CAPITAL-GAINS TAX CUT

(By Arthur Laffer, Lawrence Kudlow, and Stephen Moore)

The budget deal reached last week between the White House and Congress calls for a $100 billion tax-cut stimulus in 2001–02. Yet to be decided is the nature of those cuts. Congress, increasingly jittery about the sagging economy, will likely seek rate cuts that offer growth-enhancing tax relief quickly.

That makes a lot of sense. What doesn't is the tax-rebate plan that many in Congress wish to enact. The tax rebate is intended to send checks out to American workers to stimulate consumer spending. But more spending is not what the economy needs most now.

PERSONAL SAVINGS

This has always been an investment-led downturn, not a consumer slump. The huge federal tax overpayments have badly drained personal savings and undermined capital investment and risk-taking. The one tax cut that would immediately boost savings, capital investment and stock values is a reduction in the capital-gains tax.

Consider what has happened to Americans' wealth over the past several months. The Federal Reserve Board reported that Americans lost nearly $2 trillion in wealth in just the last quarter of 2000 as a result of the stock-market decline. This is the equivalent of a $20,000 evisceration in wealth and capital for each household in America. It is the lack of capital formation that poses such a tall barrier to resuming the prosperous 4% to 5% growth of the late 1990s.

Oddly enough, a capital-gains cut is not now part of the Bush tax plan or the congressional agenda. It should be. The capital-gains cut has the added political attraction that it is self-financing and, properly scored, would actually increase revenues.

The best course would be a permanent reduction in the capital-gains tax from 20% to about 15%. But if the rules of the budget agreement only allow a stimulus tax cut through 2002, Congress should still cut the capital-gains tax for the next two years. (We doubt any Congress would be foolhardy enough to raise the rate again, mortally wounding the economy just before the next elections.)

Any capital-gains cut would instantly be capitalized into the value of stocks. Stock values are determined by the discounted present value of the after-tax rate of return on the asset. So, capital-gains tax relief would immediately raise investment return and lower capital costs. This isn't just speculation. The past two capital-gains tax rate cuts—in 1981 and in 1987—were both followed by riptide gains in the stock market and the economy.

Reducing this tax will encourage investors to unlock cumulative gains of the past, liberating capital and freeing these funds to be reinvested in more future-oriented, entrepreneurial, growth-generating enterprises. In particular, it would spur venture-capital investment, which rocketed upward after the 1997 rate cut but has recently sagged badly. This pool of high-risk investment capital is essential to finance technological innovation, itself vital to productivity advances that will increase real wages and expand the economy's growth potential.

Moreover, this growth effect would be multiplied if the arbitrary one-year holding period for the long-term capital-gains tax rate were eliminated entirely.

Skeptics will accuse us of ''voodoo economics'' when we say that a capital-gains tax cut will raise revenue. But those skeptics—Dick Gephardt and Tom Daschle, in particular—are just as wrong now as they were back in 1997 when the capital-gains rate was chopped to 20% from 28%. Congressional Budget Office data confirms a stunning gain in tax revenues from the lower capital-gains tax rate. Receipts more than doubled to $118 billion in 2000 from $54 billion in 1996.

In fact, revenues generated after the 1997 cut, compared with revenues predicted at the time, tell an amazing story. Before the tax rate was cut to 20% from 28%, the Joint Committee on Taxation predicted that we would collect $209 billion from 1997 to 2000 from capital-gains payments. Instead, the capital-gains tax raised $372 billion over this period. In other words, the lower tax rate yielded 80% more revenue over the four-year period than was projected if the rate had remained at 28%—a $166 billion windfall. In fact, the capital-gains tax cut was a contributor to the big and unexpected budget surpluses that emerged in the late 1990s.

We aren't suggesting this capital-gains cut as a substitute for the George W. Bush's tax-cut plan. It's imperative that the White House stick to its guns on its planned reduction of the top tax rate to 33%, down from 39.6% today. The income-tax rate cuts are desirable because they will increase individual and small-business incentives that will raise the long-term growth potential and investment attractiveness of the U.S. economy.

RATE CUTS

But the income-tax rate cuts in the president's plan are far too backloaded (the top rate would only fall to 38% in 2002) to provide much juice for the economy right now. In fact, if the capital-gains cut raises more revenues, as expected, then it will help finance the Bush income-tax rate reduction plan.

The last capital-gains cut in Washington led to higher productivity and capital investment, a spectacular surge in stock values, and a new age of federal surpluses. Isn't that exactly what is meant by a fiscal stimulus?

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I yield myself such time as I may consume.

My purpose for rising is to discuss the amendment before the Senate, an amendment from the distinguished Senator from North Dakota, Mr. CONRAD.

Mr. REID. Will the Senator yield?

Mr. GRASSLEY. I yield.

Mr. REID. Just so the managers of the bill understand, Senator ROCKEFELLER indicated a willingness to speak on the bill itself. He will be over in 10 or 15 minutes.

Mr. GRASSLEY. We will do everything we can to accommodate Members of both parties. That is perfectly legitimate, particularly considering the fact that Senator ROCKEFELLER has many amendments to the bill and has strong feelings about the bill, and we have a responsibility to let the American people hear that point of view.

I think, in visiting about the marriage penalty, it is good to talk about tax relief for married families in the mark that goes beyond just the marriage penalty. The bill provides specific relief for married families. This is at all income levels. First, we expand the earned-income credit. That is a program for married families with children. The phasing in of the earned-income credit, which targets assistance to low-income families, is expanded in our legislation by $3,000.

I want to give Senator JEFFORDS from Vermont the credit for working so hard on this provision. He believes very strongly in a tax bill being equitable between different income levels. He tailored it so this relief happens immediately. This is not one of the portions of the bill that phases in. The next tax year, this provision of $3,000 earned-income credit will take effect. So we are providing, in this section, something that is of immediate impact. In addition to Senator JEFFORDS, I should give appropriate credit to Senator SNOWE from Maine and Senator LINCOLN from Arkansas for this provision as well.

We are providing part of our relief for married families right away. I might add, it is a hallmark of this bill that the benefits provided to low-income families are immediate, while benefits to other income levels are phased in, as you have been told so many times over the course of this debate thus far. The income tax relief for married families is phased in over 4 years and completed in the year 2008. It provides for doubling of the standard deduction for those married filing jointly, and it makes the 15-percent rate bracket for married filing jointly two times that of someone filing single.

Income tax relief is provided for both one-earner and two-earner families. For those who want to start providing targeted income tax relief for married families earlier, where were these folks a few weeks ago when we were debating the size of the tax cut, particularly during the period on the budget? What happened when we went from $1.6 trillion down to $1.35 trillion—that was a desire more from the other side of the aisle than just a few on this side of the aisle. That is what makes it difficult to squeeze all these different, very important tax equity provisions into this bill. So anybody who complains about having to phase some of these things in more slowly, they could have taken hold much more quickly if we were dealing with a $1.6 trillion package rather than a $1.35 trillion package. The phase-in of the marriage relief reflects the realities of a budget resolution, then, that is down about $300 billion.

I think, also, there is a certain amount of intellectual questioning that is legitimate in this process of a well-tailored bipartisan bill out of the Senate Finance Committee, that the Senate Finance Committee had to fit into a $1.35 trillion package, and then complaining about the phase-in being so slow.

Somehow, I doubt my colleagues who mention these things would join me in offering an amendment that would increase the tax reduction by the amount necessary to provide immediate tax relief on the marriage penalty.

So we get back to something that is a familiar part of this debate today, and will be until we get done on Monday, and that is this bill is balanced. It is balanced in fairness and equity. It is also balanced in a political way. This is a bipartisan bill.

I hope when this amendment comes up, we have strong bipartisan opposition to changing a very carefully crafted portion of the bill, the marriage penalty.

The bill also provides immediate tax reduction for all marginal tax rates as a means of helping to strengthen our economy and balances that with good tax policy of supporting the institution of marriage. If the economy is not strong, everyone, whether it is families, children, the elderly, or other groups of Americans, suffers.

The economy comes first, although I will say again, we do provide benefits for low-income married people with children right now. This is a figleaf amendment to cover up the fact that many people did not answer the call when the Senate was considering marriage penalty relief last year. This amendment harms our efforts to strengthen the economy. That is why I am urging its defeat.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I would like to hear an explanation of how it harms the economy of the country to address the marriage penalty this year rather than wait 4 years. How is that? How does that hurt the country? How does it hurt the country to address the marriage penalty now instead of waiting 4 years?

Just the opposite is true. It strengthens the country to address the marriage penalty now and not wait 4 years. The fact is, on this side I offered a budget plan that had half as big a tax cut, but it dealt with the marriage penalty. In fact, it had more money to address marriage penalty than is in this bill. So it is not a question of since you supported a smaller tax cut that you were then preventing addressing the marriage penalty. There are other choices to be made.

How much you provide at the top end of the income spectrum is a key issue. Here is the problem with this bill. The top 1 percent get twice as much of the benefits as the bottom 60 percent. That is the problem with this bill. If you didn't design the tax proposal in this way, you would have no problem doing what I am doing with this amendment, which is to provide marriage penalty relief starting now, not waiting, as the legislation before us does, for 4 years to do anything. The problem they have is summed up very well in this chart. The top 1 percent get 33.5 percent of the benefit of this bill. The bottom 60 percent get 15 percent of the benefit. So the top 1 percent, people on average who earn in this country $1.1 million a year—and that is great; I am all for them. I am pleased they are successful. It is a great thing about America. But when we are talking about taking the people's money and giving it back to people, I am not for taking the people's money and giving a third of it to people who are on average earning $1.1 million. That doesn't strike me as fair. That doesn't strike me as equitable. That doesn't strike me as balanced. That doesn't strike me as the way to strengthen the economy.

In this amendment I say let's address the marriage penalty beginning now. We do not have to wait 4 years to begin to address the marriage penalty. The marriage penalty is not right. It is hurting those who are in a circumstance in which the Tax Code penalizes them for being married. That is not right. Nobody supports that. I do not suggest anybody does.

The Senator from Iowa said some of us on the other side last year did not support a proposal on marriage penalty. You bet we did not support that because it did not solve the marriage penalty. It dealt with three of the provisions in the code that create marriage penalty, that impose a marriage penalty. There are over 60 provisions in the code that impose marriage penalty. On our side, we proposed giving taxpayers a choice. They could file as individuals, they could file as a couple, whichever benefited them the most. That is the only way to solve all of the 60 places in the Tax Code that impose a marriage penalty. That was not accepted. It was not passed.

In this bill, we have a different approach. It is a useful approach. It helps. But it is delayed. It is deferred. It is drawn out. What we are saying is: Look, let's address the marriage penalty now. Let's not wait 4 years before we start. And let's not wait until 2008 to fully phase it in. Let's start dealing with the marriage penalty now. I think that is fair and it does no harm to the country. It strengthens the country to do so.

I thank the Chair and yield the floor.

Mr. GRASSLEY. Mr. President, I yield myself such time as I consume.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. This legislation is a commonsense approach. Politically, it is bipartisan. In order to get anything through the Senate, you have to have that commonsense approach, something where we produce legislation that will get at least 51 votes. We have legislation here that will get a lot more than 51 votes. So the common sense is that there is a balance here: One, politically it is bipartisan. The other one is that it is balanced between short-term stimulus, immediate help for lower income tax rates, and helping those at the outer income. In the outer years, that is phased in to lower the top marginal tax rate.

The Senator's marriage penalty amendment upsets the balance that we have in this bill between short-term, immediate help and the long-term stimulus to the economy. This bill is balanced between a short-term stimulus of $100 billion and then the changes in the higher marginal tax rates which will have a long-term impact on the economy. He pays for his amendment by damaging the balance we have in this bill between short-term stimulus and long-term stimulus because, even though these rates are phased in over the next few years, by reducing the marginal tax rates, we have economic studies that show people will change their investment habits

based upon the prospects and known changes of tax law. Even though the money is not in the pockets of the taxpayers, we know there is going to be changes of investment and spending habits, based upon the prospects of the marginal tax rates coming down that are going to be a long-term benefit to this economy—creating jobs, keeping inflation down, and strengthening the economy.

I plead with my colleagues, as they consider this legislation—it is fair to look at the equity of the bill, but the equity is between long-term stimulus, short-term stimulus, between partisanship or bipartisan. We have a balance through bipartisanship, and we have a balance between long-term stimulus and short-term stimulus.

So what is wrong with the amendment by the Senator from North Dakota? It isn't that he wants to do more about the marriage penalty. We all would. But this is a carefully crafted compromise, both for the political need to get a bill through and for the good of the economy. And we try to be fair in the process. That is why it upsets this very delicate balance.

We should keep our eye on the ball, and keeping your eye on the ball means: Where do we want to go? We want to be fair and equitable. We want short-term stimulus. We want long-term improvement to the economy. This bill does all that.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, when my colleague, who I respect and admire and like and work with frequently, makes these points, I just profoundly disagree. I do not think this is a balanced package. I showed the chart as to why I do not think this is balanced. He is talking about upsetting the balance. This is not my idea of balance. The top 1 percent get 33 percent of the benefits, and the bottom 60 percent get 15 percent of the benefits. Half as much for the bottom 60 percent as the top 1 percent? And this is called a carefully crafted balance?

Looking at it a different way, the bottom 20 percent get 1 percent of the benefits, the top 20 percent get 70 percent of the benefits. And this is a carefully crafted balance? There is no balance. The top 1 percent get 33 percent of the benefits, twice as much as the bottom 60 percent.

When we look at rate reduction, it is very interesting. These are the rates that are in the current code: For the 15-percent rate, they do not get any rate reduction, none, zip. Interestingly enough, that is where the vast majority of the American taxpayers are. That is where 70 percent of the American taxpayers are. They get no rate reduction.

For the 28 percent, they get 3 points, about a 10 percent on rate reduction; the same is true at 31 percent; the same is true at 36 percent.

The very top, the very wealthiest who pay a rate of 39.6 percent, get the biggest rate reduction of all, but the bottom rate, where 70 percent of the American taxpayers are, gets nothing.

They call this balanced? I do not see any balance. They call this fair, carefully calibrated? Carefully calibrated if you are at the top. But if you are one of the 70 percent of the American people who are down here in the 15-percent bracket, you get no rate relief.

It does not seem carefully calibrated to me. It does not seem fair to me. It does not seem balanced to me. When there are five rates in the current Tax Code and only one rate gets no rate relief, and it just happens to be the rate where 70 percent of the American taxpayers are, that does not strike me as balanced. And the biggest rate reduction going to the very top bracket does not seem balanced to me.

I do not think it is going to seem balanced to the American people when they have a chance to review it. I do not think it is going to seem balanced to them when they have a chance to find out the details.

I do not think the 70 percent of the American people who find out they get no rate relief are going to think they have been treated very fairly. This thing is weighted to the very top, the very wealthiest among us. That is what this is. It is not balanced. It is not fair.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I have two charts as well. I am not sure I enjoy this battle of the charts.

Mr. REID. I say to Senator GRASSLEY——

Mr. GRASSLEY. Yes.

Mr. REID. I wonder if the Senator would like to enter into this unanimous consent agreement?

Mr. GRASSLEY. I yield to the Senator from Nevada.

Mr. REID. Mr. President, I ask unanimous consent that the pending Conrad amendment be temporarily set aside following the remarks of the Senator from West Virginia, and that Senator HUTCHISON be recognized in order to offer an amendment relating to the marriage tax penalty. I further ask consent that there be a total of 2 hours equally divided in the usual form for debate on both amendments concurrently. I further ask consent that following the use or yielding back of time the Senate proceed to a vote in relation to the Conrad amendment, to be followed by a vote in relation to the Hutchison amendment, with no amendments in order to the amendments prior to the votes.

I would say that the Senator from West Virginia has asked for 10 minutes.

The PRESIDING OFFICER. Is there an objection?

As a Senator from the State of Kentucky, I object.

Objection is heard.

Mrs. HUTCHISON addressed the Chair.

Mr. REID. The Senator from Iowa has the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. The charts behind me contradict what the President——

Mrs. HUTCHISON. Will the Senator yield?

Mr. GRASSLEY. Yes.

Mrs. HUTCHISON. I want to ask about the process. I am able to do whatever I need to do, but I am not sure what the previous objection was regarding. So I do not know if it was to the offering of my amendment after Senator CONRAD's amendment, and then the votes, or if it was to the 10 minutes for the Senator from West Virginia. But if we could clarify it, then I would be able to plan, if the Senator from Iowa would help me clarify this situation.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, we could resolve this very quickly if the Senator from Iowa would allow us to go into a very brief quorum call.

Mr. GRASSLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. REID. Mr. President, I renew my unanimous consent request that I propounded before the quorum call.

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

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, there may be honest differences of opinion between the Senator from North Dakota and I, but when he makes the claim that this tax bill is not fair, I refer to the chart behind me.

When our legislation is passed, this bill will make the income tax system more progressive. We have heard the other side say that the upper income gets more out of the tax cuts. First, the people paying the taxes will get more tax reductions. But after this bill is enacted, the wealthy will be paying more of the taxes than they are paying now.

As we can see specifically, where the Senator from North Dakota said that the top group would be getting 33 percent of the benefit, take into consideration that they are paying 35.9 percent of the total taxes today.

I have a second chart. This chart shows that the tax relief share is greatest in families earning less than $50,000.

It is all because of our bill. More than half of the $750 billion that we have in rate cuts in this bill go to the new 10-percent rate. We can see here that we have very carefully tried to craft a bill that is progressive and retains the progressiveness of the present tax system.

About the President's proposal, we are not dealing with the President's proposal on the floor today, as the President would like to have it. With the reality of the makeup of the Congress, it never will be. But let's just say that we were debating today the President's proposal that he announced in the campaign and behind which he still stands as his policy. If it were carried out, the top income people in America would be paying a higher percentage of the total income tax take of the Federal Treasury than they do today. So I don't want to hear anybody talk about the progressiveness of our tax system being diluted at all because of either this bill or the President's bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, the Senator from Iowa put up some very interesting charts.

The one he has there now says: Tax Relief Act Makes Tax Code More Progressive. Then under that it says: First Year Tax Relief.

This isn't a 1-year bill. This is a 10-year bill. That is the problem.

I displayed a chart earlier about all the measures that are phased in, all the things that come in later on, that benefit the wealthiest people in our country. He puts up a chart that talks about the first-year tax relief. That is not a fair measurement of what this bill does. That is what is wrong with the analysis.

This is what the bill does over the 10 years. It gives 70 percent of the benefits to the top 20 percent, and gives 1 percent of the benefits to the bottom 20 percent. It gives 33 percent of the benefits to the top 1 percent, twice as much as the bottom 60 percent receive. There is no way of disputing this. This is what the bill does. That is exactly what it does. I am not putting up a chart that just has the first year. This is not a 1-year bill.

The fact is, this bill is heavily weighted to the highest income people in the country. That is a fact. The chairman of the committee showed a previous chart that talked about how much people pay in income taxes. There is something missing from that chart, too. What is missing is payroll taxes.

The fact is, 80 percent of the taxpayers of this country pay more in payroll taxes than they pay in income taxes. Our friends on the other side just want to talk about income taxes. They want to forget about the fact that 80 percent of the people pay more in payroll taxes. It is when you put the full picture in front of people that you see the results and the unfairness of this proposal. That is what reveals the top 1 percent get 33 percent of the benefit but only pay 20 percent of Federal taxes. That is when you include the estate taxes, the payroll taxes, the income taxes. But they don't want to talk about all the taxes people pay. They just want to talk about income taxes because that is the only thing that is being cut here—income taxes.

If we were going to be fair, we would be talking about all the taxes people pay. When we look at all the taxes people pay, we find this tax cut measure: 33 percent of the benefit goes to the wealthiest 1 percent and the bottom 60 percent only get 15 percent of the benefit. They justify it saying, the top 1 percent pay more income taxes. Yes, they do. Absolutely, I will stipulate to that. They do pay more income taxes. But they don't pay 33 percent or 35 percent of all Federal taxes. No. They pay about 20 percent of all Federal taxes. Yet they are getting 33 percent of the benefit here. It is not fair.

That is why it flunks the fairness test. That is why it ought to be opposed. That is why we ought to defeat this, make it go back to committee and come out with something that is more fair to the American taxpayer.

I represent a State where half the people make less than $20,000 a year. They aren't going to get any benefit. They are not going to get any rate reduction—none, zero. Are they going to be surprised. The alternative minimum tax that currently affects 1.5 million people, when this gets in place, it will affect nearly 40 million people. Boy, are they going to be in for a big surprise.

I don't think this passes the fairness test.

I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, in the State this Senator represents, we are of moderate means. We can't afford a lot of charts. So when Senator BYRD and this Senator come to the floor, we don't usually use charts. We use whatever words we have.

I don't mean to make any big point of that. But sometimes I think charts are helpful; sometimes I think they are not. I will say this. I agree with the Senator from North Dakota that the bill is not fair. I voted for all the amendments which were defeated, but I do think the chairman of the Finance Committee, Senator GRASSLEY from the State of Iowa, was very fair in the way he conducted the hearing. I didn't agree with the result, but I thought his personal demeanor and the way he handled himself in the general disposition of the tax bill—that the Senator himself was personally very fair, and I respect that. I wanted to so say.

I am baffled, also, by what the fairness concept is. One of the things that amazes me—and I am here to talk for the marriage penalty, and I will—but when they talk about the rich, this is sort of a mantra: If the rich make a lot of money, then they should get a tax credit because they did make a lot of money, which goes somehow on the idea that they really struggled their way through life and stock options and other things didn't help them.

The point, of course, is that during these last years, the pretax income of the very wealthy has been so enormous that, obviously, they have paid more taxes. But the reason is that their pretax income was so much higher. Even after they did pay their taxes, their resulting net income was much higher than it had been previously. I think that is a very important point.

I think another important point to be made, before I get to Senator CONRAD's amendment, is that one of the things that, it seems to me, people have not focused on either in the press or, as I find it, in general conversation, is that once the Senate and the Congress, with the encouragement of the President, cut taxes to the extent that I believe we may, that is revenue forgone, not for a period of 10 years but probably 10, 15, or 20 years.

There was a time when you could come in and say, well, we are at a certain crisis and, for a certain reason, we have to raise taxes. I think those times have passed. The American people are not going to stand for it if we lower their taxes and then come back in 3 years, as we did after a year and a half with the balanced budget amendment with the hospitals and other health care facilities, and say we made a mistake; we want to change the rules. The American people won't stand for that, nor should they.

If we want to take a stand, now is the time we need to do that. The stand should be for fairness, and this bill doesn't meet any of those tests that I can find. I look upon the future of the country and upon the future of my State, West Virginia, and I worry about whether or not we are all going to make this. I think we are going to be back in very substantial double-digit deficits—triple digit, quadruple digit, multiple digit. I also think that the markets are going to take a very bad signal from this. They are going to think Congress has acted, as we are acting, in a very hasty manner. The Joint Tax Committee hasn't even scored a lot of the costs of this bill, even as we discuss this matter.

The 20 hours is running, and we are going to vote on Monday, I presume. We really don't know what we are voting on. Very few Senators outside of the Finance Committee, and maybe not many on that committee, are enable to tell you that. So we have our votes and we think we are making substantial

points, but most of this is flowing underneath the radar screen, under our feet, and the cost of it is going to be enormous.

I fear for that because eviscerating the Federal budget may be attractive if one wants to diminish the size and role of Government in America, but there are, after all, some things the private sector cannot do and there are things the public sector does have to do—in Medicare, health care, FAA, FBI, and border control; all kinds of programs are a part of that.

The Presiding Officer wants to see a third airport built in the State of Illinois. I happen to share his view. I also happen to share the view that there should be another runway built at O'Hare. Neither the Presiding Officer nor I are going to see that happen, unless there is money to make it happen.

So having divested myself of those particular thoughts, I want to say that I strongly support the Conrad amendment and I think we need marriage penalty relief now.

The proposal the Senator is making would make the marriage penalty available to couples in 2002. The way we did it in the Finance Committee was to make it available in 2006 and then, because of certain problems of scoring, et cetera, it was brought back to 2005. The point is, we are playing a budget gimmick and we are withholding something which people all over this country—couples—think they absolutely are going to have as soon as this bill passes, if indeed it does.

So, in a sense, we are misleading them. We are grossly distorting what we have said to them, and they don't know it. It is only on occasions such as this when one has a chance to say it, but it is not usually reported because it is not considered newsworthy. But it will be very newsworthy to the American people when they discover they do not get marriage penalty tax relief until the year 2005. That is wrong.

On the other hand, we can change it by simply saying we will take the two top tax brackets and put those off a little bit and make it available in the year 2002. That is what we promised we would do. That is what we campaigned on. That is what we discussed we would do, and we ought to do that. That is what the Conrad amendment, in fact, does—charts or no charts. It does that. I think that is right and fair.

I think the amendment is fiscally responsible because it is paid for; it is offset by delaying the reductions in the two top tax brackets. So we are leveling with the American people, but we are also doing something that they expect to happen. They know gasoline prices are going up and we are not doing anything about that. We told them we were going to give them marriage penalty relief, and we are not going to do that. Through this amendment, we can do that. I think it is something we should proceed to expeditiously, so that if we take our word to the American people about 2002 and marriage penalty tax relief, and doing it in a very good manner, then it would seem to me one would vote yes. If one values that less than the so-called sanctity of the two top tax brackets, then I suppose one would vote no. I intend to vote yes. I think it is a rather easy decision.

I thank the Presiding Officer, and I yield the floor.

The PRESIDING OFFICER (Mr. FITZGERALD). The Senator from North Dakota.

Mr. CONRAD. Mr. President, I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. NELSON of Florida. Mr. President, I compliment the Senator from West Virginia for his insight and tell him that apparently there is a lot of similarity in the thinking of the people of West Virginia and the thinking of the people of Florida. Indeed, they take for granted that if we are saying we are going to eliminate the marriage penalty so that it doesn't penalize married people, so that it promotes family—that if they take for granted that we are going to do that, they expect to have that tax benefit immediately instead of having to wait 5 years into the future.

It is common sense to me, if we have made this promise to the people of America, and I have made this promise to the people of Florida, that we should have that tax benefit—in other words, that you are not penalized in the Tax Code if you are married—instituted immediately.

I thank the distinguished Senator from West Virginia for his comments.

The PRESIDING OFFICER. Who yields time?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, this is clearly a very important debate, and we very much want to reduce taxes for the American people. We want to do it fairly. Different Senators have a different perception of what fair is. It generally reflects their States. States are different. For some, it reflects different ideological points of view. It is America. We all have different points of view, and we are all trying to do the best we can.

There is an old saying about statistics: Anybody can do what they want with statistics. When Senators are arguing their points, they are going to find facts and figures and use statistics that make their case better, the basic problem being in most cases Senators do not give the full picture because, correctly, they are advocating their point of view.

That must be very frustrating to the American public. Who is right? Somebody makes one set of claims; somebody else makes another set of claims. The tax legislation is confusing enough as it is, but when people hear different sets of numbers, they seem to be juxtaposed to one another. Who is right? It is basically, for the reasons I indicated, because Senators tend to choose statistics that make their case, but are not broad brush and do not give a fair picture.

I begin with complimenting the Senator from North Dakota. I do not know anybody in this body who has a greater command of the budget, the effects the different proposals in the budget have on the American economy, tax distribution, and all the components that go into a budget. He has charted us out in many respects, particularly in our conference luncheons on Tuesdays. We saw a lot of good charts. They are very informative. It pretty much helps the debate. It is very hard for people to hear statistics, and it is a little easier if they see charts, particularly if they can see not just a bunch of numbers but a graph which shows trends. The Senator from North Dakota has done a super job in helping to educate this body, and particularly the American public.

I want to point out a little broader picture of the lay of the land. Basically, the statistics presented by the Senator from North Dakota about the distributional effect of the bill before us, particularly the top 1 percent—and his argument that the bill gives a greater proportion of benefits to the most wealthy compared with current law—is accurate if you include estate tax provisions. But there are lots of analyses that show it is not accurate if you do not those provisions.

Most Senators do want to include Federal estate tax reform and/or repeal. That is a fact. I know the Senator from North Dakota does.

Let me talk about the Joint Tax Committee analysis. They are the group we look to for honesty and integrity in this process. Unfortunately, they only do analyses for 5 years. They rank income categories according to groups. Their analysis is a little different than the so-called Citizens for Tax Justice, a privately funded organization, which tends to do analyses in quintiles, rather than income brackets, like the Joint Tax Committee.

According to the Joint Tax Committee, taxpayers with incomes of $200,000 or more—that is the top 4 or 5 percent of taxpayers—do not receive 33.5 percent of the benefits of this bill, as my good friend from North Dakota

says. Instead, they will receive 22.5 percent of the benefits of the bill. Those are taxpayers who pay about 32 percent of all Federal taxes, not just income taxes.

In fact, if you use the same analysis used by my good friend from North Dakota, the top 1 percent of taxpayers pay 26 percent of all Federal taxes and would receive 19 percent of the tax cuts in the bill if you take out the estate tax provisions.

We have to be honest with ourselves: Are we or are we not going to include estate tax provisions? Those making the case that the distributional effect helps upper income Americans more, are not saying they prefer that because they favor Federal estate tax reform and/or repeal.

I am pointing out that when you include Federal estate tax, the analysis is more accurate, but almost every Senator wants to include estate tax reform and/or repeal. The results work out that way because clearly the most wealthy Americans get the benefit of estate tax reform and/or repeal.

In summation, the top 1 percent of taxpayers, according to the analysis by the Citizens for Tax Justice, are those with incomes of $373,000 or greater, and the argument is these taxpayers receive 33 percent of the benefits of the bill.

If you look again, more deeply at the argument, the analysis presented includes estimates of the distribution of the estate tax provisions of the bill. Again, both parties, and nearly every Member of this body, support estate tax reform and/or repeal, and no matter how you do estate tax reform, nearly all the benefits go to the wealthiest Americans, and that is why there is that result.

If I were writing this bill, it would be different. But I wanted to make it clear that the statistics—if we are honest with ourselves, we have to indicate whether or not we are for estate tax reform and/or repeal, and if we are—and most Senators are—then the statistics tend to have the result that people who also want estate tax reform complain about.

I hope that clarifies things a bit, so we at least know what we are doing. I yield the floor.

The PRESIDING OFFICER. The Senator from Texas.

AMENDMENT NO. 659

Mrs. HUTCHISON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Texas [Mrs. HUTCHISON], for herself and Mr. BROWNBACK, proposes an amendment numbered 659.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To begin the phase-in of the elimination of the marriage penalty in the standard deduction in 2002 and to offset the revenue loss)

On page 19, beginning with line 21, strike all through the matter preceding line 1 on page 20, and insert:

''(7) APPLICABLE PERCENTAGE.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2002	170
2003	175
2004	180
2005	185
2006	190
2007	195
2008 and thereafter	200.''.

On page 20, line 14, strike ''2005'' and insert ''2001''.

On page 29, line 4, strike ''$2,000'' and insert ''the applicable amount''.

On page 29, line 7, strike ''$2,000'' and insert ''the applicable amount (as defined in section 530(b)(6))''.

On page 29, between lines 7 and 8, insert:

(3) APPLICABLE AMOUNT.—Section 530(b) is amended by adding at the end the following:

''(6) APPLICABLE AMOUNT.—The applicable amount shall be determined in accordance with the following table:

''In the case of taxable years beginning in calendar year—	**The applicable amount is—**
2002 or 2003	$500
2004 or 2005	$750
2006 or 2007	$1,000
2008 or 2009	$1,500
2010 and thereafter	$2,000.''.

On page 35, strike lines 21 through 23, and insert:

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (c).—The amendments made by subsection (c) shall apply to taxable years beginning after December 31, 2005.

Strike section 412 and insert:

SEC. 412. INCREASE IN INCOME LIMITATION ON STUDENT LOAN INTEREST DEDUCTION.

(a) INCREASE IN INCOME LIMITATION.—Section 221(b)(2)(B) (relating to amount of reduction) is amended by striking clauses (i) and (ii) and inserting the following:

''(i) the excess of—

''(I) the taxpayer's modified adjusted gross income for such taxable year, over

''(II) $50,000 ($100,000 in the case of a joint return), bears to

''(ii) $15,000 ($30,000 in the case of a joint return).''.

(b) CONFORMING AMENDMENT.—Section 221(g)(1) is amended by striking ''$40,000 and $60,000 amounts'' and inserting ''$50,000 and $100,000 amounts''.

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

On page 53, line 12, strike ''$3,000'' and insert ''$2,000 ($1,500 in the case of 2002)''.

On page 53, line 21, after ''$5,000'' insert ''($3,000 in the case of 2004.)''

On page 311, line 10, strike ''$49,000'' and insert ''$48,000''.

On page 311, line 16, strike ''$35,750'' and insert ''$35,250''.

Mrs. HUTCHISON. Mr. President, first, I respect the distinguished chairman, Senator GRASSLEY, and his ranking member, Senator BAUCUS, for crafting the tax reduction bill. I know and understand in order to get a complicated and very important bill through a committee that is evenly divided, many compromises must be made. I know Senator GRASSLEY would not have written the bill exactly this way, nor would Senator BAUCUS, had they been able to write it by themselves.

It is with great respect I offer my amendment that somewhat changes the order of the bill, although it is not a huge deviation.

Looking at their timetable, I realize how difficult it was for them to say which tax relief comes in the early years and which comes in the later years. When I decided I wanted to try to move the marriage penalty up, it was hard to find something to trade. It was hard to find the offset. Everything in the early years is a very important tax cut and it represents very important tax relief for every American family.

I agree with Senator CONRAD, we should bring the marriage penalty up earlier, but I disagree with his offset. I think the cut in the tax rates for every working American is the very highest priority. I am going to offer an amendment that would bring the marriage penalty relief up to 2002, rather than beginning in 2006 as in the underlying bill. My offsets are the deductions for some of the education expenses being streamlined over a longer period of time.

In the bill before the Senate, the marriage penalty relief starts in 2006 and ends in 2010; my marriage penalty standard deduction doubling starts in 2002 and ends in 2008. It is fully effective in 2008. We have the full doubling of the standard deduction by 2008, starting in 2002. In order to achieve that, it was necessary to streamline the phasing in period of the education IRA and the education expenses that have the added deduction. The deduction maximum for the education expenses under my bill in 2002, would be $1,500; 2003, $2,000; 2004, $3,000; and in 2005, $5,000. Under the underlying bill, all of the deductions end in 2005. My amendment does the same.

There would be a phasing in difference and it does chip away at the phase-in of the deduction for education expenses. The tradeoff is we double the standard deduction, starting immediately in the 2002 year.

These are tough choices. There is no doubt about it. I understand that. I have been working on marriage penalty relief for the last 4 years. We have passed it in the Senate twice, but it was vetoed by President Clinton.

Today we have a chance to finally begin the process of relieving the marriage penalty.

The marriage penalty came about as an accident. Congress doesn't mean to tax married people more than two single people living together individually would be taxed. But it did happen that the Tax Code has evolved so that there is not a doubling of the standard deduction when two people who are single get married; there is not a doubling of the 15-percent bracket or the 28-percent bracket or the 33-percent bracket or the 39.6-percent bracket or any other bracket. There is no doubling.

In the underlying bill, the relief for the 15-percent bracket, the full doubling, which gives every working American that doubling capability, is there. The doubling of the standard deduction is there. But it doesn't start until 2006.

I am trying to double the standard deduction beginning in 2002, to at least start the relief from the marriage penalty tax.

Fifty million couples in this country are affected by the marriage penalty. We received a census report in the last 10 years, and we see a dramatic 77-percent rise in the number of single people who are living together, unmarried. I am not trying to tell anybody how to live. But I think the marriage penalty has something to do with that. I have had people tell me they are delaying getting married until we fix the marriage penalty. Whether or not that should be a factor is not for us to judge, but nevertheless we should not have a Tax Code that penalizes people who get married.

Generally, people who get married need more help, not less, because their expenses are more. They may have to have a house on which they want to make a downpayment, whereas before they lived in an apartment. They may need another car. There are any number of added expenses. Of course, if the couple starts having children, we know there are more expenses.

We want to encourage the family. It is the stability in this country that gives people the infrastructure they need to get through life. We want to encourage that. We certainly don't want to do something in government policy that discourages families.

I understand how hard it was for the committee to make the tough choices, but I address the marriage penalty relief earlier in the bill. Although I like all of the education deductions, I phase them in at a slower rate in order to move the doubling of the standard deduction up to the front.

I think the significant tax relief that the American people are going to get from this bill is a tribute to those who wrote it and to the President of the United States, who made it his priority. I think it is very important we give tax relief. I am so pleased we are giving tax relief in the form of a tax bracket reduction for every single working American. That is why I could not go along with Senator CONRAD's approach to doubling the standard deduction and relieving the marriage penalty in lieu of the rate cuts. Single people get the rate cut and married people get the rate cut and that is the way it should be. Everyone should get the biggest tax relief, and that will come from the rate cuts. So I would not put the marriage penalty in front of the rate cuts. But I do put it right after the rate cuts, which is why I have chosen to go a different route from Senator CONRAD.

I am very proud that we will be giving a rate reduction to every single working American. I am proud that we are going to take away the onerous burden of the death tax so a family-owned business or a family-owned farm or family-owned ranch will not have to be sold, putting all the people who work for that family-owned business out of work, because passing our family businesses from generation to generation will keep small business strong.

It is small business that is the economic engine of America. It is not big international conglomerates that are the economic engine of America. I want to preserve our family-owned businesses and farms and ranches as much as we can. The elimination of the death tax is the best way to preserve family-owned businesses and farms and ranches. All the people who work for those family-owned businesses should have job stability and not worry about being taken over by some big international conglomerate that is going to eliminate their jobs. I certainly favor the elimination of the death tax.

Doubling the child tax credit is another facet of this bill that I support fully. Everyone who has children knows how expensive it is to do for them all the things that you want to do, that would give them a better chance: The music lessons, the dancing lessons, the clothes, the soccer uniforms, the baseball uniforms—all the things you want to give them so they learn team spirit and sportsmanship, seeing what talent they might have and nurturing that. All those things cost money. We know that. We want to give relief through the child tax credit.

The bottom line is this is really a good bill. It is a good bill because it gives tax relief to every working American: Single, married, parents, not. It gives relief to every working American, and it promotes job stability. That is important.

My amendment is not meant to in any way say the committee did not do its job. The committee did a great job. I just want to make it a little better. I hope we can bring the marriage penalty up and streamline the education deductions and thereby add more relief from the marriage penalty and try to increase the capability for those in our country who have chosen not to get married because they really need that extra $1,400 a year that they get.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, first of all I thank the Senator from Texas for supporting the fundamental idea of moving up marriage penalty relief. I would just differentiate our proposals in this way.

The proposal I am offering would give the full marriage penalty relief starting immediately. The Senator from Texas would provide the relief starting immediately but phase it in over an extended period of time; we would not get the full phase-in until 2008. That would just be on one of the provisions dealing with marriage penalty. As I understand it, she does not deal with the other provisions at all.

In addition, there is a difference in the pay-for. The pay-for on our side is to ask those at the highest income levels, the highest tax brackets, to simply have their tax cut deferred for a number of years. We get to the same level over the period of the 10 years in tax rates, tax brackets. We ask the fewer than 1 percent of the people who are in the very top tax bracket and the approximately 2 percent of the people who are in the next tax bracket to defer additional reductions so we can provide marriage penalty relief starting immediately.

The Senator from Texas has a totally different pay-for. She goes after student loan money; she goes after the education IRA money; she goes after the alternative minimum tax money. I do not think that is the way we want to pay for this. I don't think we want to pay for moving up marriage penalty relief by going after the student loan interest money. I don't think we want to pay for marriage penalty relief by going after the education IRA money that allows people to save for the education of their children. I don't think we want to go after the alternative minimum tax money that we already know is totally inadequate in this bill, and under this bill we are going to go from 1.5 million people being affected by the alternative minimum tax to nearly 40 million people, nearly 1 in every 4 taxpayers who think they are going to get a tax cut and are in for a big surprise: They are going to get a tax increase under this bill.

I hope Members will look very carefully at the fundamental differences between what I am offering to speed up marriage penalty relief—do it immediately, do it now—versus what the Senator from Texas is proposing, which is to start now but to dribble it out until the year 2008.

Is the Senator from Michigan seeking time?

I yield 5 minutes to the Senator from Michigan. Then I announce my intention to yield 10 minutes or whatever he will consume to the Senator from North Dakota.

Ms. STABENOW. I thank the Senator.

The PRESIDING OFFICER. The Senator from Michigan.

Ms. STABENOW. Mr. President, I commend our Democratic leader from North Dakota, Senator CONRAD, for his outstanding advocacy for fairness in this tax bill, for fiscal responsibility, for really coming to the heart of the issue before us, and that is: How do we make sure the bulk of the tax relief in this bill goes to hard-working middle-class families, goes to the people who are working hard every day and need the relief in order to be able to translate that into more opportunities to put money into those items that are important for their families? How do we make this more fair for the majority of Americans?

I rise as someone who was a Member of the House of Representatives for 4 years, who supported the elimination of what is called the marriage tax penalty. I was a cosponsor of the Republican bill in the House of Representatives and voted consistently to eliminate this penalty for reasons that have been raised by colleagues on both sides of the aisle. It makes no sense whatsoever for us to tell a married couple that they will somehow be penalized under the Tax Code for being married. That makes no sense. It affects over 25 million couples in this country.

At a time when we are saying an important value for our country is to be supporting marriage and family, and to make sure we are giving every opportunity for couples to succeed and families to succeed, it is crazy, in my opinion, and makes no sense whatsoever, to have this provision in place. It should have been done away with a long time ago.

My colleague from North Dakota is saying it is time to do it right away. By 2002 we need to fully provide relief for couples. We ought to say it is time to end it. It is past time to end it. We ought not say to them we are going to phase it in over several years, but we are going to place families and couples as a top priority and end this penalty now.

I think it is fair to say to the fewer than 3 percent of the taxpayers at the highest levels, we are going to ask you to delay full tax relief for yourself, those who have done extremely well. We want them to do well, but certainly those who are best able to wait awhile for a delay in their full tax relief, we are going to ask them, the fewer than 3 percent: Delay, in order for over 25 million couples in this country to receive the relief that is long overdue. It is an issue of fairness.

I believe that when we look at what we are talking about in terms of the number of people who would benefit by this amendment, and those who are asking for a small delay, it is a question of fairness.

I also say to my colleague from Texas on the other side of the aisle, who spoke so eloquently, while I share her desire to eliminate the marriage tax penalty, I am very concerned about the tradeoff that she is suggesting we make because another important value for all of us, and for our families, is the ability to educate our children, to be able to send them to college. I am very concerned about trading off the marriage tax penalty and paying for it through a lessening of student loan interest deductions or the education IRA because, again, this is about how do we best support families who are having to make tough choices every day.

Let's not penalize them for being married. Let's make sure they have every opportunity under the Tax Code to be able to send their children to college, to job training, to be able to give their children every opportunity to succeed, and to be educated adults.

So that tradeoff does not make sense. What does make sense is eliminating the marriage tax penalty now. We can do that next year. We need to do that now. Families have waited long enough. Couples have waited long enough. It seems reasonable to ask for a small delay for less than 3 percent of the taxpayers in order to allow the majority of couples in this country to be able to get the relief that is long overdue.

Mr. President, I yield back any time I have remaining.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I yield 10 minutes to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, I thank my colleague for the time.

This issue, as it has been described, is about the marriage tax penalty. There cannot be anyone left in the Senate who does not understand this issue. We have debated it and debated it and debated it. Everyone stands up, almost automatically, in the Senate, and says: I am for getting rid of the marriage tax penalty. Count me in. I want to vote for getting rid of the marriage tax penalty.

We have a tax bill that has now been brought to the floor of the Senate, and it says: Do you know what. We have written a bill that gets rid of the marriage tax penalty. It is similar to an employee being called into an office and the employer says: Good news. Do you know what. We are giving you a raise.

Then the employee says: When does this raise start?

The employer says: 5 years from now. But we aren't going to give it to you all at once. We'll phase it in. It starts in 5 years, and it takes 8 years to get the full amount.

Look, if we want to get rid of the marriage tax penalty as we have advertised for so many years, why would we not decide that as a part of this tax bill we are going to give real tax relief right now to middle-income taxpayers who are paying a marriage tax penalty? Why would we wait some 5 years?

I ask the Senator from North Dakota, Mr. CONRAD, in his proposal in which he says, let's make the marriage tax relief available now—and, incidentally, that is tax relief that principally affects middle-income taxpayers who have a penalty under the marriage tax—let me ask him how he would pay for moving up that tax relief so it becomes effective next year, almost immediately.

How does the Senator pay for his amendment?

Mr. CONRAD. The pay-for in my amendment is to delay the rate cuts for the top two rates, the 39.6-percent rate and the 36-percent rate.

As the Senator knows, there are about 3 percent of the American people who are in those very top rates. We still give them the full rate reduction included in this legislation; we just delay it so that we can affect a significant number of people who are in the marriage penalty situation. As you know, there are 50 million couples who have filed a joint return for the most recent year for which the full details are available, and 25 million of them experienced the marriage penalty. That is 25 million couples. That is 50 million people.

The legislation I am offering says: Let's allow those people to have relief from the marriage penalty and do so immediately, and have the full benefits of this legislation that addresses the marriage penalty effective in the next year.

Mr. DORGAN. If I might ask an additional question, Mr. President, my understanding is that the beginning of tax relief for the top 1 percent of the income earners in this country starts immediately, but the beginning of trying to deal with the marriage tax penalty starts about 5 years from now. Is that correct?

Mr. CONRAD. Yes. Actually, overnight they changed it. It was not going to take affect for 5 years. In other words, this chart says, marriage penalty relief for middle-income taxpayers was going to be delayed until 2006; it did not do anything for 5 years. Now it has been changed and moved up 1 year. So it does not do anything for 4 years in terms of marriage penalty relief.

What we are saying is, let's do it next year. Let's make it a priority.

Mr. DORGAN. One additional question.

When will the marriage tax relief be fully effective?

Mr. CONRAD. Under the bill that is before us, not until 2008. Under my proposal, there would not be any phase-in. We would do it all the first year.

Mr. DORGAN. I know my colleague has studied economics. I have studied economics and actually taught a little economics but was able to overcome that experience.

When you study economics, you will learn about John Maynard Keynes' saying: In the long run, we're all dead. Right. So it is interesting this tax bill says: Look, here is what we are going to do. We are going to get rid of the marriage tax penalty, and we are going to do this and that and the other thing; and then you look at the fine print and find out that for the marriage tax penalty, they do not start getting rid of it until 2004 or 2005. I guess you say now it has been altered. It does not complete until 2008.

So we are really talking about the long run, aren't we? But, yes, if you happen to be earning $10 million a year in income, you are going to get immediate tax relief by a rate reduction right at the start. Right at the get-go, right at the starting line, you at the top are going to get a rate reduction. But there is not enough money to provide relief for the marriage tax penalty right away, so that is deferred 4 years, 6 years, 8 years, or, as Keynes would say, in the long run.

One wonders if there is not a short run and a priority that allows us to say, look, the hard working families who are paying a marriage tax penalty, shouldn't they be moved right to the front of the line.

Almost everyone jumps up instantly around here the minute you mention the marriage tax penalty and say: I am for getting rid of it. Count me in. I want to vote right now—except this tax bill does not do that.

Remember, John Mitchell once said: Don't listen to what we say. Just watch what we do. That might be good advice for this marriage tax issue as well. People say: We are going to get rid of the marriage tax penalty. Not now we aren't, not unless we adopt this amendment offered by Senator CONRAD.

Of course we ought to adopt this amendment. Of course this is the right priority. Senator CONRAD is not saying everyone should not get a tax cut. He is not saying the top rates should not get a tax cut. That is not what he is saying at all. He is saying, the priority ought to be to provide marriage tax penalty relief now—not in 2004 or 2005, not in 2008, but now, for the American people.

That makes eminent good sense to me. He is not suggesting that further rate reductions should not occur at the top level. He is not suggesting we defer tax relief for anyone else up or down the chain. He is simply saying, use, as a priority, the money that he has in his amendment to provide marriage tax penalty relief now.

If everyone in the Senate is true to the votes they have cast in the last 3 or 4 years on this subject, Senator CONRAD will receive 100 votes for this amendment. If so, I will congratulate him and say: Well done. I hope when the vote is cast, we will have people voting the way they have voted in the past 3 or 4 years on this issue to say: Let's provide marriage tax penalty rate relief right now.

Mr. CONRAD. I think it is important to point out the differences between my amendment and the amendment of the Senator from Texas. As you know, in terms of marriage penalty relief, there are two provisions. One is to double the standard deduction for a married couple from what is provided single taxpayers. The second is to deal with the fix on the 15-percent bracket so that we also are providing relief that way.

The Senator from Texas would start the standard deduction relief in 2002, which is more quickly than what is provided for in the underlying legislation, but she would then string it out to 2008. Her amendment does nothing to speed up the fix on the 15-percent bracket. There is no improvement there.

My amendment takes both provisions that are designed to deal with the marriage penalty and puts them into place next year and pays for it by deferring the reductions for the very top brackets, the top 3 percent of earners in the country. They get their full relief, but it is delayed so that we can give relief to 25 million couples—50 million people—who are affected by the marriage penalty.

Mr. DORGAN. Mr. President, the reason I mentioned that everyone in the Senate supports this, no one stands up in the Senate these days and says: I think it is perfectly appropriate for us to have a penalty in the Tax Code for married couples. I don't know of anyone who supports that. The question remaining for the Senate is, Shall we fix that now or shall we wait until later? Senator CONRAD says: Let's fix it now. Let's make adjustments to this proposal that is on the floor. If we all agree that the marriage tax penalty should be fixed, the Senator says, let's fix it now rather than much later.

That makes sense to me. I am pleased he offered the amendment. I will be pleased to vote for it. I hope every one of my colleagues will do the same.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I find it a little bit interesting. I will be very brief.

Mrs. HUTCHISON. Mr. President, parliamentary inquiry: How much time does my side have remaining?

The PRESIDING OFFICER. Forty-three minutes, 19 seconds.

Mr. NICKLES. I find it very interesting that a couple of the proponents on the Democrat side are saying, let's repeal the marriage penalty relief, when they had a chance to do that last year on July 21 and they voted no. The Senate passed, by a vote of 60–34, a bill to eliminate the marriage penalty. We did basically the proposal that my friend and colleague, Senator CONRAD, is promoting. We passed it. Unfortunately, President Clinton vetoed it.

It is interesting to note—and I will insert in the RECORD the vote on that—but the Senator from North Dakota voted no last year on July 21.

Mr. CONRAD. Will the Senator yield?

Mr. NICKLES. I am happy to yield.

Mr. CONRAD. The Senator from North Dakota voted against that proposal because it didn't fix the marriage penalty. We had an alternative proposal that gave couples the choice. The only way to eliminate the marriage penalty——

Mr. NICKLES. Mr. President, I have control of the time. The Senator can make a point, not a speech.

Mr. CONRAD. If I may conclude, the only way to eliminate all of the 60 places the Tax Code imposes the marriage penalty is to give couples a choice. That is what I supported.

Mr. NICKLES. Mr. President, to correct my colleague, the amendment he has proposed today doesn't fix it for every category. It does what we did last year, in that we expanded the 15-percent bracket. We doubled the deduction.

My point is, there is a real inconsistency between the arguments made on the floor today and the amendment they propose on the floor today and the position they took last year.

Last year we had a chance to eliminate the marriage penalty and my colleagues voted no. Now they are proposing basically the same amendment we passed and sent to the President. They are trying to put it on this bill. They had a chance to pass it last year and have it become law. That is my point. I wish they would have had this position last year.

One other final comment: I wish we could do more on the marriage penalty in this bill today. And we could have, if we had $1.6 trillion to work with. The same colleagues who say we want to do more on the marriage penalty were the same ones saying we want less of a tax cut. Now they are saying, we want to get rid of the marriage penalty. But last year, unfortunately, they voted in opposition to repeal the marriage penalty.

I ask unanimous consent to print the material to which I referred.

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

ROLLCALL VOTE NO. 226, JULY 21, 2000
(H.R. 4810 Conference Report)

YEAS—60

Abraham	Feinstein	Mack
Allard	Fitzgerald	McCain
Ashcroft	Frist	McConnell
Bennett	Gorton	Murkowski
Biden	Gramm	Nickles
Bond	Grams	Roberts
Brownback	Grassley	Roth
Bunning	Gregg	Santorum
Burns	Hagel	Sessions
Byrd	Hatch	Shelby
Campbell	Helms	Smith (NH)
Chafee, L.	Hutchinson	Smith (OR)
Cleland	Hutchison	Snowe
Cochran	Inhofe	Specter
Collins	Jeffords	Stevens
Craig	Kohl	Thomas
Crapo	Kyl	Thompson
DeWine	Landrieu	Thurmond
Domenici	Lott	Torricelli
Enzi	Lugar	Warner

NAYS—34

Akaka	Feingold	Moynihan
Baucus	Graham	Reed
Bayh	Harkin	Reid
Bingaman	Hollings	Robb
Breaux	Johnson	Rockefeller
Bryan	Kennedy	Sarbanes
Conrad	Lautenberg	Schumer
Daschle	Leahy	Voinovich
Dodd	Levin	Wellstone
Dorgan	Lieberman	Wyden
Durbin	Lincoln	
Edwards	Mikulski	

NOT VOTING—5

Boxer	Kerrey	Murray
Inouye	Kerry	

Mr. NICKLES. I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I will make some general comments to help put this debate in context.

First of all, under this bill, who are the winners and who don't win quite so much? Under this bill, the big winners are married couples with kids. By far, they receive a greater share of the benefits of this bill, not only absolutely but proportionately.

Who does not do quite so well? Singles. Single taxpayers do not do nearly as well in receiving benefits under this bill. Who else does not do quite so well under this bill? The elderly. The elderly do not do quite as well compared with married couples under this bill. Who else? Students. Students do not do quite so well compared with married couples under this bill.

In the broad brush of things, the bill already gives very significant tax relief, in fact, disproportionate tax relief, to married couples already.

We on the floor can decide to do still more. But if we do, it is at the expense of others. The others will necessarily be those nonmarried. Who are the nonmarrieds by definition? They are singles. And some of them are elderly and some are students. So it will be a shift away from people already not receiving nearly as many benefits absolutely and proportionately as married couples. That is a decision we can make here. Life is full of decisions. But that is the effect of what these amendments do.

I mention one group: students. The amendment offered by the Senator from Texas will cut education to help married couples even more. These are important provisions. Let me mention what they are: expansion of education savings accounts, increasing contributions from $500 to $2,000 and also permitting withdrawal of funds for K–12 expenses; that is, kindergarten through high school, elementary and secondary expenses. That would be delayed under the amendment offered by the Senator from Texas.

What else? The bill already eliminates the 60-month limit on deductibility of student loan interest. That is a big benefit for students. Students graduate from college, most have student loans. I have forgotten the figure. The average student loan is in the neighborhood of $15,000. It is not right that we cut off interest deductibility on those loans after 60 months. This bill says, OK, we are going to eliminate that 60 months. You can deduct the interest on student loans after 60 months. That is in the bill.

The Senator from Texas, in order to pay for more relief to married couples, eliminates that 60-month deletion. It is still current law, up to 60 months.

In addition, the amendment offered by the Senator from Texas would reduce significantly the above-the-line deduction for college tuition expenses of up to $3,000 in 2002 and 2003, and under the bill, above the line. She would limit it also for 2004 and 2005.

I think for the purposes of the Senate, it is important to know that the bill, as I said, doesn't give a lot of help to students. It is fair to married couples already. I don't think it is a good idea to take even more away from students in education expenses generally and shift it over to married couples.

I might also add, generally, there have been comments about this bill. People take potshots at the provisions of the bill dealing with solving the marriage penalty. Let me remind all of us again that this is the context of what is going on here, so we don't get wrapped around the axle and forget the bigger picture.

Currently, more taxpayers today receive a marriage bonus than are inflicted a marriage penalty. Many more American taxpayers get a benefit under the tax law on account of being married than they receive a penalty on account of being married. What am I saying? American taxpayers, as couples, where the income of one spouse is, say, at least 60 percent of the income of the other spouse, receive a bonus because their incomes are combined. That automatically gives them a bonus compared to filing separately.

The couples who receive a penalty today—not always—tend to be couples where one spouse earns approximately the same income, within about 20 or 30 percent.

There is a marriage penalty, no doubt about it. We should do all we can to fix it, and we will. We are moving in that direction. But as we move in that direction, I remind my colleagues that we can't do everything at the same time. We know that is an impossibility. We have a limit here of about $1.35 trillion over 11 years. That is a limit. We would like to repeal the marriage penalty. We would like to give all the money back to the taxpayers so taxpayers don't have to pay income taxes. We want to have everything.

But life is choices. We in the committee, working together, have made choices that are a tradeoff of different requests by Senators telling us what they want in this bill. If you put that together, we have tried to fashion a marriage penalty provision that is geared toward middle-income taxpayers. That is why the provision is doubling the standard deduction for married couples and also doubling the 15-percent bracket amount for married couples. We could have done more. We could have gone to upper brackets, more wealthy Americans. We wanted the distribution to be fairer to low- and middle-income Americans. That is why this is in the bill.

I urge Senators to remember we can't just take these amendments in isolation. They are in context. They are in the context of the bill, of larger issues and of choices we have to make today, knowing that tomorrow, next month, in future years, we will make other choices and we will be able to make up for what we may not have done today. We will do what the American people want on the basis of trying to put these pieces together in a reasonable manner.

This provision also has been sharply criticized by Senators who say it takes effect later, not right away. It has been ridiculed by those saying: ''Now you have it, now you don't have it''; it's a shell game. Those Senators conveniently don't point out other provisions in the bill that do take effect right away, which they support and which are expensive. They make it more difficult for everything in this bill.

One is the creation of a 10-percent bracket, which is effective retroactively, I might add, to January 1 of this year. That in and of itself costs about $425 billion. That is not small change. That is immediate tax relief. A large percentage of the taxpayers who are in the 15-percent bracket will get that benefit. It is effective now and it helps the distribution for middle and lower income Americans. It is a very positive provision, which I know the Senators who complained about the delay of the marriage penalty really like—this 10 percent. They don't talk about it. You have to look at the whole bill and, I might add, too, the distributional effect of this bill is better significantly than the House-passed bill.

It is better significantly than the proposals offered by the President.

I believe when you add it all together, it is a bill that we can—a lot of us but not all—support. The marriage penalty provision is not perfect. I wish it were made effective earlier. I wish it could apply to all the marriage penalty provisions that are currently in the code, and they number about 65. This only deals with about 3 or 4 of them. The EITC provision I know the Senator from North Dakota likes. That is really good. But we don't deal with the other roughly 58 marriage penalties in the code, which have a little less effect because we don't have the money to eliminate them. They are a little less politically demanding than the ones with which we dealt with in this bill.

I respect my colleagues for their amendments. I remind them there is already a disproportionate relief for married couples in this bill, compared with singles, elderly, and students. I don't know if we want to make that worse.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Mr. President, for those who made inquiries to both Cloakrooms as to when we are going to vote, the Senator from Montana, the manager of the bill, spoke on the time allotted. Senator CONRAD has 16 minutes left on his side and Senator HUTCHISON has 40 minutes left. If all time is used without the managers using more time off the bill, we would vote at approximately 4:50 or 4:55. Just so people know that.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. I yield 20 minutes to the Senator from New Mexico off the bill.

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

Mr. DOMENICI. Mr. President, I thank Senator GRASSLEY. First, I want to take a couple of minutes on history. Some Senators, clearly led by Senator BYRD, have spoken to the issue of should we be reducing taxes in a reconciliation bill. I want to remind everyone that Congress passed, in 1974, a new law which had to do with the congressional budget process. I want to quote from it and tell you three historical events which would indicate that we are doing what we have done on a number of occasions with reference to the Budget Act and reconciliation instructions that apply to taxes.

First of all, 1 week ago today, exactly, this body of Senators adopted a fiscal year 2002 budget resolution. Now, as in many things, all Senators didn't agree. But that resolution, with an instruction to reduce taxes by a total of $1.25 trillion over 10 years, with $100 billion available for the first 2 years to be spent by the Committee on Tax Relief has to do with stimulating the economy for a total of $1.35 trillion over 11 years. Within 1 week, the Committee on Finance—again in a bipartisan manner—I might say to the Senate, you might recall that the budget resolution, with an instruction on the taxes, passed the senate with 15 Democrats voting along with all Republicans, except 2. So it was a very bipartisan instruction to reduce taxes.

Within 1 week, the Committee on Finance has complied with this reconciliation instruction and has presented to the full Senate a bill that reduces revenues or increases outlays for a total of $1.347 trillion over the next 11 years. Remarkably good work. Obviously, when you set these kinds of annual and multiyear mandates with reference to taxes, you can't do everything you want, and you can't do every one as clean as you would like. But the policies included in this bill will be discussed shortly.

Let me first talk about the criticism we should not be using reconciliation, that is, the fast-track procedures permitted under law, for tax reductions.

First, I want to read the Budget Act of 1974:

> Inclusion of Reconciliation Directives in Concurrent Resolutions on the Budget.—A concurrent resolution on the budget for any fiscal year, to the extent necessary to effectuate the provisions and requirements of such resolution shall—(1) specify the total amount by which revenues are to be changed and direct that the committees having jurisdiction do determine and recommend changes—

To accomplish that—

Continuing to read:

> and resolutions to accomplish a change of such amount to comply with the policies of the resolution.

I note this section of the act says ''changes.'' It does not say that the only thing reconciliation can be used for is to raise taxes, nor does it say the only thing it can be used for is to cut taxes. It simply says ''effectuate'' the policies of the underlying resolution.

Over time, yes, we were faced with deficits and used reconciliation for tax increase instructions and for spending cut instructions, but times have changed, and since fiscal year 1997, budget resolutions have passed the Senate that have considered tax reconciliation bills on three separate occasions. One was signed by President Clinton, one was vetoed by President Clinton, and one was never presented to him because he said he would veto it. But the Senate and the Congress, after a conference, actually passed tax bills that were the result of an instruction in a budget resolution that such be done to carry out the policies of the budget resolution.

There are some who say they wish it were not so. I do not know if I am prepared to debate that today. All I am prepared to say is those who criticize it should know it has its genesis in this Budget Act which was passed by all Senators, except one, voting for it years ago. I have read the operative language, and I am absolutely comfortable with the fact that we have not in any way exceeded what the Senate of the United States has heretofore indicated can be done in a budget resolution regarding reduction of taxes by an instruction.

In the FY 1997 budget debate, on a rollcall vote, the Senate established the precedent for including tax cut reconciliation instructions in a budget resolution under expedited procedures of the Budget Act.

That year the Congress presented the President with a $122.5 billion six-year tax cut reconciliation bill. The President vetoed that reconciliation bill.

In the FY 1998 budget debate, the Congress adopted instructions for a tax cut reconciliation bill for $85 billion over a 5-year period. The Finance Committee and the Congress complied with the instruction. The President signed that tax cut reconciliation bill.

In the FY 1999 budget debate there were no reconciliation instructions.

In the FY 2000 budget debate, a 10-year reconciliation tax cut of $778 billion was included in the budget resolution. The Finance Committee and the Congress once again complied with the instruction, and the President vetoed that tax cut reconciliation bill.

Finally in last year's budget debate the budget resolution permitted two separate tax cut reconciliation bills. The Senate considered and passed the first tax cut reconciliation bill, but it was never presented to the President. The second tax cut reconciliation bill was never considered.

The bottom line—there is nothing untoward about a tax cut reconciliation bill. There is nothing unprecedented about a tax cut reconciliation bill. Indeed, I believe the Budget Act is working as it should—it permits Congress to work its will and to implement its fiscal policy once it adopts a budget resolution.

What is unprecedented is a budget surplus estimate of $5.6 trillion over the next decade.

Even when with the tax reductions included in this bill, total taxes will still grow annually nearly 4.3 percent over the next decade. Total taxes will still increase from $2.135 trillion today to over $3.256 trillion in FY 2011. We will collect over $26.6 trillion in taxes these next 10 years even with the tax cuts included in this reconciliation bill.

Federal revenues as a percentage of the size of the economy, will only modestly be reduced from its historic high today of 20.7 percent to 19.2 percent in 2011.

Finally, all tax provisions are fully phased in by 2011. Those who come here to the floor and suggest somehow the tax cuts are going to explode over the next 10 years after 2011, are misleading.

When fully phased in 2011—everything—the tax reductions in 2011 will

be about $185 billion in that year. Number games can be easily played.

Yes, extending the fully phased in tax cuts in this bill over the period 2011–2022—20 years from now—could mean $2 trillion in tax cuts beyond the $1.350 trillion in this bill. That is not an explosion, that is simple arithmetic.

I want to quickly go through what is in this bill as I see it. I compliment the Republicans and the Democrats who got it through committee and are in the Chamber defending it.

First, retroactive to January 1, 2001, it creates a new 10-percent bracket for the first $12,000 of adjusted gross income for couples.

It reduces all marginal rates effective January 2, 2002. The top rate is reduced to 36 percent by 2007. For those who think that is done quickly and costs an enormous amount in the early years, it is not so.

It doubles the child tax credit from $500 to $1,000 over 10 years and makes the child credit generously refundable. I repeat, it makes the child credit generously refundable.

There were many in our respective States who heard the first tax proposals, and they did not have any refundability for the tax credit and indicated that for poor States and populations in poor States, it might be better if we had refundability. However that occurred, I thank the committee in behalf of my State. It is important we have that.

We are debating marriage penalty relief, whether we should do more or change it, but it sets a standard deduction for couples at two times the single level. It sets the 15-percent bracket for couples at two times the single level.

Incidentally, it also increases the EITC, earned-income tax credit. Some thought over time that was not a good approach to tax law, but it has been increased all the way up, in some instances, to as high as $35,000. It includes, with which everybody should be pleased, a $33 billion educational tax relief that is spread throughout this bill, and it reduces the estate tax over time, not immediately but it increases the exemptions rather quickly in increments of a million dollars, and over a full 2011 cycle it will eliminate the tax; it will impose a capital gains tax of sorts on the beneficiaries of large estates.

I single out Senator KYL of Arizona for his complete commitment and dedication to changing this estate tax. I can see as a member of the committee where Senator KYL has had a very big impact on the committee.

The next item is IRA tax relief. Everybody has become familiar with pensions and IRAs. It includes a $40 billion increase in the tax reductions that can occur by changes in pensions and IRA relief. It is a pretty good law.

It changes the alternative minimum exemption by $2,000 single and $4,000 joint. It obviously does not do the entire alternative minimum adjustment necessary, but it does more than many people thought because, indeed, it does not affect any more people and starts changing a little bit with reference to the alternative minimum as it applies to others rather than those who would have been affected by this legislation.

In essence, it makes the Tax Code more progressive. That is difficult for some to believe in a tax package that also reduces marginal rates from top to bottom. Every marginal rate will be reduced. It makes the Tax Code more progressive. Wealthy taxpayers will pay a larger share of the income tax than they do now.

Whoever wants to argue about whether the top levels should have had a marginal rate cut, the entire package is more progressive, and when you are finished and add up the income tax, the higher tax payers will pay a bigger percentage now than they were paying before the marginal rates were reduced.

I close by talking about my State. I have done my best, with the best people I have, to give a rough estimate of what happens to people in New Mexico with this bill.

First, every New Mexico taxpayer gets a tax cut. In our little State, 539,000 families filed returns; 113,000 small businesses; 534,000 children will be eligible for the child tax credit. That has been doubled and made refundable over time; 304,000 couples in New Mexico who file jointly will benefit over time from the marriage penalty relief, and 179,000 families claimed the earned-income credit. With the expansion of the family earnings up to $35,100, they will be able to claim this credit. It is a major help to the families in New Mexico who are not in the high brackets, and since we have so many in the middle- and low-income brackets, this bill, because of the bipartisan nature of it, as I see it, has taken a giant step to be helpful to them.

I close by saying it was not too long ago that a new President was sworn in and went to the White House. He said: I am going to try to keep my campaign commitments. One of his commitments was he was going to reduce taxes. He was talking about a dollar number of $1.6 trillion. Some people think that was over 11 years, some over 10 years. Some think it was really $1.3 trillion adjusted for something.

In any event, I say, Mr. President—not the Presiding Officer, but President Bush down the road on Pennsylvania Avenue—when this finally becomes law, and it will not be too long when the House and Senate get this bill and do their final work, you can look at the American people and say: Here is another commitment made, a commitment that I achieved. With the help of Congress, and in this case bipartisan out of committee, hopefully bipartisan when we pass it, we have said to the President: We agree with you. The commitment to give back some of this enormous surplus to the American people so that it is not on the table to spend but, rather, it is committed back to their pockets, to their pocketbooks, to their checking accounts, that will have been achieved.

I believe there will be plenty of money to pay down the debt in about as rapid a fashion as we can, and I believe there will be about a $500 billion to $600 billion contingency fund over this decade that can still be used in addition to what we plan for tax cuts and what we plan for the appropriations process.

For those who had in mind large new programs for the Federal Government and had their eye on this surplus, what we are saying is we are not going to wait to deal tax relief at the bottom of the deck of cards.

We are going to deal, then, right upfront. We will say to people who pay: This Government receives more than it needs; we will give it back to you over time. That means it won't be there on the table, as we look at budgets, to spend on just anything because we will have spent it on a very good purpose; that is, we will have given it back to the American people to spend, for them to plan, for them to use.

It is a pretty good conclusion to a very difficult budget process which took many hours and a lot of energy. For this Senator, as chairman, it was difficult. We had to do some difficult things that I wouldn't like to do every year.

I hope we get bipartisan support for this use of the surplus. I think it is an appropriate use. We come back down to reality, with a big surplus plan expected. What should we do with it? Let it sit around to spend on making government bigger or should we first give some back? We have adopted as a policy giving back some of it, yet leaving enough for the realistic approach to government and growth in government that might be needed.

I close by saying that the same President who made that proposal has had the best people in the country work with our Vice President to produce a real effort to place before the American people a practical, realistic proposal with reference to our energy future—I should not say of America, I should say to the people of America. A realistic energy proposal is the next thing the President has on the table. I predict to all those who are critical upfront, realism will set in, in the next couple of months, and something similar to what the President asked for in his realistic energy approach will be on the floor. Members will be saying: Mr. President, you made a commitment to make America energy sufficient with reference to electricity in the future, and also sought to conserve and make

us as independent as possible in the area of refined products from crude oil. I believe we will be saying: Congratulations, Mr. President.

The second big commitment accomplished. Unless there is a real, realistic, practical alternative that is not something like price controls on everything in the area of gasoline refined products and the like, which will do nothing but share the shortages, we will be right back in the muddle. We will do something that will do credit to this new leader and do credit to ourselves as Americans who have to get something done.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I ask for 4 minutes.

Mr. REID. Senator CONRAD is yielded 4 minutes off the bill.

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

Mr. CONRAD. Mr. President, in response to the Senator from New Mexico, I don't think the choices he has presented are the full choices before the American people and before the Congress.

The Senator from New Mexico refers to the choice of either giving the tax cut back to the American people or the money being spent here. I don't think those are the choices. Those are two of the choices. There is a third choice. The third choice is to pay down more of the people's debt. When we refer to the people's money, that is exactly right. This is the people's money. I think everybody here is acutely aware of that.

We have, fundamentally, three choices. One is tax cuts, and certainly that ought to be part of what we do. The second choice is spending. I think most people on both sides of the aisle say we need to increase spending on education and national defense. The third choice is how much do we use to pay down our debt.

The President says we should only pay down $3 trillion of the $3.4 trillion publicly held debt we currently have. There is another debt that the President is not dealing with and that we are not dealing with. That is the gross debt of the United States. That is the combination of the publicly held debt and the debt owed to the trust funds of the United States. The gross debt of the United States is not going down; it is going up. As we sit here today facing a debt of $5.6 trillion, at the end of the 10-year-period the gross debt of the United States will be $6.7 trillion. We are not paying off the national debt around here, not by a long shot. The national debt is increasing. Interestingly, it is increasing by about the amount of the tax cut we are providing.

I yield 4 minutes to the very distinguished Senator from New York, Mr. SCHUMER, who has a great commitment to the education issues that are in part addressed by the Senator from Texas.

Mr. SCHUMER. I thank my colleague for yielding.

First, I fully support his amendment. If we are going to expand the marriage penalty and do it, we are going to have to take the money from somewhere. The contrast between the amendment of the Senator from North Dakota and the amendment of the Senator from Texas is the philosophical difference in this debate.

The bottom line is simple: The amendment of the Senator from Texas robs Peter to pay Paul. It says: You want to expand the marriage penalty? Don't make it any easier to help middle-class people send their kid to college. Do the American people want us to make that choice?

I later will have an amendment to increase the deductibility of tuition. There has been a good start in the bill from my colleague and friend from New Jersey. We will seek to expand it. It has been a passion of mine for 2 years to get this done. As I go around my State and around our country, I find person after person saying: we can't afford to send our kid to college, or, more likely, we are sending him to a junior college rather than the college he or she deserves because tuition is so expensive. I will talk more about that later.

Make no mistake about it, the amendment of the Senator from Texas makes it far harder for people to send their kids to college. In fact, after she gets done with it, because she takes the money out of the education portion of this bill, the tuition deductibility level is only $1,500. With all due respect, that is not worth the paper on which it is written. Already in the law is a tax credit, the lifetime learning credit that adds a $2,000 tax credit by 2003. There is not a single person in this country who prefers a $1,500 deduction to a $2,000 credit. There is nothing left. In effect, the Senator from Texas eviscerates tuition deductibility. We all know how important and how vital it is to the future of this country.

Why, when the top 1 percent are getting 33 percent of the benefits, does the Senator from Texas want to expand the marriage penalty? Why doesn't she touch that, instead of taking the small amount we have in this bill to help the middle class pay tuition? That is an example, in my judgment, of what is wrong with the thinking of some in this body: First, give the rich their cut, and then let the middle class fight over the crumbs. It should be the opposite. Someone making $50,000 or $60,000 is in far more need of help than someone making $350,000 or $3.5 million. I don't believe in class warfare. To be people who make a lot of money, God bless them. But when you have a limited pie and you say you want to expand the marriage deduction, help remove the marriage penalty, why in God's name do you take it from one of the few things that benefits the middle class in this bill?

The President gets up and talks about the family making $50,000. I would bet my bottom dollar, if you asked the family making $50,000 if they would prefer a small rate decrease or would they prefer to make the tuition deductible, 90 percent of them would choose the latter.

What is going on in this bill? We are talking about the middle class but then we are not helping them. The amendment of the Senator from Texas is indicative of that malady which transcends this whole debate.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I yield 5 minutes to the Senator from New Jersey. The Senator from New Jersey has been very active on these education issues. I think he has been critically interested in providing incentives for parents paying for college. I yield 5 minutes to him.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 5 minutes.

Mr. TORRICELLI. Mr. President, I thank the Senator for his kind remarks and join Senator SCHUMER in what is an important moment in this debate. Indeed, I believe this moment defines whether or not there is a chance for this tax legislation to genuinely be bipartisan.

In the Finance Committee, Democrats joined with Republicans to attempt to moderate the tax reduction, to assure it was affordable, would protect the surplus, but would also make a difference, having revenue for prescription drugs and education.

Within the committee a balance was achieved that, while rates were being reduced for taxpayers, there were other objectives also being met. The amendment offered by Senator HUTCHISON is a threat to that balance. It raises the question about whether or not bipartisan tax reduction can survive in the Senate. Like Senator HUTCHISON, I would like to see the marriage penalty eliminated. Indeed, in a variety of ways, through considerable means, over a period of a decade this legislation deals with the marriage penalty. It simply was not possible to eliminate the marriage penalty immediately any more than it was possible to lower rates immediately or deal with the inheritance tax immediately. This is a decade-long process of reducing the tax burdens on Americans.

We do that to married couples as we have done it in other means. But part of this plan was that, as we reduced taxation on many Americans, we would look specifically at the issue of education. There isn't a Member of this Senate who has not come to this floor

and argued that the future of the Nation depends upon our investment in education, the quality of education. The simple truth is, a college education for middle-income Americans is increasingly out of reach. The average student graduating from an American university owes $20,000 on the day he or she graduates. It is affecting the quality of their lives, their career choices. Middle-income parents, wanting to do the best for their children, are taking second mortgages on their homes, postponing retirement, putting themselves into financial jeopardy, anything to get their child a college education.

Among the many balances in this bill is a provision upon which I insisted in the committee, a fight Senator SCHUMER has led for several years on the floor, the deductibility of college tuition from income taxes. Under this legislation, it will rise to $5,000 during the decade. For many students, that makes all the difference. We will eliminate the marriage penalty, but we can both eliminate the marriage penalty and get deductibility of college tuition under this plan.

Finally, there is the question of education savings accounts. Ever since I came to the Senate, for many years, with Senator Coverdell, I led the fight for education savings accounts. More than two-thirds of this Senate has voted for education savings accounts to allow parents to put aside their own money for their own child for public or private education. In large measure, through the amendment of Senator HUTCHISON—well intentioned though it may be—we lose the sum and substance of education savings accounts by the reductions of the amounts available. I hope not only these education provisions can be retained but the bipartisan nature of the bill can be retained.

I yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Kansas.

Mr. BROWNBACK. Mr. President, I ask to speak on the bill for 15 minutes, off the time of the Senator from Texas.

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

Mr. BROWNBACK. Mr. President, I rise in strong support of the Baucus-Grassley tax bill. I say to my colleagues from Iowa and Montana, thank you for bringing the bill here on the floor. This is a great day. This is a great debate. I appreciate what you are doing putting this forward.

I also want to say thanks for including a great number of provisions that work on the marriage penalty. We have been pushing for several years now to get rid of this ridiculous marriage penalty, the tax you pay for the privilege of being married. Marriage Penalty tax relief has been a long time coming, and with this bill, we can actually do something about it.

I am delighted to hear as well from my colleague from Iowa that last night they added an additional year in which the marriage penalty relief would be in effect. That is a very positive step. It is a good thing.

What we are seeking to do with this amendment, and I join my colleague from Texas, Senator HUTCHISON from Texas, in this amendment, is to speed up that marriage penalty relief, making it fuller because the marriage penalty is at several places within the Tax Code. It still remains, even after this bill. We need to take care of those places, and this amendment is a positive step toward this.

Tax relief is long overdue for the American taxpayer. We are at record high levels of tax collection during one of the longest eras of peace ever known in America. Does that make sense? It is unreasonable for the Federal Government to continue collecting taxes from hard-working Americans at a rate that rivals wartime rates of tax collection. Americans deserve relief.

However, I think some of the tax relief in this proposal is delayed too long, specifically that of the marriage penalty tax relief. Almost half of America's working families experience the ill-effects of the marriage penalty tax. In my State alone, 260,000 married couples experience this penalty. To put the burden of the marriage penalty tax in some perspective, every one of us knows somebody who is being forced to pay, on average—this is on average—about an additional $1,500 of taxes every year simply for being married.

Requiring Americans to pay more in taxes for being married defies common sense. Families are the bedrock of a Civil society. Between carpools to soccer games and putting food on the table, American families do not need this added tax burden.

Marriage tax penalty relief needs to be one of the first priorities in this bill. Making Americans wait until the year 2005 to receive a break from this onerous burden of the marriage penalty is unnecessary. We clearly have the resources to provide the American people with much needed marriage penalty relief sooner rather than later.

At a minimum, we should eliminate the marriage penalty in the standard deduction sooner rather than later. I believe with some adjustments in the tax bill we can provide marriage penalty relief next year rather than making America's families wait until 2005 for the Federal Government to recognize the negative effects of the tax we place on the institution of marriage and the people who are married. America's families deserve a break from the marriage penalty.

Alleviation of the marriage penalty tax will allow married couples greater freedom to raise the quality of life for their families. Freedom will mean different things for different couples, of course. For some it may mean the ability to make a downpayment on a home. For others it may mean an investment in their children's education. The options are as numerous as the people of our great Nation. Married Americans deserve to be free from this unjust penalty.

Make no mistake about it, however, those who will benefit the most from the correction of the marriage penalty are children. Study after study has shown that children do best when they grow up in a stable home, raised by two parents who are committed to each other through marriage. Newlyweds face enough challenges without paying punitive damages in the form of a marriage tax. The last thing the Federal Government should do is penalize the institution that is the clear bedrock of a civil society.

The amendment I am cosponsing along with my good friend, colleague, and fellow warrior of the past 5 years, Senator HUTCHISON of Texas would eliminate the marriage penalty in the standard deduction effective in the year 2002, rather than later in 2006 and would be offset by small modifications in other areas of the bill.

I am hopeful that this amendment will receive the full support of the Senate and be included in the conference report that we will hopefully send to the President before the Memorial Day Recess.

Our amendment recognizes the need to provide American families with relief from the marriage penalty and the need to do it now, rather than 5 years from now. For our children, for strong marriages, for almost half of America's working families, I urge my colleagues to support this important provision.

I understand, along with everybody else, the number of tradeoffs involved to get this done. I think that if we were to ask the American public to prioritize the tax cuts and the tax relief we are putting forward, they would clearly say, we need tax relief to stimulate the economy, and we need tax fairness, particularly in the area of the marriage penalty tax.

I point out to my colleagues a number of surveys that have been done showing that 70 percent of the American public support eliminating the marriage penalty tax. They are aware of this tax. I now have people who come up to me and tell me, for example: My marriage penalty this year was $1,478—that their accountants calculate their marriage penalty they are going to be paying on a yearly basis. People are aware of it. They know it is there. They know it is not fair.

We have been telling them for years we are going to do away with it, that we are going to get it out of there. I think the Finance Committee has done a good job on starting to address this, but it is phased in awfully late.

This amendment, I think, does something the American public would widely support. In looking at the tax cuts,

they would say this should be one of the top ones that we need for fairness and for the future of a civil society.

So I urge my colleagues to support the Hutchison amendment when the vote comes up in this Chamber.

With that, Mr. President, I yield the floor and yield back the time to Senator HUTCHISON that may be remaining on the 15 minutes.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, maybe we are ready to vote. Have the Senators used their time?

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I will be brief and close on my amendment, after which I understand we can go ahead and have the vote.

I understand what the committee did. I understand how the committee had to accommodate so many interests. I do not eliminate the deductions for the education expenses; I just draw them out over a longer period.

I had to find someplace to offset the cost of moving the marriage penalty to the top. Phasing in the deductions for the education expenses was the only thing I could find that would be a viable alternative. Because I think the tax rate cuts are so important, I did not want to upset that balance. That is why I cannot support Senator CONRAD'S amendment. But I certainly intend to try to continue to look for offsets.

Frankly, I am going to offer it without offsets if this is not adopted because I think moving the marriage penalty up is every bit as important as rate reduction and death tax relief and doubling the child tax credit.

We are trying to give relief to American families. How much more do we need to be told than that the census shows us that 77 percent more people are living together unmarried than there were 10 years ago? I think we should value marriage, and I think we should encourage it. I certainly do not think we should have policies that discourage it. So I am going to do everything I can to move it up and make it the top priority that I think it is. That is what my amendment does.

I ask the support of my colleagues. I think this is a warranted priority: Eliminating the marriage penalty in this country. It is essential that we do so.

Thank you, Mr. President. I yield the floor.

Mr. CONRAD. Does the Senator yield back her time?

Mrs. HUTCHISON. Mr. President, I yield back my time.

Mr. GRASSLEY. Which is the first amendment we vote on, Mr. President?

The PRESIDING OFFICER. The Senator from North Dakota still has 7 minutes.

Mr. CONRAD. I will try to take the same amount of time the Senator from Texas just took to conclude. If the Presiding Officer could inform me when I have used the same amount of time that the Senator from Texas just used so it is fair, I will yield back the remainder of my time.

The PRESIDING OFFICER. The Senator will have 3 minutes.

Mr. CONRAD. I thank the Presiding Officer, and I thank my colleague from Texas, who is a respected colleague.

Let me just say we agree that the marriage penalty relief ought to be moved up. We strongly agree on that proposition. Mine does it faster than the offering of the Senator from Texas. Mine deals with both elements of marriage penalty relief that are in the bill, both the standard deduction—doubling it for couples over what is provided a single individual—and also providing a fix on the 15-percent bracket.

The Senator from Texas starts hers earlier than the underlying bill but does not complete the phase-in until the year 2008 on the standard deduction. And she does not speed up the fix on the 15-percent bracket at all over what is in the current bill. My amendment would provide that relief next year as well.

In addition, we have a different way of paying for it. I ask those in the very top rates—the 3 percent who are in the top two rates—to defer so that we can give this relief immediately.

That seems to me to be a fair way to proceed. It seems to me to be the priority of the American people. We have 50 million people who are affected by the marriage penalty. Under the current bill, nothing is done, nothing for 4 years. Then it is phased in, and it is not completed until 2008.

My amendment says, if we say it is a priority, let's make it a priority. Let's put in place marriage penalty relief next year. Let's do the job.

I hope very much my colleagues will give close consideration. We do not change where the rates ultimately wind up. We do delay the reduction for the top rates, the two top rates that affect only 3 percent of America's taxpayers, so that we can give 50 million people relief from the marriage penalty now, something I think every Senator in this Chamber has spoken for at one time or another.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Thirty seconds.

Mr. CONRAD. Mr. President, I am happy to yield back that time.

Mr. President, I ask unanimous consent that Senator KENNEDY be added as an original cosponsor of the amendment.

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

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

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the Conrad amendment No. 654.

The clerk will call the roll.

The result was announced—yeas 44, nays 56, as follows:

[Rollcall Vote No. 112 Leg.]

YEAS—44

Akaka	Dorgan	Levin
Bayh	Durbin	Lieberman
Biden	Edwards	McCain
Bingaman	Feingold	Mikulski
Boxer	Feinstein	Murray
Byrd	Graham	Nelson (FL)
Cantwell	Harkin	Reed
Carnahan	Hollings	Reid
Chafee	Inouye	Rockefeller
Clinton	Johnson	Sarbanes
Conrad	Kennedy	Schumer
Corzine	Kerry	Stabenow
Daschle	Kohl	Wellstone
Dayton	Landrieu	Wyden
Dodd	Leahy	

NAYS—56

Allard	Enzi	Murkowski
Allen	Fitzgerald	Nelson (NE)
Baucus	Frist	Nickles
Bennett	Gramm	Roberts
Bond	Grassley	Santorum
Breaux	Gregg	Sessions
Brownback	Hagel	Shelby
Bunning	Hatch	Smith (NH)
Burns	Helms	Smith (OR)
Campbell	Hutchinson	Snowe
Carper	Hutchison	Specter
Cleland	Inhofe	Stevens
Cochran	Jeffords	Thomas
Collins	Kyl	Thompson
Craig	Lincoln	Thurmond
Crapo	Lott	Torricelli
DeWine	Lugar	Voinovich
Domenici	McConnell	Warner
Ensign	Miller	

The amendment (No. 654) was rejected.

Mr. GRASSLEY. I move to reconsider the vote.

Mr. BROWNBACK. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 659

The PRESIDING OFFICER (Mr. SMITH of Oregon). Under the previous order, the question is on agreeing to amendment No. 659.

Mr. BREAUX. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 27, nays 73, as follows:

[Rollcall Vote No. 113 Leg.]

YEAS—27

Allard	Enzi	Kyl
Bennett	Fitzgerald	Landrieu
Brownback	Frist	Murkowski
Bunning	Gramm	Roberts
Burns	Hatch	Santorum
Campbell	Helms	Shelby
Carnahan	Hutchinson	Smith (NH)
Cochran	Hutchison	Thomas
Domenici	Inhofe	Thurmond

NAYS—73

Akaka	Durbin	Mikulski
Allen	Edwards	Miller
Baucus	Ensign	Murray
Bayh	Feingold	Nelson (FL)
Biden	Feinstein	Nelson (NE)
Bingaman	Graham	Nickles
Bond	Grassley	Reed
Boxer	Gregg	Reid
Breaux	Hagel	Rockefeller
Byrd	Harkin	Sarbanes
Cantwell	Hollings	Schumer
Carper	Inouye	Sessions
Chafee	Jeffords	Smith (OR)
Cleland	Johnson	Snowe
Clinton	Kennedy	Specter
Collins	Kerry	Stabenow
Conrad	Kohl	Stevens
Corzine	Leahy	Thompson
Craig	Levin	Torricelli
Crapo	Lieberman	Voinovich
Daschle	Lincoln	Warner
Dayton	Lott	Wellstone
DeWine	Lugar	Wyden
Dodd	McCain	
Dorgan	McConnell	

The amendment (No. 659) was rejected.

Mr. GRASSLEY. I move to reconsider the vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Mr. President, I am deeply concerned with that anomaly in the tax code known as the ''marriage penalty.''

However, I opposed the Hutchison amendment No. 659 because it would accelerate the marriage penalty relief in this bill at the expense of those education provisions that would benefit students who borrow money to attend college. In particular, the Hutchison amendment would eliminate the provision that would allow student loan interest to be deductible 60 months after graduation.

While I support marriage penalty relief, I do not believe that it should be provided at the expense of these education tax benefits.

The PRESIDING OFFICER. The Senator from Montana.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

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

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. On behalf of Senator BAUCUS, I ask unanimous consent that the time go now to Senator SCHUMER. His time will begin charging against his amendment, which he will offer before he completes the hour.

The PRESIDING OFFICER. Is there objection?

The Chair hears none, and it is so ordered.

The Senator from New York is recognized.

AMENDMENT NO. 669

Mr. SCHUMER. Mr. President, how much time do I have?

The PRESIDING OFFICER. One hour.

Mr. SCHUMER. One hour. Thank you, Mr. President.

Mr. President, first, I ask unanimous consent that the following Senators be added as cosponsors: Senators LIEBERMAN, BIDEN, BAYH, and CLINTON.

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

Mr. SCHUMER. I thank the Chair.

The amendment I am about to offer is one of the most significant that we can debate in this tax bill. As you know, Mr. President, since I have come here, I have felt it extremely important that we help middle-class people with the biggest financial nut they face, barring ill-health in their families, and that is paying tuition. The cost of tuition has skyrocketed. Family income has not kept up. Often in our tax proposals we help the very poor with their college tuition, as we should. And the wealthy do not need much help in terms of paying tuition. If you are making a half million dollars, you can afford that $10,000, $20,000, $30,000. But if you are solidly into the middle class, if you are making $40,000 or $50,000 or $60,000 or $70,000, that tuition bill is almost impossible to pay.

As a result, three things happen: First, all families struggle. Second, many students do not go to the college that their records would allow them to extend. Some do not go to college at all simply because financially it is so expensive. The number of New Yorkers who have told me that they are going to junior college because they can afford it, as opposed to a 4-year school in a specialty they very much want to achieve, is enormous. And, third, what happens is that America is greatly deprived of our greatest resource: the minds of our young people.

So it has been my contention, along with many of my colleagues, including the Presiding Officer, the Senator from Maine, the Senator from Illinois, and the Senator from Georgia—the Senator from Delaware has been our leader in this—that college tuition, or a large chunk of it, if not all of it, should be made tax deductible; that if a family is making a sacrifice to send their child to school, then Uncle Sam ought not to take a cut; that it is every bit as important for Government to encourage that activity through a deduction as it is owning a home or other activities for which we give deductions.

For 2½ years we have been pushing this. Now the opportunity is nigh to make it happen.

I thank my colleague from New Jersey, Senator TORRICELLI. He and I have talked about this issue at length. He has been able to get a first start into the bill of up to $5,000. That $5,000, yes, is a start. It does not meet the bills of most people, but it is a good start. I am appreciative of his efforts and of him joining the crusade in which many of us have been involved. But it simply is not enough.

So what we propose today is to make $12,000 deductible for each person—for a single person $65,000, for a couple $130,000. It goes well up into the middle class. The very people who come to us and say the Government never gives them a break, the Government never cares about what they need, are now going to get the best thing they could imagine.

We have not touched the rate cut in our offset because I know so many feel strongly about it. But my guess is, if you ask the average family in America making $50,000, $60,000, $70,000, would they rather have the rate cut of a few percent or would they want to make college tuition tax deductible, 90 percent would say the latter. So the time is nigh to do this.

This chart shows it all. Since 1980, college tuition has gone up over 300 percent in its cost. Health care, which is always used as the area where prices have gone up so much, has only gone up a little more than 250 percent. Of course the Consumer Price Index lags way behind.

So this vote presents us with the opportunity. This bipartisan idea, which I hope will stay a bipartisan amendment—because this issue should not be a party issue; this issue should not deal with how much of a tax cut, but simply is, should we give it to the middle class in the place where they need it most—is on the table.

I know there are a lot of considerations, but very simply this is vital to families. It is also vital to America. The bottom line is simple: That is, here in America we need to educate our people as best we can. If we continue to have young person after young person not go to college or not go to the college that they desire, we will be hurting our opportunity to stay the leading country in the world because our education system is more important than just about anything else that we can do in this country.

So, Mr. President, I will have a lot more to say, but I know there are some of my colleagues who wish to speak.

I would like, if no one on the other side wishes time on this amendment, to yield 4 minutes to the Senator from Indiana, who has been a sponsor for a very long period of time and has worked diligently on this effort.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. BAYH. Mr. President, I salute our colleague, Senator SCHUMER from New York, for his tenacious support of this very worthy endeavor. I say to the Senator, I would particularly like to congratulate you for the bipartisan nature of the support you have gathered for this very worthy undertaking.

With Senator SMITH, Senator SNOWE, and others on the other side of the aisle, it is a cause that every American, regardless of party, can support.

I rise in support of the Schumer amendment because it is good for the taxpayers of America, it is good for the children of America and their education, it is good for America's economy, and it is true to our values.

It is good for the taxpayers of America because, in my State and in yours and others, one of the most pressing needs that American families face, after paying the mortgage and saving for retirement, is putting money away for the cost of a college education. The cost of that education has been rising faster than the rate of inflation now for many years, far outstripping the ability of many Americans, particularly those in the middle class, to afford it. So this tax cut will be good for American taxpayers and families because it helps them in a very significant way—$12,000 when fully phased in—in alleviating the tax burden each and every year.

It is good for America's students because a college education today is no longer a luxury. It is a necessity to have many of the good paying jobs in areas involving information technology, communication technology, biotechnology, and the other rapidly growing parts of our economy. Those with a college degree earn substantially more than those without.

This is good for America's children and America's students. It is also important for the long-term health of our economy. America's competitive advantage lies in those areas that require greater degrees of knowledge, expertise, and learning. So as we enable our children to do better, we also empower our economy to do better.

Finally, this effort, thanks to Senator SCHUMER, is true to America's values. We are saying to the families of New York and Indiana and Oregon, and the other 47 States, that if your children work hard, if they dream the dream of a college education, we will stand by them. If you want to work hard and be self-sufficient, get a good job, we will help to make that dream become a reality. There is no more important American value than that.

In conclusion, I again salute my colleague, Senator SCHUMER. This tax cut is good for taxpayers. It is good for our children and their education. It is good for America's economy, and it is true to our values.

I ask my colleagues to support this very worthy endeavor. I yield the remainder of my time back to my colleague and friend, the Senator from New York.

The PRESIDING OFFICER. Who yields time to the Senator from Illinois? The Senator from Illinois seeks recognition.

Mr. SCHUMER. Mr. President, on behalf of the Senator from Montana, I yield 5 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I supported this effort from the beginning. I believe that when you ask American families about tax cuts, their highest single priority is this amendment.

This is a rather substantial proposal in reference to cutting the taxes of America's families. I am sure there are some very important and popular provisions in here, but when we literally ask families, if we could do one thing in the Tax Code to help you and your family in the future, what would it be, it is this amendment, this amendment which would allow families to deduct the expenses of a college education.

We all know the problem. Some of the brightest young people in America either have to delay their education or change their plans because they literally cannot afford the cost of higher education or they find themselves in a position where they graduate from college with an extraordinarily high debt. With that student loan debt, a lot of choices in life are already made for them. They may not be able to become a teacher, which could have been their life's dream, because instead they have to make more money to pay off the college loan. They may not be able to become a nurse or a doctor, or whatever, because of the expense of education.

What the bipartisan Schumer amendment does, which I am happy to support, is address this problem and give to American families the ability to deal with the cost of higher education.

Ask yourself: How important would it be? When a young child is born into a family, a new baby, it is usually kind of a rite of passage that you say to the new parent: How is mom? How is the baby? Is the baby sleeping at night? Have you thought about the cost of college education? Those are natural questions because people seem to think, as they should, this is a major obstacle to the success of my child. I better be thinking ahead. Is it reasonable to ask that question?

Let me give an example in my State of Illinois. In a 20-year period, the rough period between the birth of a child and their heading to college, in Illinois, between 1980 and the year 2000, the average tuition and fees at college went up 395 percent at public universities, 344 percent at private 4-year institutions, and 236 percent at community colleges. So asking the new parents about how they are going to pay for their kid's college education is not an unreasonable question. It is going to be substantial. If they want their kids to have a chance, they ought to think ahead.

The Schumer amendment thinks ahead. It says: We are going to give you the opportunity to deduct up to $12,000 of the cost of a college education. It also provides a tax credit, I believe, for the payment of interest on student loans, so if you have a loan and you are paying on it, you can deduct up to $1,000, which doubles the amount in the bill.

What the Senator's amendment does is help families realize the American dream. Could there be a better investment for the 21st century than to help families pay for the cost of college education? We know that kids who get a college education are going to make more money in life, probably realize their dreams. We have census statistics that suggest that the value of a college diploma means a 76-percent increase over a high school diploma in the amount of money one is likely to earn. So a young child who is thinking about where they want to go with their future understands it is important to go to college; it is expensive to go to college; but it creates great opportunities as well.

We have done a lot at the Federal level over the last several years to provide a helping hand. We passed a proposal of President Clinton's which was enacted as part of the Taxpayer Relief Act of 1997 to establish HOPE scholarships, lifetime learning tax credits, and these help to pay, but the Schumer amendment goes to the heart of it. It says: You get to make the choice where your son or daughter goes to college, working with them, the best school they can get into, and we will help you pay by making the tuition tax deductible.

It is targeted to working families. It starts to phase out for joint filers with a taxable income of over $105,000. I don't think that is an unreasonable level to be speaking of because if you had, for example, two public schoolteachers in the city of Chicago or in the State of Illinois, their combined income as mother and father might be in that range of $105,000. They are not wealthy people. If their son or daughter is going to a university that costs $20,000 or $25,000 a year, it is a great sacrifice on them and certainly on the children, once they have graduated. The value of this deduction, which can be up to $3,360, depending on the taxpayer's tax bracket, is significant and meaningful. This is available to taxpayers, their spouses, and their dependents.

I am going to yield back my time by urging my colleagues on the Republican side of the aisle to join us, as some already have, to show good, strong, bipartisan support. And if they value, as we do, education in America, if they value the needs of American families to pursue that education, supporting the Schumer amendment is a good vote.

Mr. SCHUMER. Mr. President, I ask unanimous consent to add Senators TORRICELLI and STABENOW as cosponsors of my amendment.

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

Mr. SCHUMER. I yield 5 minutes to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I thank my colleague from New York on behalf of the families of Michigan for his leadership on this critical issue. This amendment goes to the heart of what is driving the economy and what is good for our families.

On the one hand, as a member of the Senate Budget Committee, I had the opportunity in numerous hearings to hear over and over again from Chairman Greenspan and our own Congressional Budget Office that what is driving this economy is increased labor productivity. Increased labor productivity is a combination of new innovations and technology and a skilled workforce that can work in this new economy, a skilled workforce that allows the productivity to increase in our economy.

Everyone has told us that to keep the economy going, to keep our jobs, to keep the improvements in the quality of life we have seen in recent years, we have to maintain this increased labor productivity. That means education. That is why this is such an important amendment.

I also speak as a parent. I have a son who recently graduated from college, and I am sure I own one of the buildings at that university. I have a daughter in college now. I can speak as a parent, as one who understands the cost we go through —we want our children to have the very best—and the challenges that face parents as we look at making sure our children are able to have the very best higher education.

This particular amendment, by allowing up to $12,000 in deductibility of college tuition, is very important to allow families to give their children the American dream that we all have for our children.

We know that in today's world you have to go beyond high school to some kind of higher education if you are going to be successful. We also know that we will continue to learn throughout our lives and that part of what we are doing is encouraging young people to learn to love to learn, so that they can continue beyond not only 4 years but possibly at some other point coming back in life.

We have older workers who are now coming back and changing careers, developing new skills, and going into new parts of the economy. The question of access to higher education is important to all of our families, and it is particularly important to where we are as a country and how we need to move in terms of the challenges in a new world economy.

I hope we will have the opportunity to give every child who is starting kindergarten, every child in preschool, every child going into high school the ability to work hard and make the grades, and that we are going to make sure they have the opportunity to go on to college to be the best they can be. This amendment gives the tools to parents to help make that happen. It is important, it is long overdue, and I urge my colleagues to support the Schumer amendment. I am extremely pleased to be a cosponsor.

I yield back my time, Mr. President.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, how much time does the Senator from Illinois want?

Mr. FITZGERALD. I thank my friend and colleague.

Mr. President, I have an amendment——

Mr. SCHUMER. Will the Senator from Illinois yield?

Mr. FITZGERALD. Yes.

AMENDMENT NO. 669

Mr. SCHUMER. Mr. President, I ask that our amendment, which was debated, be reported before the Senator puts his amendment forward.

The PRESIDING OFFICER (Mr. SESSIONS). The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. SCHUMER], for himself and Mr. BIDEN, Mr. BAYH, Mr. LIEBERMAN, Mr. DURBIN, Mr. TORRICELLI, Mrs. CLINTON, Mr. DASCHLE, and Ms. STABENOW, proposes an amendment numbered 669.

Mr. SCHUMER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To increase the deduction for higher education expenses for certain taxpayers and to increase the tax credit for student loan interest)

On page 54, between lines 4 and 5, insert the following:

''(C) 2006 THROUGH 2011.—

''(i) IN GENERAL.—In the case of a taxable year beginning in 2006, 2007, 2008, 2009, 2010, or 2011, the applicable dollar amount shall be equal to the applicable dollar amount determined in the table contained in clause (ii), reduced (but not below zero) by the amount determined under clause (iii).

''(ii) APPLICABLE DOLLAR AMOUNT.—

''Taxable year beginning in:	**Applicable dollar amount:**
2006	$10,000
2007	10,000
2008	12,000
2009	12,000
2010	12,000
2011	12,000.

''(iii) AMOUNT OF REDUCTION.—The amount determined under this clause for any taxable year is the amount which bears the same ratio to the applicable dollar amount determined in the table contained in clause (ii) for such taxable year as—

''(I) the excess of—

''(aa) the taxpayer's adjusted gross income for such taxable year, over

''(bb) $65,000 ($90,000 in the case of return filed by a head of household (as defined in section 2(b)), and $130,000 in the case of a joint return), bears to

''(II) $10,000 ($20,000 in the case of a joint return).

On page 59, line 3, strike ''$500'' and insert ''$1,000''.

Beginning on page 64, line 21, strike all through page 66, before line 2, and insert the following:

(a) MAXIMUM RATE OF TAX REDUCED TO 53 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

''Over $2,500,000 ..... $1,025,800, plus 53% of the excess over $2,500,000.''.

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

On page 68, strike lines 1 through 3.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENT NO. 670

Mr. FITZGERALD. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Illinois [Mr. FITZGERALD], for himself, Mr. SCHUMER, Mr. JEFFORDS, Mrs. CLINTON, Mr. MCCAIN, Mr. TORRICELLI, Mr. DOMENICI, and Mr. ALLEN, proposes an amendment numbered 670.

Mr. FITZGERALD. I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide that no Federal income tax shall be imposed on amounts received by victims of the Nazi regime or their heirs or estates, and for other purposes)

At the end of subtitle A of title VIII, add the following:

SEC. ___. NO FEDERAL INCOME TAX ON RESTITUTION RECEIVED BY VICTIMS OF THE NAZI REGIME OR THEIR HEIRS OR ESTATES.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, any excludable restitution payments received by an eligible individual (or the individual's heirs or estate)—

(1) shall not be included in gross income; and

(2) shall not be taken into account for purposes of applying any provision of such Code which takes into account excludable income in computing adjusted gross income, including section 86 of such Code (relating to taxation of Social Security benefits).

For purposes of such Code, the basis of any property received by an eligible individual (or the individual's heirs or estate) as part of an excludable restitution payment shall be the fair market value of such property as of the time of the receipt.

(b) COORDINATION WITH FEDERAL MEANS-TESTED PROGRAMS.—

(1) IN GENERAL.—Any excludable restitution payment shall be disregarded in determining eligibility for, and the amount of benefits or services to be provided under, any Federal or federally assisted program which provides benefits or service based, in whole or in part, on need.

(2) PROHIBITION AGAINST RECOVERY OF VALUE OF EXCESSIVE BENEFITS OR SERVICES.—No officer, agency, or instrumentality of any government may attempt to recover the value of excessive benefits or services provided under a program described in subsection (a) before January 1, 2000, by reason of any failure to take account of excludable restitution payments received before such date.

(3) NOTICE REQUIRED.—Any agency of government that has taken into account excludable restitution payments in determining eligibility for a program described in subsection (a) before January 1, 2000, shall make a good faith effort to notify any individual who may have been denied eligibility for benefits or services under the program of the potential eligibility of the individual for such benefits or services.

(4) COORDINATION WITH 1994 ACT.—Nothing in this Act shall be construed to override any right or requirement under ''An Act to require certain payments made to victims of Nazi persecution to be disregarded in determining eligibility for and the amount of benefits or services based on need'', approved August 1, 1994 (Public Law 103–286; 42 U.S.C. 1437a note), and nothing in that Act shall be construed to override any right or requirement under this Act.

(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term ''eligible individual'' means a person who was persecuted for racial or religious reasons by Nazi Germany, any other Axis regime, or any other Nazi-controlled or Nazi-allied country.

(d) EXCLUDABLE RESTITUTION PAYMENT.—For purposes of this section, the term ''excludable restitution payment'' means any payment or distribution to an individual (or the individual's heirs or estate) which—

(1) is payable by reason of the individual's status as an eligible individual, including any amount payable by any foreign country, the United States of America, or any other foreign or domestic entity, or a fund established by any such country or entity, any amount payable as a result of a final resolution of a legal action, and any amount payable under a law providing for payments or restitution of property;

(2) constitutes the direct or indirect return of, or compensation or reparation for, assets stolen or hidden from, or otherwise lost to, the individual before, during, or immediately after World War II by reason of the individual's status as an eligible individual, including any proceeds of insurance under policies issued on eligible individuals by European insurance companies immediately before and during World War II; or

(3) consists of interest which is payable as part of any payment or distribution described in paragraph (1) or (2).

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall apply to any amount received on or after January 1, 2000.

(2) NO INFERENCE.—Nothing in this Act shall be construed to create any inference with respect to the proper tax treatment of any amount received before January 1, 2000.

Mr. FITZGERALD. Mr. President, I thank my colleagues, Senator SCHUMER and Senator CLINTON, both of whom are here, and Senators TORRICELLI, BINGAMAN, DOMENICI, JEFFORDS, MCCAIN, and ALLEN, who are cosponsors of this amendment.

This amendment simply seeks to ensure that any reparations received by victims of the Holocaust—reparations or settlement payments received by those victims not be subject to Federal income taxes.

Actually, our tax law provides that if money is stolen from somebody, or if property is stolen from somebody, and that is later recovered, that person should not have to pay income tax on getting their own money back. However, there have been a number of conflicting revenue rulings in this area, and the victims of the Holocaust, which occurred at the hands of the Nazis in the 1930s and 1940s, are concerned that the reparations they are receiving from a variety of settlement funds, from banks and insurance companies in Germany, Switzerland, and elsewhere—that under the current revenue rulings of the IRS, there might be some confusion as to whether those settlement payments are taxable income.

This amendment simply seeks to ensure that the IRS would not treat as taxable income any Holocaust reparations or payments. The Joint Tax Committee scored this amendment as costing $31 million over the next 10 years. It is a very small amount.

There are 100,000 survivors of the Holocaust in the United States, approximately 10,000 of them from my State of Illinois. The average age of Holocaust survivors is over 80 years. Recently—just a few weeks ago—I had the opportunity to be at a Holocaust memorial service in Skokie, IL. Skokie is a village to which a large number of Holocaust refugees and survivors of the Holocaust came after World War II, and they kept coming well into the late 1950s. After appearing at that ceremony, I had the opportunity to meet many individuals who were, in fact, Holocaust survivors. I heard from their own mouths the stories of the horrors they endured at the hands of the Nazis. I saw several of the survivors with the tattoos that the SS agents had put on their arms.

One woman told me she went into one of those concentration camps—I believe it was at Auschwitz—with both her parents and also with her younger brothers and sisters. As soon as she got into that camp, the Nazis killed her parents and subsequently killed her younger brothers and sisters. They kept her alive because she was a teenager and they believed that they could put her to work. Obviously, all of the assets of her family and tens of thousands, millions of others like hers were confiscated by the Nazis.

There are several settlement funds that have been created to finally, 56 years after the end of World War II, pay some modest compensation to these families and Holocaust survivors and their heirs for all the sufferings they endured. In fact, the compensation is really just the return of their own money or property that rightly belonged to them.

I hope we can adopt this amendment. It has the support of the administration, I am told. The previous administration also supported this measure. It was included in tax bills that were passed in the last session of Congress. Unfortunately, those overall tax bills were vetoed for other reasons. I would appreciate the support of all of my colleagues, and I certainly appreciate the willingness of Senator GRASSLEY and Senator BAUCUS to work with us as we try to find a possible means of replacing that slight $31 million in tax revenue that would be lost over the next 10 years.

Mr. President, again, I thank my colleagues. I am going to add, at this point, Senator GORDON SMITH as a cosponsor to the amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Before the Senator yields, I would like to say a word on his amendment. I think it is an excellent amendment. As the Senator knows, I had a similar amendment. There are slight differences, which I hope we work out when the time comes. This amendment is important, and I thank the Senator for his leadership in making this happen. As he said, to tax these payments which are but small compensation for the suffering endured by the few survivors of the Holocaust would be inhumane. The Senator is exactly right to make sure that they are tax free.

Mr. FITZGERALD. I thank my colleague in New York. I agree with him. I think it would be beneath the dignity of this great country to actually assess a Federal income tax on those payments of compensation to the victims of the Holocaust.

I thank the Senator. Both of my colleagues from New York have been very helpful.

There is one other point I want to make.

This bill also would ensure that payments received by Holocaust survivors not be counted in any calculation for eligibility for any of our Federal programs such as Medicaid. We would not want someone tossed out of a nursing home because they were receiving one of these payments. That is one of the benefits of this bill.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I tell the Senator from Illinois that I appreciate his good efforts to address an injustice. This injustice is regarding the victims of the Holocaust. I pledge to work with him on this amendment. I ask that he temporarily set aside the amendment to give us time to consider exactly how to do this.

Mr. FITZGERALD. Mr. President, I will be happy to do that. I have been working with Senator GRASSLEY and

Senator BAUCUS. I look forward to working with them into the evening. I appreciate their efforts to accommodate this amendment.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. Without objection, the amendment is set aside.

The Senator from New York.

AMENDMENT NO. 669

Mr. SCHUMER. Mr. President, I yield 5 minutes to the Senator from New Jersey. As I mentioned earlier in my remarks, our long crusade to get college tuition made deductible took a giant step forward with his work on the Finance Committee to get the first step, the $5,000, in the bill. That has made it possible for us to offer this amendment as well.

I salute him for the great work he has done, and I yield him 5 minutes.

Mr. TORRICELLI. Mr. President, I thank the Senator from New York for his very gracious comments and for the place in which we find ourselves at this moment. The long fight to allow parents and students to deduct the cost of college tuition is now at a critical moment.

It is not a usual moment in the life of the Senate when a Senator arises with the intent of having his own work replaced by a colleague's. That is exactly where I find myself.

The Finance Committee, with the considerable help of Senator GRASSLEY and Senator BAUCUS, has brought to the Senate Chamber for the first time the deductibility of college tuition from income taxes.

Senator SCHUMER has built upon this work by expanding our $5,000 deduction to a full $12,000. It is, in my estimation, a more realistic approximation of the financial burden before American families. I therefore support the Schumer amendment.

American families are mortgaging their futures. Parents are literally taking second mortgages on their homes. Families are postponing retirement. They are using retirement savings. They are borrowing against inheritance. They are doing anything and everything to get a college education for their child. Students themselves are working night jobs and borrowing endlessly to get themselves a college education.

The average student graduating from an American university, on the day they graduate, owes $20,000. It is not uncommon for a business student, a law student, or a medical student to owe $50,000, $100,000, or $200,000. It is an enormous tragedy.

The options in life that many of us enjoyed that allowed us to go into public service are not available to American students. If you come out of college owing $20,000, $50,000, $100,000, your chance to be a schoolteacher, your chance to run for public office, your chance to go into the Peace Corps, your chance to go into an American city or a small town and make a difference in American life is lost before your career begins. You begin life under a mountain of debt.

It may not be in our reach to eliminate that problem today, but we have a chance to reduce it. Over the years, from Stafford loans to HOPE scholarships to student loans, again and again, every time there was a chance to reduce this financial burden and help American education, we have risen to the occasion, and that is where we are again tonight. With this amendment, we can make fully deductible $12,000 worth of college tuition.

I will concede this is a national problem, but in my State of New Jersey, as in some other States, it is particularly acute. My State exports more students to colleges in other States than any other State in the Union per capita. We do not have a huge State university. The middle-class families of New Jersey are having to face, with no choice and through no fault of their own, massive private tuition costs.

It is the deciding point about whether or not these families can keep their families in the middle class, and they are holding on by their fingertips, knowing that if they cannot pay these tuitions, they may be the first generation in American history whose kids will be less educated, have less of a financial future, less of a quality of life than they have. And Americans do not give that up easily. That is why this mountain of debt. That is why the frustration. But that is also why I stand here tonight.

We have a chance to fight back. In the last decade, the cost of a college education has risen by 40 percent. There is no end in sight. In a free economy, with free institutions, there is no way to legislate to control that cost or stop it, nor am I proposing we do so. We simply have to allow families to fight back, and it has to be more than loans. We have to offer more than debt. We have to let families help meet this cost.

I am very grateful to Senator GRASSLEY and Senator BAUCUS. Without their support, we would not even be having this debate, Senator SCHUMER would not be able to offer this amendment. The committee took a stand, and I am proud of every member of the Finance Committee for doing so. But now we can take a good provision and we can make it better.

I urge my colleagues to support the amendment. I think it is a vote in which we can all take great pride. I thank the Senator from New York for yielding me the time.

Mr. SCHUMER. I thank the Senator from New Jersey.

I ask unanimous consent that Senators DURBIN and DAYTON be added as cosponsors to this amendment.

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

Mr. SCHUMER. Mr. President, how much time has our side consumed?

The PRESIDING OFFICER. The Senator has consumed 28 minutes.

Mr. SCHUMER. Mr. President, I ask the Senator from Iowa, do the opponents of this amendment intend to use all of their hour?

Mr. GRASSLEY. Probably not, but we are going to use some time; yes.

Mr. SCHUMER. Maybe we can begin now. Does the Senator from New York, my friend and colleague, wish to speak now?

Mrs. CLINTON. I will be happy to speak now.

Mr. SCHUMER. I call on my colleague, the Senator from New York, who has been a leader on this issue and has worked with me side by side to make college tuition deductibility a reality. I yield to her 5 minutes.

The PRESIDING OFFICER. The Senator from New York.

Mrs. CLINTON. I thank the Chair.

Mr. President, I rise in support of this amendment which has been a passion of my senior Senator from New York. It arises out of the real-world experiences he and I have every day in New York where we meet parent after parent who is troubled by the rising costs of college tuition and other expenses associated with going to college.

I wish we would all recognize that going to college has become not just a luxury, but in many respects a necessity. There are so many jobs today which are on the leading edge of the economy that require the advanced education that can only come in a higher education setting.

The fastest growing occupations, all of them in the field of technology, require at least a bachelor's degree, and they pay much higher than average for full-time workers. The Senator has recognized that we have to do more to make college affordable for our families.

The saddest statistic I am aware of is as hard as it is to believe after all the work this body has done over the last years to make college more affordable, with the HOPE scholarships, with increasing Pell grants for worthy students, with the life-long learning tax credit, with all of that work, there are still so many children whose families cannot afford to send them to college or for whom the college tuition stretch is so great it requires mortgaging homes, it requires tremendous sacrifice from many working and middle-class families, and it often leads to a student having to drop out because the dollars just don't keep coming and there is not enough financial support.

In New York, for example, more than 80 percent of New York students go on to some form of higher education. Nearly 1 million students attend college in New York, yet not that many finish. And the No. 1 reason given is financial hardship. The combination of

the debt load that so many of our youngsters and their families have to carry, and the fact that sometimes that credit is just not available, makes the dream of college just beyond the reach of too many of our children and their families.

As we debate this overall tax bill, which has many features that are not, in my view, going to make us richer and stronger and smarter, I hope we will try to support this amendment which I think will do all of those. I think this amendment, Senator Schumer's college opportunity tax credit, is the single most important amendment we could pass in this entire debate. It not only will provide much needed financing, it will send a clear message that we in this Chamber have heard the students, the parents, the families, the businesses, and the colleges of America, we have heard their requests and we try to help make college affordable for all Americans.

The college challenge now of paying has become absolutely out of reach because average tuition has doubled in the last 20 years. Family incomes and financial aid have not doubled in a comparable period. It is time to give families in New York, families across America, the kind of tax cut they can really count on and that will mean something for everybody—the people who are the bulk of the taxpayers in this country. This amendment, when fully phased in, will give families a tax deduction of up to $12,000 in tuition costs, which will provide as much as $3,360 in tax relief.

I commend my colleague, my senior Senator, for his passion, his work, his persistence. I hope that work will finally culminate in a positive outcome today and we will pass the college opportunity tax cut, the kind of sensible, affordable tax cut that makes sense for America's families and especially for the young people for whom we, after all, have to think most clearly about trying to create a better future. There is no better investment we can make. I commend my colleague and thank him for his work on this critically important amendment.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume.

Mr. NICKLES. Will the Senator yield?

Mr. GRASSLEY. I yield whatever time the Senator wants.

Mr. NICKLES. I am trying to get a copy of the amendment. Has the amendment been sent to the desk?

The PRESIDING OFFICER. Yes.

Mr. GRASSLEY. Mr. President, I know the Senator from New York wants to help people who need it. We all understand the importance of education. I go back to my opening statement and refer to the process by which this bill was brought about and the balance that is in it.

I know the Senator from New York doesn't mean to be selfish. And I don't mean ''selfish'' for the college students he is trying to help, but the Senator is somewhat selfish in what we can do in one bill. For instance, he wants me to consider his point of view in spending more for college tuition. This may even be bipartisan; I don't know whether it will end up partisan or bipartisan. But either way, the Senator is asking us to consider his point of view being presented before the Senate while trying to undo a very carefully crafted, bipartisan compromise that was worked out between people such as Senator KYL on the one hand and Senator LINCOLN on the other dealing with the estate tax.

Maybe if you think the super rich in New York don't need anything done about the estate tax, that is perfectly legitimate. Maybe that is not being selfish, if you think about the small businesspeople of America who live moderately throughout their entire working career because they have to pour everything back into the business and they want to leave it to their kids, and we are raising the threshold, raising the unified credit so that doesn't have to happen, and this isn't even talking about doing away with the estate tax 10 years from now. We are only talking about raising unified credit and preserving the small businesses and the small farms, or you might say large businesses and large farms that are affected by it, but you are taking away from that to do what you want.

It is carefully crafted politically. It is crafted to look at as many interests as we can.

What is ludicrous about the approach is that for the last 2 months during the budget debate the Senator was one who was voting we should not have a $1.6 trillion tax cut, should not have a $1.35 trillion tax cut. I don't know about the $950 billion bill that the Democrats put in, but 12 months ago people of the Senator's party didn't want any tax cuts at all. I hope Members are thanking President Bush that he ran on a program to cut taxes and got elected and he is performing in office the way he ran the campaign, keeping his campaign promise. We wouldn't even have a tax bill before us so that you could do what you want to do for your college students.

I wonder if the Senator has thought this through? We have Senator LINCOLN on your side, working with Senator KYL, for a very carefully crafted provision that is in this bill that, quite frankly, was a major problem for your ranking member, Senator BAUCUS. He didn't want to do as much as I wanted to do in this area or Senator KYL or Senator LINCOLN. But, as a matter of compromise, he went along with this so we could have a bill, a bipartisan bill, and make the process of bipartisanship work.

I am a little frustrated about the process. I am not even talking about the merits of your bill. I want to deal with the merits. I wonder if the Senator has thought about the condition in which you put Senator LINCOLN and Senator KYL, how you can intellectually approach this sort of a deal on a $1.3 trillion tax cut, and the Senator didn't even want any tax cuts.

Mr. SCHUMER. Will the Senator yield?

Mr. GRASSLEY. I yield because I need some answers.

Mr. SCHUMER. I thank the Senator. I would like to answer, since my name was used repeatedly.

First I want to say this. I have great respect for the Senator. I even share his frustration. It is not very easy to put together a tax bill. But I am sort of aghast at his implication, that because, however carefully the 20 members of the Finance Committee put together a compromise, which was supported—I would not call this bipartisan. As great respect as I have for Senator BAUCUS, it was not Democrats and Republicans coming together and meeting in the middle.

Mr. GRASSLEY. How many Democrats do you have to have to be bipartisan?

Mr. SCHUMER. I would say it should be a lot more than four or five, to answer the Senator's question.

If you look at the reconciliation vote, it was four or five. That is not bipartisan in my judgment.

I respect each Senator's right to make their decision. They come from different States.

But what I am aghast at is the implication of my good friend from Iowa that anyone who offers an amendment to the grand creation that he has put together has either not thought it through or is derelict in their duty.

Just the opposite, good sir. I am doing my duty to the people of New York by doing what they think is right. I daresay if they were asked should the estate tax, only on estates of over $3 million, get a smaller reduction so the families who are making $100,000 and $80,000 and $120,000 and $50,000 and $60,000 can get a break on tuition, my guess is, good sir, that 90 percent of the people of New York—and I would guess, although I do not want to second-guess the Senator from Iowa—but my guess is the people from his State would support this amendment.

Mr. GRASSLEY. Do you mind if I reclaim my time?

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. GRASSLEY. You told me you feel very strongly about it and you told me you thought this through and you are willing to present your view, regardless of the compromises on the other portions of the bill. You have every right to do that.

Mr. SCHUMER. I appreciate that.

Mr. GRASSLEY. I accept that.

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

Mr. GRASSLEY. I will yield for a question. I am not sure I will answer it.

Mr. SCHUMER. OK. My question is, Does he think his grand compromise is beyond improvement? Is it perfection itself?

Mr. GRASSLEY. I do not think it is perfect.

Mr. SCHUMER. All I can say to my good friend, CHARLES S. GRASSLEY, from CHARLES S. SCHUMER, is I am trying to make your wonderful compromise a little bit better.

Mr. GRASSLEY. I hope you respect my right, that we have worked hard to put this together and I want to protect it as much as I can.

Mr. SCHUMER. I sure do.

Mr. GRASSLEY. Not because of the substance of the bill as much as the process by which this has come together and what that says about the Senate's workings and the bipartisanship that is necessary to getting it done around here.

Mr. SCHUMER. If the Senator will yield, and I am glad we are having a debate, in all respect I think there are a lot of us in this Chamber who are not enamored with this process.

Let me give you my little example. I received great help from the Joint Tax Committee. But they frenetically rushed in the last few hours to get me estimates and put together the bill.

We are trying to debate this most significant tax legislation in 2 days, with 20 hours of debate. I was here, it was my first year, for Gramm-Latta. There were heated debates, but there was no effort to cut off amendments. There was no effort to stretch—one of the reasons our amendment is crafted as it is, good sir, is because the reconciliation process that was used does not allow many other amendments.

I am not enamored with this process. I respect bipartisan compromise. I think, in good faith, the Senator from Iowa has taken some flak from his side. My friend, the Senator from Montana, for whom I have enormous respect and do not begrudge him one iota for his views and what he has done, has taken a good deal of flak from his side. I respect that. I try to come up with bipartisan compromises whenever I can.

But I have to tell you I do not respect the process here. It is a rushed process. It is a hurried process. It is a process that does not allow deliberation. It is a process that is not the Senate at its finest.

So, yes, it is nice to have a bipartisan compromise. But if that bipartisan compromise is worth much——

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. SCHUMER. If I can just finish?

Mr. GRASSLEY. I think we have had discussion enough on this.

Mr. SCHUMER. Okay. I thank the Senator.

Mr. GRASSLEY. Does the Senator from Montana want me to yield for a minute?

Mr. BAUCUS addressed the Chair.

Mr. GRASSLEY. I yield some time off my time to Senator BAUCUS.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, this is not an easy matter, of course. We want every child to have the opportunity to attend college, to get a higher education. That is a given. It is particularly important in these days, as the economy gets more and more complex, the world economy more globalized. I think the major advantage we have in the United States of America is our education system. When we talk about value-added, it is knowledge-based, value-added America through education that is going to give us the competitive advantage compared to other countries around the world. Education is key. It is Head Start. It is pre-head Start. It is all that goes into children, from the instant they are born, creating a family environment and community environment to help kids be excited about life—not be put down, but excited—Head Start, kindergarten, all the way through elementary, secondary and, of course, higher education. That is a given.

We are doing what we can to help make that happen. Rome was not built in a day, but we are doing all we can to help make that happen.

I might have a couple or three points here. One, I would like to remind Senators what we provide for in this bill that helps kids get a better education. There are the provisions which help elementary and secondary students. The amendment offered by my good friend from New York is directed more toward higher education.

Let me just go through what we have for education. Essentially, it is about $35 billion in this bill, over 10 years, for education. About $11 billion of that is for higher ed; it is to add something new in this legislation which has not existed in prior law. What is that? That is to provide a deduction for college tuition. In the bill it starts at lower amounts, $2,000 or $3,000, and gets up to a $10,000 deduction for tuition for education. That is new. We have never done that before in the U.S. Congress. That is new in America. That is in this bill. It is a start.

Is it everything? No. It is clear tuition in some colleges is a lot more than that, but it is a start. It will help students get a break when they go to college and other loans are available. In fact, this bill, I remind my good friend from New York, actually deletes the limitation on interest deduction for student loans so students will always have their interest deduction on student loans.

Does that solve all the problems? No. It is a help, it is a start. We know in life there are no free lunches. There are none. We have to work sometimes in life for what we want to attain. We can't just give gifts to everybody. We want to help. We want to help kids go to college, do the very best we can to create conditions to make that possible. In addition, private institutions have availability for prepaid tuition programs. That has not been available in the past.

I mentioned the modification of the student interest deduction; that is, the limitation is eliminated. IRAs, for education IRAs, that is expanded from a $500 contribution to $2,000. There are several other provisions in here which will help education. They total, as I said, about $35 billion over 10 years. It is $10 billion, the program suggested by my good friend from New York.

I join in the frustration of my good friend from New York at the difficulty in getting amendments scored by Joint Tax. Why do we face that? It is because this bill is being rushed. There is no doubt about it. Because this bill is being rushed, we are bound to make mistakes. We are bound to not have the information we should have. That is very unfortunate.

I personally believe we should not be working on a tax bill in the context of reconciliation which has very constricting limits on debate and amendments. But we are. I had hoped we would not be on this bill until Monday of this week. But others with so-called pay grades higher than mine had a different view than mine and we are here now. We have to deal with what we have. That is unfortunate, but that is where we are.

I would like to have a lot more in here for education. I have a soft spot for education. I think most of us have a soft spot for education. But we cannot do it all at once. I wish we could, but we cannot. But we have a terrific—just think of it—start with the deduction of college tuition provided for in this Senate bill of up to $5,000. That is not small change. Mr. President, $5,000 toward tuition is a start. Students can make up the difference in various other ways, either through families or jobs or scholarships. There are ways to get things done, and certainly $5,000 is going to help a lot.

But I want to make a point to my good friend from New York. He does have a very good point: Gee, this so-called grand compromise, this grand perfect bill, and so forth, can be made better. Of course it can. I would like it to be made better.

I know my good friend from New York and other Senators realize that all things are not equal. And what is a little bit different here is that there happens to be a different body down thataway. That other body down the hall has a different view on this tax proposal. They are going to want to change this dramatically in conference. This tax bill is going to change

dramatically in a direction, I might suppose, that is contrary to the wishes of the Senator from New York.

So what I am trying to do, in getting a package together—and working with the chairman of the committee, for whom, I might add, I have the utmost respect—is to get an agreement that is better than what would otherwise pass in this Chamber, because if we did not have this bipartisan compromise, I guarantee you we would have a tax bill in this Chamber which would be much less to the liking of the Senator from New York and virtually every one of my colleagues on my side of the aisle.

But now we can go to conference in a better position and come back with a result which is better than it otherwise might be. Were it not for that context, I would probably be here arguing, yes, we should change this; we should add more for tuition deduction; we should do that. But there is no free lunch here. We have to deal with the deck we were dealt. In that context, it is a better bill from the perspective of the Senator from New York, so we can go to conference and come back with a result that is better than it otherwise would be for the Senator from New York and for other Senators. That is really where we are.

So for all those reasons—and basically it is the last reason—I have the utmost respect, I must say, for my very good friend from New York. New York has two super Senators, and one of them is Senator SCHUMER. The other is Senator CLINTON. I must say I don't know of a Senator around here for whom I have a higher regard than Senator SCHUMER; I might say Senator CLINTON, but certainly Senator SCHUMER from New York. He is on the right track. I have the utmost respect for him, but I cannot support his amendment because I want and I believe, in the end, when the conference report comes back through this process, we can come up with a better product.

The PRESIDING OFFICER (Mr. ENSIGN). The Senator from Iowa.

Mr. GRASSLEY. I yield such time as he might want to the Senator from Arizona.

What time does the Senator wish to have?

Mr. KYL. Ten minutes.

The PRESIDING OFFICER. The Senator from Arizona is recognized for 10 minutes.

Mr. KYL. Mr. President, let me first echo what the Senator from Montana has just been saying with respect to support for education. As he noted, this bill already has substantial benefits for education.

Unfortunately, the amendment of the Senator from New York, in order to provide the money for those benefits, has to get money from someplace else in the bill. It is called an offset.

What I want to talk about is the offset here because in order to try to help education, he is pitting one group against the other. The group that would be the big loser here is all the small businesses, all the entrepreneurs, the small family farmers, and the others who were looking forward to some death tax relief, to a reduction in the rates of the estate tax. That would be gone under this amendment.

All of the rate relief that was provided for in this bill would be eliminated. So instead of the rates going from 60 percent, which is the effective death tax relief rate, down to 45 percent under the bill here—which is still far too high—this would take all of that and put it back up to the effective 60-percent rate.

It is morally wrong. I think everybody on the committee who voted for the bill agrees that it is morally wrong for the U.S. Government to take more than half in any tax. And I don't think we have another tax that taxes people at the rate of 50 percent. This would be the highest rate in the world except, I believe, for the country of Japan.

Most Americans believe it is morally wrong to take more than half of all of the assets that somebody has saved in their life, assets that could be passed on to their children. The American dream in this country has always been to leave the next generation better off than your generation, to do a little bit to pass on for the next generation. Especially that has been true of the small entrepreneurs, more than half of whom are women in the United States of America.

That is why in the committee we decided to use some of the tax relief available for us to reduce the rate that estates were charged. What this amendment by the Senator from New York would do is wipe out all of that rate relief for which we provided. That is an unfair tradeoff. It is an improper tradeoff. Regardless of how much more someone might want to do for more education, it should not be paid for in this way.

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

Mr. KYL. I am happy to yield.

Mr. SCHUMER. Does the Senator know or dispute the fact that the only people who would be hurt by this amendment are those with estates worth over $3 million, where the rate will no longer be 55 percent but 53 percent?

Mr. KYL. The Senator does dispute that because as the Senator from New York should be aware, under the relief in the tax bill that is before us right now, the exemption he is speaking of, or the unified credit, does not take full effect until the final year of the legislation. So it is not true what the Senator from New York has just said. The rate relief provided in this bill currently before us takes the rate from the current level down to 45 percent.

It does that over a period of time. We do not even do that immediately, nor does the unified credit lock into effect immediately.

Mr. SCHUMER. But does the Senator dispute the top rate is only paid by estates worth over $3 million?

Mr. KYL. The top rate——

Mr. SCHUMER. We only change the top rate in our amendment.

Mr. KYL. The Senator from New York has decided to pay for the benefit in his amendment by taking the top rate, which is an effective rate of 60 percent, and leaving it right there.

Is the Senator from Arizona incorrect in what the Senator from New York just said?

Mr. SCHUMER. Yes. We do not leave it there. We reduce it from 55 percent to 53 percent. But the only people affected are those with estates worth over $3 million.

Mr. KYL. I stand corrected—from 55 percent to 53 percent. So we are still taking more than half. More than half of the value of the estate is going to be taken by the U.S. Government rather than passed on to the heirs. I stand corrected. It is not 55 percent; it is 53 percent. But because of the bubble effect, I am sure the Senator from New York would agree that the effective rate is closer to 60 percent, the result of which is that the rate relief that we have provided people—which caused a lot of people to vote for this bill—will be wiped out if this amendment is adopted.

Death tax or estate tax relief is very popular in this country. In one poll, it is supported by 89 percent of the people. A Gallup poll last year had one of the lowest percentages of support I have seen: 60 percent. In that poll, over three-fourths of the people acknowledged they would not even benefit from the relief but they understood it to be fair. Anytime more than half of your assets are being taken by the Government, Americans understand that is unfair. Even if they are not going to benefit from the relief, they realize there should be some relief from that.

Let me note a couple of the studies that demonstrate the pernicious effect of the rates as they exist today and why we decided to bring them down in this bill.

A February 2000 study by the National Association of Women-Owned Businesses, the Independent Women's Forum, and the Center for the Study of Taxation found that the death tax costs female entrepreneurs nearly $60,000 on death tax planning, money obviously they could be using in their own businesses. They report that 39 jobs were lost per business due to the cost of death tax planning over the last 5 years and that the cost of death tax planning will prevent the creation of 103 new jobs per business in the next 5 years.

There is study after study after study that demonstrates the effect, not only in the macroeconomic sense in terms

of gross national product lost, capital formation reduced, and the like, and jobs lost, but the effect for the average small business which, as I pointed out, is a woman-owned business in this country. That is why groups as diverse as the National Federation for Independent Businesses, the Hispanic Chamber of Commerce, the National Black Chamber of Commerce, the National Association of Women-Owned Businesses, and the National Association of Neighborhoods—and on and on and on—50-some organizations have all joined in urging the Congress to enact death tax relief.

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

Mr. KYL. The Senator from Arizona might need to ask for a little more time.

Mr. SCHUMER. Mr. President, I will be happy to yield a couple minutes of my time.

Mr. KYL. I yield to the Senator from New York.

Mr. SCHUMER. Does the Senator dispute that our amendment continues the repeal of the estate tax in the exact time as the committee bill, in the year 2011, and that the only thing affected in our amendment—we can read a long list of everyone who is for repeal of the estate tax; that is not affected—the only thing that is affected is estates of over $3 million whose top rate goes down not from 55 to 45, but 55 to 53? With that change alone, we make college tuition up to $12,000 tax deductible.

Mr. KYL. I will not yield to the Senator to give a speech.

Mr. SCHUMER. Does the Senator dispute that?

Mr. KYL. I am fully aware of the effect of the Senator's amendment. Let me ask the Senator this question, if he would like to respond to my question. The Senator asked if I was aware that his amendment did not affect the repeal of the estate tax in the final year of this bill. I am aware of that. Does the Senator from New York agree with me that the estate tax repeal should be permanent and should not terminate at 9 months? Would the Senator from New York support the Senator from Arizona in attempting to make permanent the repeal of the estate tax?

Mr. SCHUMER. The Senator from Arizona is well aware of my record. I voted against that. But that is not this amendment.

Mr. KYL. I reclaim my time. The point the Senator from New York was trying to make was that his amendment didn't affect the repeal of the estate tax. That is true. The repeal of the estate tax is only in existence for 9 months because of Senators such as the Senator from New York who won't agree to make it permanent. So the relief is very tenuous here for people, and that is why I am fighting very hard to retain the rate relief. The repeal of the estate tax is going to go away 9 months after it goes into effect, which is in the 10th year of this bill. That is why we need the rate relief that is built into the bill, and that is what is taken away by the amendment of the Senator from New York.

I am happy to yield.

Mr. SCHUMER. I thank the Senator.

The PRESIDING OFFICER. The Chair will remind both Senators to address each other through the Chair.

Mr. SCHUMER. I thank the Chair.

I will simply say to my good friend from Arizona, with whom I have worked on many issues and who is a fine man of great integrity, that my vote is not needed for repeal. Very simply, I say to the Senator, the reason they didn't put repeal in the bill had nothing to do with the Senator from New York or the 45 Senators who have not been part of this process. The reason they didn't put it in is it is so darned expensive that they wouldn't have been able to do all the other things. So that is a bugaboo. That is not a fair characterization.

Again, whether you are for or against repeal of this estate tax has nothing to do with this amendment. What has to do with this amendment is whether you believe that estates of over $3 million should get less of a reduction, although still a reduction, so that families making $40,000, $50,000, $60,000, $70,000 can get some break in paying college tuition. That is what the amendment does.

Does the Senator disagree about the amendment, regardless of my view or anyone else's view of whether the estate tax should be repealed?

Mr. KYL. Mr. President, reclaiming my time, it is evident that the Senator from New York does not want to see a permanent repeal of the estate tax. He does not want to see a reduction in the rates except by 2 points, from 55 to 53. He apparently agrees with me that because of the bubble effect, the effective rate is closer to 60 percent. As a result of his amendment, and as a result of his opposition to making the repeal of the estate tax permanent, albeit with other Senators as well—I am not suggesting that my friend from New York is the only one who may oppose that—opposing that and then also wiping out the rate relief that we are providing here leaves very thin any opportunity for us to go back to the American people and say we have done anything meaningful with respect to death tax relief. Yet that, according to public opinion surveys, is among the most popular of the features of the bill which we passed out of committee and which is on the floor.

That is why I say to my good friend from New York, as laudable as it is for the Federal Government to assist families sending their kids for education—Heaven knows, I could have used some of that assistance a few years ago—as laudable as that is, we need to recognize, No. 1, that the bill already has education relief in it, and, No. 2, if we take out this rate relief, we are effectively gutting the bill's effective help for people with respect to the estate tax because of the fact that the 53-percent rate would still be in existence and that that rate, because of the bubble effect, is actually closer to 60 percent.

The PRESIDING OFFICER. The time yielded to the Senator from Arizona has expired.

Who yields time?

Mr. SCHUMER. Mr. President, I will yield to my friend from Delaware next, but I just make one point to my friend from Arizona. This is on my time.

This bill is about choices. No one wants anyone to pay any taxes on anything. The reason the estate tax repeal is lower on my list than helping middle-class families with college tuition is, it is my judgment—and we will see the judgment of every Senator in this Chamber—that a family making $50,000 and paying $10,000 or $15,000 in tuition deserves relief more quickly than an estate that is worth over $3 million. In an ideal world, we would do both.

But I don't think the Senator from Arizona is correct. The reason the committee did not put the estate tax in had nothing to do with opposition. They have the votes to pass this. They could have put it in the bill and had the votes to pass it. But they made some choices. They wanted rate reduction and marriage penalty and other things before they wanted the estate tax, having nothing to do with the 45 of us or so who are against the estate tax. But they had to say they were repealing it, so they went through the sham of doing it in 2011.

I repeat to my friend: Choices, choices, choices. Do you believe the family making $50,000 deserves help with tuition before the estate over $3 million gets a rate drop bigger than the one I am proposing? That is what this is all about. This is not a debate on the estate tax. It is not a debate on the estate tax because most of the folks on the side of the Senator from Arizona didn't want to do it because it cost so much and went to so few people.

With that, I yield 10 minutes to the Senator from Delaware.

Mr. BIDEN. Mr. President, I have been standing here for a long while.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. BIDEN. Mr. President, I wanted to make a statement before I yield.

The PRESIDING OFFICER. The Senator from Delaware has been yielded time.

Mr. KYL. I have a question for the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. My understanding was the Senator from New York was willing to

yield time to me for the time he took on my time. What I am asking is, is there a minute of time that my friend from New York took that was in fact included in my time?

The PRESIDING OFFICER. The time was charged to the Senator from New York. So the Senator from Arizona did in fact have the full 10 minutes.

Mr. KYL. I thank the Chair.

Mr. BIDEN. Mr. President, I would be happy to yield, if he wants.

I find this the single most fascinating debate I have been involved in in 28 years. I sincerely do. It is not a joke. I am not being facetious. I find this absolutely fascinating.

This isn't just about choices. This is about values. My friend from Arizona says ''morality.'' Give me a break. Morality? This is about values. This is about what you value. Is it of a higher value to you to make sure that the fewer than one-tenth of 1 percent of the people in America, numbering literally in the thousands, who will have to pay an estate tax over $3 million—the first 3, no tax—will have their rate dropped from 55 to 53 instead of 55 to 50—is that of greater value and moral content than paying for tens of thousands of Americans, sitting in this gallery, listening to this debate, being able to send their kid to school?

Talk about morals. Talk about morality. Talk about values. You have just summarized the fundamental difference between that side and this side. This is about values. I have never had it so starkly and honestly stated on this floor. This is about values: What do we value as Americans? Given the fact we just received a beautiful speech from both the managers of the bill about how we can't do everything; it has to be done gradually, my Lord, values, values, values, values.

I will tell you what my values are. My values come from the middle-class family in which I was raised. There are three things a parent can give a child: They can give them faith, they can give the child an education, and they can give the child character. We want to talk about values. Is it better that I see to it that if I am lucky enough to have a $4 million estate left, that on $1 million of that, I leave to my heirs several thousands dollars less than they would otherwise get because they won the genetic pool or that somebody in the State of Nevada, or in Delaware, or New York is busting their neck working two jobs, both parents trying to send their kids to school and can't get them to college.

Tell me about values. Where I come from, that is an easy call. That is not even close. It would be viewed by most where I come from as immoral to give the kid who won the genetic pool $3,000 more than the million they already get and to allow the person who is working two or three jobs in one family to not be able to send their kid to school.

I am glad my friend raised it in moral terms. I didn't quite think of it that way before.

Look, let's talk about the morality of what we are considering here—whether it is immoral to charge someone over 50 percent after they are dead so their heirs will receive $10,920,000 instead of $14,110,000, or whatever the numbers would come out to.

Everybody in this Chamber acknowledges what my friend from New York has been saying. College tuition is skyrocketing beyond the means of most of us. When we talk about the minimum wage and say that kids should work their way through college—I worked; they flirted with me about football scholarships, a grant in aid, and I got a job making a dollar an hour. Guess what. The tuition for the whole year was $800. A dollar an hour helped. It is true. The staff looks at me as if I am a fossil. We are paying now $5, $5.50. We can raise the minimum wage to $6. Tell me how many hours you would have to work to pay at a State university such as mine, where room and board and tuition is somewhere around $17,000.

At the University of Iowa, it is $10,000 or more. Tell me how many hours you would work for that. Tell me how you can work your way through school today. You just work your way through school. How many families do you men and women know—maybe I lived in a different neighborhood, came from a different place—who both work and some have two jobs? How many do you know? I know lots of such people. Lots of people. Talk about values. Look, everything is relevant. The question here is, What do you value the most?

I would like to point out another thing, without going into all the statistics. There are a couple of points I want to make to you. By the time this kicks in—the Schumer-Biden amendment—it makes $3,000 of college tuition and fees tax deductible.

Let's talk about what this giant tax bill is going to do for middle-class families, OK. When all is said and done, if we don't put anything in here at all, nothing at all about tuition—let's talk about what helps the people making up to $120,000 in joint income—you are going to get $1,400 back when it kicks back. OK, that is great. I am all for that. Guess how much you get back by the time ours kicks in for your tuition. It is $3,306. Our tuition tax proposal is bigger than the whole tax cut you get. Come on.

We all stand here and say, because most of us come from middle-class roots, middle-class backgrounds, we care about the middle class. No matter how you cut this, in terms of raw dollars, in terms of what you value, in terms of education, this is a bigger bump for the average middle-class family with a kid in school or somebody trying to put themselves through school than the entire tax break you get.

I don't know where you guys live. I don't know where you live. Quite frankly, I thought it was brilliant of my friend from New York. He and I have been doing this for over 2 years in our different capacities. He said, OK, we have to find an offset because of the stupid process we have. He put in the least innocuous offset you could find. If this would offend you, my Lord—this goes to permanent 11 years out. We are slowing up 3 percent to give tens of thousands of Americans a chance to send their kids to school.

This is not the place I joined 28 years ago. Do we have our values upside down? Do we have our priorities backwards? It is similar to my saying, you know, the guy who lives in that $4 million estate down there, because the county has raised the sewer fees and because he has seven bathrooms, he is going to end up paying $120 a year more, so we should give him relief. The guy living in the place where he has a two-bedroom bungalow, trying to figure out how to pay the electric costs and the heat because of the energy prices going up, we will rip our hair out to decide whether or not, my God, do we continue this relief we have for people——

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

Mr. BIDEN. May I have 2 more minutes?

Mr. SCHUMER. I can yield the Senator 1 more minute.

Mr. BIDEN. I thank the Senator.

Mr. President, the bottom line is that this is a vote about values. This is a way to define, very simply, what you value most. If you value giving 5-percent relief to people with estates over $3 million, instead of 3 percent, more than you value allowing tens of thousands of Americans to get up to $3,300 in relief on their taxes, which can be to do everything from paying tuition to paying the light bill, middle-class families, then vote against us.

Make no mistake about it. My friend from Arizona is right. This is a moral question. This is about value. I know where I stand. I am interested to see where the Senate stands.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Mr. President, while I am waiting to yield some time to Senator NICKLES, there is a certain unfairness about the death tax that I will present to my colleagues for consideration. Based on the recent speeches, though, I am not sure it is going to make much difference.

You can have two people who, throughout a lifetime, make the same amount of money. They are all taxed when they make it at the income tax levels. You can have this family over here living very conservatively, moderately—you might even say miserly—and leave a big estate. You can also have this family over here that spends

their money as quickly as they get it, buying a big boat, a big camper, partying every night, womanizing every night, not leaving one penny to their heirs.

This family has been taxed once throughout their lifetime on that money. This family over here has been taxed exactly the same way when it was made, and then, just because they were very careful how they lived, they are going to be taxed again when they die. What is the fairness about that sort of taxation?

We ought to reward thrift. We ought to discourage this sort of activity over here where people are living for today and forgetting about tomorrow and reward the people who look to the future and are concerned about their children and grandchildren. It seems to me there ought to be some reward for that.

As long as I have been in Congress, my belief is that no American family should be forced to pay up to 60 percent of their savings, their business, or their family farm in taxes when they die. No taxpayer should be visited by the undertaker and the tax collector at the same time. No tax should be greater than 50 percent.

I have heard from hundreds of American taxpayers saying that all their lives they had saved for their children and grandchildren's college education. They have worked overtime and saved all their money, and now the death tax is going to take over 50 percent of their savings that was going to pay for other college tuition for relatives.

Remember that the 50-percent tax rate starts at $2 million. You can pay a lot of college education on that kind of savings.

Let our American taxpayers keep their savings and pay their grandchildren's tuition. Do not steal the American dream from these families that have lived conservatively and worked just as hard as other people who leave nothing and pay taxes once.

Remember, a $3 million estate will pay the Government in death taxes over $1 million. That will pay a lot of tuition as well.

This amendment will control the lives of Americans by only reducing the death tax to 53 percent. Let American parents and grandparents keep their savings. No tax should be greater than 50 percent.

Once again, how much tax is too much for people who want to tax income and estates at a higher rate? It is obvious Senator SCHUMER thinks that 53 percent on the estate of these people who have not spent all their money and who save it is legitimate. I do not happen to think so.

I do not understand how a person who talks about fairness can say that a family who has had good income throughout their lives and has not saved one penny should only be taxed once, and another family that has the same income and paid the same income tax on it as this other family, but because they wanted to live carefully, moderately, miserly, and save their money for whatever they wanted to save it for, they should be taxed again. There ought to be some reward for not living just for today and forgetting about tomorrow. I will vote no on this amendment, and I urge my colleagues to do the same.

I need to tell my colleagues that I have received hundreds of phone calls and letters from people who are particularly in the World War II generation. Only this morning we were reminded by Senator STEVENS that these World War II veterans are dying by the thousands every day, and they cannot wait 10 years for death tax reform.

They tell me they have been morally responsible citizens, and they are angry that the last 40 or 50 years of their savings, having lived carefully and having worked hard, will be stolen. They are angry that the Federal Government will not let them educate their children and grandchildren so they are not forced for yet another generation working 60 hours a week. The World War II generation wants to help their grandchildren stay in the middle class without mountains of debt.

Mr. SCHUMER. Will the Senator yield?

Mr. GRASSLEY. College education is a good goal, but let the American taxpayers make their own decisions. No tax should be greater than 50 percent. I yield the floor.

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

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. SCHUMER. I yield myself 30 seconds. That was a very good speech, and I believe it, too. The number of estates in the Senator's State of Iowa that paid an estate tax of more than $5 million—we are debating $3 million, so this is probably a little low—is 23. That speech was given for approximately 35 families a year in Iowa, the very wealthiest, instead of the tens of thousands of grandparents of World War II veterans, such as my father, who have to struggle to put their kids and grandkids through college. Thirty families in Iowa, estate tax reduction; tens of thousands, college tuition reduction. Choices.

We would all like to reduce every tax. Which do you choose?

I yield 4 minutes to my friend from North Dakota.

Mr. DORGAN. Mr. President, we have every right to come to this Chamber and change this tax bill. It was written in the Finance Committee. We as Members of the Senate have a right to say we have better ideas.

I will talk about this so-called death tax. The term ''death tax'' was created by a Republican pollster. It is a wonderful moniker for the estate tax. Mr. President, I am going to give my colleagues a chance to vote on something that solves all their problems.

Talk about family farms and small businesses, I am going to offer an amendment that repeals the estate tax for all family farms and all family businesses regardless of size as long as they are passed along to descendants and continue to operate as an enterprise. Total repeal. My amendment also would increase the general unified estate credit that is available to everyone to $8 million for a husband and wife; $4 million each.

The only estates we are talking about will be over $8 million. And if one comes out and talks about family farms and family businesses. It does not apply. They are already repealed.

The question before my colleagues now is the amendment offered by Senator SCHUMER, and it is about choices. Regrettably, it is about selfish choices. It is about choosing to allow families to deduct tuition expenses for their children versus a choice that was made in the Finance Committee to repeal the estate tax and reduce the rate. They said, no, holding on to that repeal is more important than providing the full tuition deduction.

Look, there are a lot of families in this country who scrape and struggle trying to figure out how to send their kids to college. It may not be true with some Members of the Senate, but it is true with almost every family in this country. They are struggling to figure out how to send their kid to college. What do they mortgage? Often they mortgage everything they have to find the money to send their kid to school because they are not going to say no to a kid who deserves the opportunity to get a higher education.

What Senator SCHUMER says, what I say, and what my colleagues say is the value of deciding that we ought to allow the deduction for college tuition is something that enhances our children; it invests in our future. It is the right choice, not the selfish choice.

He is weighing it against the issue of a top rate reduction in the estate tax for only the wealthiest estates in the country.

Guess what. We have people who stand in this Chamber and say: If you want to know whose side I am on, count me in on the side of the people with the largest estates in America, and do not count me as standing with the folks who are struggling to scrape money together to find a way to send their kids to school.

Yes, this is about choices. It is about for whom you stand. Whose side are you on? No, that is not class warfare. We have already chosen what class here. The Finance Committee chose the class way up here with assets where they do not have to worry about where

they get the money. That money was banked years ago to send their kids to the best colleges in the world. And God bless them, good for them.

Senator SCHUMER says—and I say, too—there are millions of families out there who do not have the resources. They worked hard, struggled hard, and they want a good education for their family, too. They want a good education for their kids. They want an opportunity for their children.

One way to help them provide that opportunity is to allow them to deduct the cost of their tuition expense of sending their children to college. Gosh, I do not understand sometimes, I guess, when people say: We have written this bill. This is our choice. We do not appreciate you coming up here requiring us to make votes on tough choices.

That is exactly what politics is. That is what this process is about.

I say to the Finance Committee: You made the wrong choice. We have a right to ask the Senate to make the right choice on behalf of America's families and on behalf of America's children.

This is not going to stop. We have a lot of amendments. A number of people have amendments. I have amendments that I think will dramatically improve this bill. This amendment is among the most important amendments on which we will vote. I hope we have a strong vote in support of the Schumer amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. How much time remains?

The PRESIDING OFFICER. There are 7 minutes for the sponsor, and the opponent has 22 minutes.

Mr. DORGAN. Will we be expecting a vote at the conclusion of the time on this amendment?

The PRESIDING OFFICER. That would be anticipated.

Mr. BAUCUS. I don't know. Perhaps the Senator from Nevada and others know what the leadership's view is on the timing of the vote of the next amendment. Perhaps the Senator from Nevada can shed some light.

Mr. REID. I was going to wait until the time expires to ask the same question. We would like to have a vote. Senator BYRD indicates he does not want the votes stacked. We would like to vote and move on.

Mr. DORGAN. Further parliamentary inquiry: Have the yeas and nays been ordered on the amendment?

The PRESIDING OFFICER. They have not been ordered.

Mr. SCHUMER. Mr. President, I ask that the yeas and nays be ordered.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second. The yeas and nays are ordered.

Mr. NICKLES. Mr. President, I thank my colleagues and urge strong opposition to this amendment. It guts the effort to reduce the so-called estate tax, the tax on death. Some people say let's see if we cannot do more for providing for interest deductibility on student loans. I am happy to do it. But this is not the way to pay for it. Maybe we can do it without an offset. Maybe we can find another offset. I am happy to try to find a different offset—or maybe no offset altogether.

Why do we do this? We are at $1.35 trillion. I guess the cost is $11 billion or $12 billion. Maybe we can add to the cost of the bill—that is one way—or find an offset. I can think of things in the bill that are not quite as meritorious as an estate tax deduction. I believe it is unconscionable we will take over half of somebody's estate because they die.

In many cases, in an estate there is a business or operation and someone wants to continue operations, and we will say: We don't care; we want half of it. Somebody died but give the Federal Government half.

The bill we have is rather timid in what it does. I remember the former Senator from Illinois, Carole Moseley-Braun, agreed we should not have a death tax exceeding the maximum tax rate on personal income tax, which is 39.6. We didn't even do that in this bill. We didn't even do that. President Clinton said maybe we shouldn't have death taxes exceeding the personal income tax rate. For all the talk about the grand estate tax reduction and all the benefits, all we do is, the tax presently starts at 60 percent and we get it to 45 percent, and then for a grand 9-month period we get it repealed.

But my colleague's amendment says let's stop and keep the tax at 53 percent. As soon as you have a taxable estate, it is taxed at 53 percent. There will be no tax once you reach that $2 million exemption; the Federal Government gets half.

Let's just assume you have a restaurant in New York City and that restaurant is worth $5 million and somebody passes it on, maybe to a third generation, and the grandson wants to continue operating the restaurant worth $5 million. Uncle Sam says, no, we want half.

I think that is wrong. I urge my colleagues to vote against this amendment when and if we get to a vote on it. I urge Members to vote no because the pay-for is wrong. We can perhaps work together to find another vehicle or another way to pay for it. It is not that expensive an amendment. The effect of the amendment is to gut the estate tax reform we have in this bill. It guts it. This is a whole lot of the bipartisanship we have, where we have Democrats and Republicans who have come together to say let's reduce the estate tax.

Mr. SCHUMER. Will the Senator yield?

Mr. NICKLES. I will yield in a moment.

Mr. SCHUMER. I appreciate that.

Mr. NICKLES. Last year we passed a bipartisan bill, with 59 votes in the Senate, to repeal the death tax. This amendment says let's not do that; stop at 53 percent; the Government is entitled to take over half.

I think this is a terrible pay-for. It is a terrible offset. It is class warfare rhetoric at its worst. It is not the way to do it or to pay for it. My colleague from New York would work with us, like our colleague from New Jersey. Let's work together, and maybe we can figure out a way to do this to expand the interest deduction for all Americans. I am happy to work with our colleagues to do that. I think you will find bipartisan support for doing it. But not at the expense of gutting the reduction we have in one of the most unfair taxes on the books, the so-called death tax.

It is absolutely unconscionable we will tell people who are farming that their farm or ranch happens to be worth $3 or $4 or $5 million and the Federal Government is entitled to take half. I think it is wrong.

I urge my colleagues, because somebody asked for the yeas and nays on the Schumer amendment, vote it down. Then we can come back. I will be happy to support an amendment that will increase the interest deduction and have a different pay-for than what is in here. The way this amendment is paid for is grossly unfair to millions of small businesses all across the country that are trying to build and pass on their business to their kids. This amendment is unfair, and it should be defeated. Let's find a different pay-for or offset it in a different way, in a different manner, not in the manner proposed by my colleague from New York.

I will be happy to yield.

Mr. SCHUMER. I thank the Senator. I appreciate our difference of opinion.

My question to my friend from Oklahoma is this: Since the framers of the bill who are largely from his side chose not to repeal the so-called death tax until 2011, how the heck—and his main speech was aimed at repeal, the restaurant in New York City, et cetera. Whether we tax at 45 percent or at 55 percent, they are going to have to do something bad for their business when the estate occurs.

How the heck does reducing that top rate on estates over $3 million, instead of from 55 to 45, but from 55 to 53, while we keep the same date of repeal as the framers of this compromise chose—how the heck does it gut the estate tax?

One other question: In the State of Oklahoma, the number of estates that would be affected on an annual basis—I don't know the exact number. I know the numbers that are valued over $5 million. This would be over $3 million. Affected by this amendment for estates over $5 million, there are 28. That is it.

Mr. NICKLES. Is the Senator on my time or your time?

Mr. SCHUMER. Your time.

Mr. NICKLES. Then I will answer. My colleague could not be more wrong. The Senator does not understand the essence of estate if you think there are only 28 Oklahomans who have estates over $5 million. There are millions of estates, millions of estates in this country right now, that are effectively wasting a lot of time, energy, and resources to avoid paying this unfair, punitive tax. There are probably millions in your home State, millions in your State alone.

Let me give an example. I used to own and operate a small business. It wasn't in this valuation, but it comes out on occasion when someone suffers a death and finds Uncle Sam wants a third or half. You don't want to have that happen again. You go to great lengths to make sure it doesn't happen again. So if you think this only applies to a few, you are sadly mistaken—absolutely mistaken.

There is more energy and effort used in spending to avoid this tax than probably any other tax in America because it is unfair. I was third generation in the company I managed, Nickles Machine Corporation. I managed it for several years and am proud of it. I had nephews managing until recently. It is difficult to pass on a business to succeeding generations if Government comes in and takes half every time one person in a generation passes away. It is next to impossible.

To think we have calculated that there are only so many taxable estates misses the whole point. There are millions of businesses, farms, ranches, and so on, where people are working aggressively to build, maybe get in that category, maybe they are not. But they do not want to be caught. They do not want to be stuck. They do not want their children to have to sell to pay taxes to the Federal Government.

Mr. SCHUMER. Will the Senator yield?

Mr. NICKLES. I am happy to yield.

Mr. SCHUMER. I just asked a different hypothetical. The 28 is a number per year—obviously there would be some more; it is hard to believe it would be millions in the State of Oklahoma, when there are only 28 a year. My question is a different question.

I sympathize with what the Senator says, in terms of people having to sell a business to pay for the tax. That is a different issue. That deals with repeal.

Our amendment does not address repeal. It simply says, instead of lowering the rate from the top rate, which is for estates over $3 million, from 55 percent to 45 percent, we lower it from 55 percent to 53 percent, still a lowering, because we have to make choices. We would rather help the family making $80,000 send their kids to college.

How does the tax change deal with that?

Mr. NICKLES. I will reclaim my time. I am not waiting for my colleague to make a speech. I think it is absurd for someone to say: We are just going to reduce the rate to 53 percent; we are going to reduce the tax 2 percent for the upper end estates and, oh, sure, at end of that time we are going to repeal it. I don't think so. I don't think that is credible.

For someone to suggest we are still really for repeal but we are going to keep the rate at 53 percent, I do not think is credible. It is not going to happen.

Back to this idea of how many estates, you might say in 1 year there were 28 taxable estates above $5 million, but I tell you there are thousands of estates that are subjected to this tax that are trying to avoid this tax, trying to minimize this tax; thousands in my State, millions in your State—millions? Surely a million. There are thousands in Northern Virginia. You don't have to go very far. You are talking about taxable estates around this area, if you look at high priced neighborhoods where the Government comes in: Oh, the Government is entitled to take half of that house or half of that property or half of that business because somebody passes away? What right does Government have to get 53 percent of somebody's estate? It is just absurd. It should be unconscionable.

I go back to our friend, who is not the most conservative Senator with whom we had the pleasure of serving, the Senator from Illinois, Carol Moseley-Braun. We agreed we should not tax estates more than we have on personal income tax. I believe President Clinton said the same thing. That rate is 39.6. The amendment of my colleague from New York says, let's keep it at 53. And 53 is too high. I urge my colleagues, if you think the amendment is laudable for the deduction of student loan interest, I may well agree with you but not at this offset, not to gut the estate tax, not when the estate tax is one of the pillars of this bill, both for this President and this Congress and the past Congress.

So let's not gut the bill. Let's find another way. Again, we are going to find out if people want to legislate or people want to try to defeat the bill. I urge my colleagues, work with some of us who want to see a bill enacted and signed into law. We will work to find a way to have greater student loan deductibility. We can do that. We can do it with 60 votes. And you will not have half the Senate going berserk.

But I tell you this amendment, to gut the estate tax reduction, will not finally be successful. We are going to figure out a way to have a significant reduction in estate taxes. That is part of what a lot of us have been working on for decades. It is what we passed last year. We are going to get it done this year.

I urge my colleagues, let's find another offset. If we have to, let's defeat the Schumer amendment and then we can come back and do something more on student loan deductions without gutting the estate tax deduction we have in the present bill.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. SCHUMER. How much time is there on each side, Mr. President?

The PRESIDING OFFICER. Nine and a half minutes on this side and about 7 minutes on the Senator's side.

Mr. SCHUMER. Does the proponent of the amendment have the right to conclude?

The PRESIDING OFFICER. There is no such right.

Mr. SCHUMER. I would like to conclude.

Mr. BAUCUS. The Senator can ask unanimous consent that he have the last statement, whatever he wants to do.

Mr. SCHUMER. I ask unanimous consent I have the last word on this amendment, at least until the vote.

The PRESIDING OFFICER. Is there objection?

Mr. NICKLES. Reserving the right to object, what was the request?

The PRESIDING OFFICER. The Senator will restate his request.

Mr. SCHUMER. I simply asked—there are 9 minutes left on the opponents' side, 7 minutes for the proponent—unanimous consent I have the right to conclude.

Mr. NICKLES. I object.

The PRESIDING OFFICER. Objection is heard. Who yields time? Who yields to the Senator from New Hampshire?

Mr. GRASSLEY. I yield to the Senator from New Hampshire whatever time he might want right now.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I ask unanimous consent to set aside this amendment, reserving the time in its present position, so I may call up my amendment and speak to it for 5 minutes and ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Reserving the right to object, I want the time to run on the amendment that is now here. We want to be able to vote now.

If the Senator from New Hampshire wants to set this aside and offer his amendment for 5 minutes and have the time count off those who oppose the Schumer amendment, that is fine. But otherwise I object.

Mr. GREGG. I withdraw my request. I don't want to prejudice either side as to their time, 9 minutes and 7 minutes that I know is going to be consumed with brilliance.

Mr. GRASSLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, the request is withdrawn.

Mr. GRASSLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceed to call the roll.

Mr. REID. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. GREGG. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk continued the call of the roll.

Mr. REID. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection?

Mr. GREGG. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk continued the call of the roll.

Mr. REID. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

Mr. GREGG. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk continued the call of the roll.

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

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

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the pending amendment by Senator SCHUMER be laid aside and that a vote occur in relation to the amendment at 7:45 p.m. with no second-degree amendment in order prior to the vote. I further ask unanimous consent that the amendment be laid aside following the 5 minutes for Senator SCHUMER in order for Senator GREGG to offer an amendment and, following that time, the Gregg amendment be laid aside and Senator CARNAHAN be recognized to offer her amendment.

Mr. REID. Reserving the right to object, I think we have agreement, but in speaking to my friend from Oklahoma, it is my understanding that Senator SCHUMER's 5 minutes would be at 7:40, 5 minutes before the vote, the same amount of time.

Mr. NICKLES. I would ask that both sides would have 5 minutes prior to the vote.

Mr. REID. No problem.

Mr. KERRY. Reserving the right to object, may I ask: Is the Carnahan amendment under any kind of time agreement at this point? I ask the Senator from Iowa.

Mr. GRASSLEY. Under the rules, it would be 1 hour on each side on the Carnahan amendment.

Mr. REID. Mr. President, reserving the right to object, I didn't mean to interfere. Did the Senator from Massachusetts finish his reservation?

Mr. KERRY. The question has been answered.

Mr. REID. Mr. President, one thing that we want to accomplish, if Senator GREGG lays down his amendment, I hope we don't need his consent every time someone wants to offer an amendment. I don't think that is the intent of the Senator from New Hampshire.

Mr. GREGG. Mr. President, as I understand it, reserving the right to object, my amendment would then be the pending amendment. At some time I would have the right to return to my 2 hours of debate on the amendment, but I would not ask for consent for people to set it aside.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Reserving the right to object, I don't think that is a tenable position for the committee to be in because any time we want to go to another amendment, the Senator from New Hampshire would have the right to object. I think it is all right, if we can agree to an agreement that the amendment of the Senator from New Hampshire could be next but not that it be laid aside in a manner where he could object to any subsequent amendment that might be offered.

Mr. GREGG. If the Senator would allow me to suggest, the way to resolve this would be to amend the unanimous consent request so that we could return to my amendment at some point during the furtherance of debate for a period of an hour equally divided, and then I would waive my rights that the Senator wishes to have waived.

(Mr. ALLEN assumed the chair.)

Mr. REID. Mr. President, speaking for someone who is not managing the bill, and with the consent of Senator BAUCUS, if the Republicans want to make that as one of their amendments, that would be fine. We have no problem with that. We believe the two managers should be managing the bill. If your side agrees you should be one of the next amendments, we have no problem with that.

Mr. BAUCUS. Reserving the right to object, Mr. President, if the Senator wants his amendment to be the next amendment under consent, that would be fine but not to be laid aside, which puts the Senator in the position to be able to object any time another amendment might arise.

Mr. REID. Reserving the right to object, we have no objection if the Senator wants a vote prior to the Carnahan amendment. The Republicans have a right to be next.

Mr. GREGG. I would like to get it in the queue, and I would like to be recognized for an hour at some point, and I don't have to have the preferential status in order to accomplish that. I would be willing to work out a way to accomplish that.

Mr. NICKLES. Mr. President, I think we can agree to this and have the agreement be that the manager of the bill, Senator GRASSLEY, will determine in which order the amendment will be considered.

Mr. BAUCUS. Mr. President, reserving the right to object, I will object if the effect of the consent is that an objection can be raised to laying aside the Senator's amendment whenever a subsequent amendment might be offered.

Mr. NICKLES. Mr. President, might I suggest that the amendment be laid aside subject to recall by the manager of the bill, Senator GRASSLEY.

Mr. BAUCUS. Reserving the right to object.

Mr. NICKLES. Subject to the discretion of the two managers.

Mr. BAUCUS. Subject to the discretion of the two managers.

Mr. GREGG. We will have an opportunity to debate the amendment at some point?

Mr. BAUCUS. At some point, yes. Mr. President, reserving the right to object again, the Senator well knows the clock is ticking. He may not have the time to debate his amendment if he is at the end when the clock has finally ticked down.

Mr. GREGG. That is, quite obviously, my concern.

Mr. BAUCUS. Mr. President, I do not object, with the understanding that if the Senator wishes to bring up his amendment, it is in consultation with the Senator from Iowa as well as myself.

Mr. REID. Mr. President, if I could, I think it is the intention of everyone here that you would be one of the next Republican amendments in order.

Mr. GREGG. I take that representation from the Democratic leader that I would be the next Republican amendment in order, or one of them. Recognizing his credibility on that point, I will accept that.

The PRESIDING OFFICER. Is there objection to the request as modified?

Without objection, it is so ordered.

AMENDMENT NO. 656

Mr. GREGG. Mr. President, I send up my amendment No. 656.

The PRESIDING OFFICER. The clerk will report.

The senior assistant bill clerk read as follows:

The Senator from New Hampshire [Mr. GREGG], for himself, Mr. ENSIGN, Mr. ALLARD, Mr. KYL, Mr. BUNNING, and Mr. ALLEN, proposes an amendment numbered 656.

Mr. GREGG. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide a temporary reduction in the maximum capital gains rate from 20 percent to 15 percent)

At the end of subtitle A of title VIII, add the following:

SEC. ___. TEMPORARY REDUCTION IN CAPITAL GAINS RATE.

(a) REDUCTION IN MAXIMUM RATE.—The following sections are each amended by striking ''20 percent'' and inserting ''15 percent'':

(1) Section 1(h)(1)(C).

(2) Section 55(b)(3)(C).

(3) Section 1445(e)(1).

(4) The second sentence of section 7518(g)(6)(A).

(5) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936.

(b) TRANSITION RULES FOR TAXABLE YEARS WHICH INCLUDE JUNE 1, 2001.—For purposes of applying section 1(h) of the Internal Revenue Code of 1986 in the case of a taxable year which includes June 1, 2001—

(1) The amount of tax determined under subparagraph (B) of section 1(h)(1) of such Code shall be the sum of—

(A) 10 percent of the lesser of—

(i) the net capital gain taking into account only gain or loss properly taken into account for the portion of the taxable year on or after such date (determined without regard to collectibles gain or loss, gain described in section (1)(h)(6)(A)(i) of such Code, and section 1202 gain), or

(ii) the amount on which a tax is determined under such subparagraph (without regard to this subsection), plus

(B) 10 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A).

(2) The amount of tax determined under subparagraph (C) of section (1)(h)(1) of such Code shall be the sum of—

(A) 15 percent of the lesser of—

(i) the excess (if any) of the amount of net capital gain determined under subparagraph (A)(i) of paragraph (1) of this subsection over the amount on which a tax is determined under subparagraph (A) of paragraph (1) of this subsection, or

(ii) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), plus

(B) 20 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A) of this paragraph.

(3) For purposes of applying section 55(b)(3) of such Code, rules similar to the rules of paragraphs (1) and (2) of this subsection shall apply.

(4) In applying this subsection with respect to any pass-thru entity, the determination of when gains and loss are properly taken into account shall be made at the entity level.

(5) Terms used in this subsection which are also used in section 1(h) of such Code shall have the respective meanings that such terms have in such section.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to sales or exchanges made—

(A) on or after June 1, 2001, and

(B) in taxable years beginning before January 1, 2004.

(2) WITHHOLDING.—The amendment made by subsection (a)(3) shall apply to amounts paid on or after June 1, 2001.

Mr. GREGG. Mr. President, I offer this amendment on behalf of myself, Senators ENSIGN, ALLARD, KYL, and BUNNING.

This amendment is a capital gains cut over a 2½-year period. I think there has been a great deal of discussion about the stimulus effect of this tax cut and whether or not this economy, which is beginning to slow, is going to be effectively boosted by the economic activity that will be generated by this tax cut.

Clearly, the frontloading of the $85 billion in tax cut assistance into this year is going to be a very positive event. But a capital gains cut has been shown historically to be the most positive unlocker of the economic vitality and energy of the American economy. A capital gains cut frees up the capital of the marketplace that is being locked down because of people concerned about the cost of selling their assets—it frees up that capital to be reinvested in the marketplace and to multiply the economic activity of the country, and to create energy and therefore prosperity in the markets and in our country.

This sunsets effective December 31, 2003. The reason this is a 2½-year capital gains rate cut, from 20 percent to 15 percent, is because a 2½-year rate cut actually generates positive income to the Treasury. For those 2½ years, money will actually be flowing into the Treasury in a positive way. It is not a tax loser. It is not a revenue loser during that period.

In fact, historically, there is very strong evidence—specific evidence—that a capital gains cut is never a revenue loser for the Treasury and, in fact, always generates so much more economic activity than it does in lost revenue that the additional economic activity has historically generated more tax revenues than the revenues that might have been lost as a result of the rate cut.

So cutting the capital gains rate is a double winner. It will energize significant economic activity in the marketplace. Therefore, by unlocking assets that have been held down because people have been concerned about having to pay extraordinary taxes to free them up, it will allow people to then take those moneys and reinvest them into the economy, which means you will have more capital out there, more activity, more jobs, and more prosperity.

Secondly, it is a winner because it energizes revenue into the Federal Treasury. Therefore, it is positive for us as a Government because we will have those revenues to be used in order to benefit the citizenry through other activity of the Government, whether it happens to be other tax cuts which we can put in place, or ideas such as the one the Senator from New York is trying to pass at this time.

So this concept of a capital gains cut makes a great deal of sense, and the reason we have put it under a short timeframe, under a sunsetted provision, is to accomplish it in a way that absolutely guarantees that people are going to take advantage of this opportunity quickly. And that will immediately generate economic activity within the American economy.

So I appreciate the support of my fellow Senators, Senators ENSIGN, ALLARD, KYL, and BUNNING on this point. I understand we are going to be able to come back to this issue and debate it at some length.

At this time, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. GREGG. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. BAUCUS. Mr. President, I don't see any Senators who want to speak. We have an order that there will be a vote at 7:45.

Mr. GREGG. Will the Senator from Montana yield so I might add an additional cosponsor?

Mr. BAUCUS. Yes.

Mr. GREGG. I ask unanimous consent that Senator ALLEN be added as a cosponsor of my amendment.

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

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, the Senator from Missouri is on her way. She was just notified. She is in the order to offer the next amendment. In fairness and in an effort to move this along, I ask unanimous consent that the time during the quorum call run against her amendment, and I suggest the absence of a quorum.

The PRESIDING OFFICER. Without objection, it is so ordered. The time will be so charged. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. REID. Mr. President, my fellow Senator from the State of Nevada wishes to speak on Senator GREGG's time, so the time is not running against Senator CARNAHAN.

The PRESIDING OFFICER. The Senator from Nevada, Mr. ENSIGN.

Mr. ENSIGN. Mr. President, I rise in strong support of the amendment offered by Senator GREGG to cut the capital gains tax rate from 20 percent to 15 percent. I truly believe of all of the economic stimulus that needs to happen through a tax cut, there is none

more important that we can do as a Senate than to cut the capital gains tax rate from 20 percent to 15 percent and the lower rate from 10 percent to 8 percent.

If any of our colleagues had read the Wall Street Journal this Monday, not only was there an excellent op-ed by several authors that illustrated how much revenue would be produced if we cut the rates at which capital gains are taxed, but also on the front page of the Wall Street Journal there was an article talking about the various States whose revenues are going to have serious shortfalls, including the State of California, simply because of the problems in the stock market.

The State of California probably is going to suffer worse than any other State because many of the high-tech companies in these States are paying in stock options. When those stock options are exercised, their employees actually pay ordinary income taxes. Those income taxes also usually have a State income tax, as is the case in California, and because the stock market has been depressed for the past 6 months, and it looks like for quite a bit of this year, none of these stock options is worth anything, so the employees cannot exercise the stock options. Therefore, States such as California are having serious budget shortfalls.

Not only to stimulate the economy is a capital gains tax rate reduction absolutely necessary, but it is also important to many of the States' budgets, including the Presiding Officer's home State, the State of Virginia, which has a similar problem. We can help State budgets not suffer serious shortfalls this year by cutting the rate on which capital gains are taxed.

I truly believe it is going to be an incredibly important tax cut for us to enact. Over 10 years it only scores, as far as what it will cost the Federal Government, about $10 billion, and I believe, with all deference to the Joint Tax Committee, the bean counters over there who actually score these various provisions, historically if one looks at the economic activity that happens with a capital gains tax rate reduction, that $10 billion it says is going to cost the Treasury, it is going to actually produce more revenue over the next 10 years than it costs the Treasury.

Cutting the rate at which capital gains are taxed is one of the most important things in the short term and in the long term. It makes no sense at all to even have a capital gains tax, and the least we can do is to cut the rate. Most industrialized countries around the world do not tax capital because they understand this simple formula, and I talk to high school students about this all the time. In order to have employees, there first have to be employers. Most people in America understand that. I am not sure how many in Congress do but most of the people in America get that.

In order to have employers, there first has to be capital. To tax the formation of capital hurts the ability to have employers, which hurts employees, thus hurting jobs in America or wherever capital is taxed. That is the reason we should someday eliminate the capital gains tax, but for sure we should at least decrease the rate to incentively get people to invest.

Investing creates jobs, and that is really what it is all about. If we want to stimulate the economy, this is the best thing to do.

I yield the floor and ask other Senators to support this critical amendment.

The PRESIDING OFFICER. I thank the Senator from Nevada.

The Senator from Nevada, Mr. REID.

Mr. REID. Senator CARNAHAN is now here and ready to proceed. Mr. President, I say to Senator CARNAHAN, at 7:35 p.m. the Parliamentarian will, if the Senator is still speaking, interrupt her because pursuant to the order there are 10 minutes prior to the 7:45 p.m. vote. The Senator has her hour.

The PRESIDING OFFICER. The Senator from Missouri, Mrs. CARNAHAN.

AMENDMENT NO. 674

Mrs. CARNAHAN. I thank the Chair.

Mr. President, Americans have clearly expressed that they want a tax cut, and I favor a tax cut as do all Democrats but one that benefits all Americans.

The focus of this tax cut debate has been on marginal rates, which are the tax rates paid on the final dollar of an individual or family's income.

One of the best provisions of the President's proposal and the tax cut constructed by the Finance Committee is the creation of a new 10-percent marginal rate that covers taxable income up to $12,000 for couples. All income-tax payers receive a $600 tax cut from this change in the law, whether they make $50,000 or $500,000.

I come to the Senate Chamber this evening, however, to correct a serious inequity in the bill before us. This bill contains a marginal rate cut for each group of income taxpayers but one: couples who have taxable income between $12,000 and $45,000. This omission is so glaring that it is worth reviewing precisely what this bill would do.

Couples with taxable income between $45,000 and $109,000 would get a marginal tax rate cut of 3 percent.

Couples with taxable income between $109,000 and $167,000 would get a marginal tax rate cut of 3 percent.

Couples with a taxable income between $167,000 and $297,000 would get a marginal tax rate cut of 3 percent.

Couples with a taxable income of over $297,000 would get a marginal tax rate cut of 3.6 percent.

But couples with a taxable income between $12,000 and $45,000 would get absolutely no rate cut for the final dollars of income earned.

Who are these families who are singled out for virtually no tax cut in this bill? They have gross incomes of between $30,000 and $65,000. This is the heart of the American middle class. They are Americans who are working the late night shift at the factories, they are cops on the beat, and they are American moms and dads working two jobs to send their kids to college. They are family farmers waking up early to tend their chores.

Mr. President, 72 million American taxpayers pay a 15-percent tax on their last dollar of income; 1.7 million Missouri taxpayers fall into this category. This is 44 percent of all Missouri taxpayers. These are the folks who work hard, play by the rules, struggle to make ends meet, but then get left out when it is time to get relief. They do not have high-priced lobbyists or groups running television commercials on their behalf. Why is it that they are passed over to give such large tax cuts to couples with taxable income over $300,000? This is the forgotten American middle class.

The amendment I propose tonight on behalf of Senator DASCHLE and many of my colleagues would correct this oversight by cutting the 15 percent rate to 14 percent. This can be accomplished and still cut every other rate by 1 percent.

The top 1 percent of American taxpayers would still receive substantial tax relief under this amendment. On average, our wealthiest taxpayers would still receive a rate cut of $9,000. But by adjusting the 15 percent bracket, we would be providing middle-class families $332 in tax relief in addition to the $600 cut from the creation of the 10-percent bracket.

Mr. President, Americans expect tax relief, but they also expect fundamental fairness. My amendment would make this bill fairer. I commend it to the Senate.

I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Missouri [Mrs. CARNAHAN], for herself and Mr. DASCHLE, proposes an amendment numbered 674.

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

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

The amendment is as follows:

On page 9, strike lines 5 through 12 and insert the following:

''(2) REDUCTIONS IN RATES AFTER 2001.—

''(A) IN GENERAL.—Each rate of tax (other than the 10 percent rate) in the tables under subsections (a), (b), (c), (d), and (e) shall be reduced by 1 percentage point for taxable years beginning during a calendar year after the trigger year.

''(B) TRIGGER YEAR.—For purposes of subparagraph (A), the trigger year is—

''(i) 2002, in the case of the 15 percent rate,

''(ii) 2003, in the case of the 28 percent rate,

''(iii) 2004, in the case of the 31 percent rate,

''(iv) 2005, in the case of the 36 percent rate, and

''(v) 2006, in the case of the 39.6 percent rate.

''(3) ADJUSTMENT OF TABLES.—The Secretary''.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, the main point I make is those who say this bill does not give any relief to those in the 15-percent bracket have not read the bill: That is, the argument that the 15-percent statutory rate should be reduced to 14 percent; otherwise nobody in the 15-percent bracket benefits. They say the taxpayers in the 15-percent rate bracket are shorted because the statutory rate itself is not reduced as in this amendment from 15 to 14 percent. This argument fails to take into consideration the benefits in this bill that are given to the 15-percent taxpayers.

Simple math will show how wrong they are. This 1-percent decrease in the 15-percent rate is less than a 7-percent reduction of the rate itself. It is simple. Just divide 1 percent by 15 percent and come up with the 7-percent reduction I stated.

In contrast, and to show there is a reduction in taxes for people in the 15-percent rate, the Joint Tax Committee of the Congress—remember, these are the professionals who are nonpartisan; they are advising Republicans and Democrats alike—say the bill before the Senate provides between 9 percent for some in the 15-percent bracket and 33 percent of relief for the 15-percent bracket taxpayer.

It happens that taxpayers in the lower end of the 15-percent bracket received the greatest reduction. That would be 33 percent; those at the upper end received the 9-percent reduction.

Of course, this relief is created by the various benefits in the bill targeted toward taxpayers falling within the 15-percent rate bracket. Look at the choice. The amendment on the other side provides a 7-percent decrease. Our bill provides 9 percent to 33 percent of relief.

This ought to seem like a very simple decision unless you take the position that we can still do more. Their amendment provides a mere thimbleful of tax relief for 15-percent taxpayers. Their amendment creates a smokescreen to try to fool these Americans into believing they are getting substantial tax relief.

Under our across-the-board tax relief package, everyone gets substantial tax relief. No one is left behind. The average benefit is a 9-percent reduction in tax burdens. Those at the lower end income levels get far more than 9 percent. Senator BAUCUS has said 75 percent of the benefits go to taxpayers making less than $75,000. These are reasons why I hope Members will vote against this amendment.

I suggest the absence of a quorum and ask the time be applied equally to both sides.

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

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Montana.

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

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

Mr. BAUCUS. Mr. President, I yield myself such time as I may consume from the bill.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I will address another matter while we are waiting for Senator SCHUMER and Senator NICKLES to speak with respect to the Schumer amendment. That will begin in about 8 minutes. I will make remarks about another part of this bill, the provisions of the bill comprising title XI, the pension provisions.

First, some background. The American people, we all know, have many wonderful qualities but one of them, unfortunately, is not personal savings. People in other countries save more personally than do Americans. It is a concern many Members have. A lot of Members want to use the Code to encourage personal savings, and many provisions do so. During the last 20 years, personal savings rates in our country have consistently declined from a peak of under 11 percent of gross domestic product in the 1970s and the 1980s to zero or negative today.

Why does this matter? A low savings rate means people are not putting their own money away for retirement. Social Security is helpful. We have other private savings provisions such as IRA accounts which are helpful, but the third leg of the retirement stool is pensions. The more people have in pensions that they can rely on for retirement, the more it will help. That means, importantly, less dependency on Social Security, which many Americans are too dependent upon.

Sixteen percent of today's retirees rely exclusively on Social Security benefits for their retirement income. Two-thirds of all retirees today rely on Social Security for over one-half of their retirement income, yet Social Security only replaces an average of 40 percent of a worker's income because the program was never designed to be a retiree's sole source of support. Retirees continue to rely so heavily on Social Security there will still be far too many Americans spending their retirement years one step away from poverty.

On top of that, a low savings rate means less capital is available for new investment.

America will continue to grow more if we have capital available for investment. That is not only physical capital, it is human capital. Increased capital for investment is an essential element to our international competitiveness. Particularly now, at a critical time, where economic growth is slowing down a bit, something we want desperately to turn around, helping more Americans to save for their retirement would be a long-term economic stimulus for our country.

Mr. President, I will have further remarks. I understand the minority leader is on the floor now and would like to speak on the amendment offered by the good Senator from Missouri. So I yield the floor.

The PRESIDING OFFICER. The Democratic leader, Mr. DASCHLE.

Mr. DASCHLE. I thank the ranking member for yielding. Let me inquire of the Chair how much time remains under the unanimous consent agreement?

The PRESIDING OFFICER. The Senator from Missouri has 51 minutes remaining on her amendment. However, the amendment will be set aside at 7:35 for the Schumer amendment.

Mr. DASCHLE. I thank the Chair.

Mr. REID. Mr. President, if the Senator from South Dakota, the leader, wishes 10 minutes or so I am sure we can put the vote off for however much time the Senator needs.

Mr. DASCHLE. I thank my dear friend for his willingness to accommodate. I think others have probably made decisions with regard to schedule. I do not want to adversely affect their schedules. I will accommodate the unanimous consent agreement and just take a couple of minutes now. We can come back to the debate following the vote on the Schumer amendment.

Mr. President, I do not know if this chart has been used so far in the debate, but this chart really says it all. There are 72 million middle-class taxpayers who have been skipped over in this bill. Of all the problems many of us have with regard to this particular bill other than its overall size, I think it is this.

There is no rate cut for those who fall in the income brackets of most Americans. I know in South Dakota this represents about 90 percent of the people in my State. From $12,000 to $45,000 net, $12,000 to $65,000 gross, there is no rate cut. There is a rate cut in the sense we establish a new rate, cut from 15 percent to 10 percent, and that 10 percent goes into effect. But it is for all of these different categories, the different rates that we have in our income tax schedule today.

Everybody gets the value of that new 10 percent rate. The only people who do not get anything beyond that are those

who fall in this income category, $12,000 to $45,000. That is the largest single group of income taxpayers in the country.

I applaud the distinguished Senator from Missouri for her amendment and thank her for offering it because I think she provides the fix for what is one of the most glaring inequities in the entire tax bill that is before us. What she simply says is, let's give those who fall into this rate a tax cut like everybody else. Let's reduce their taxes from 15 percent to 14 percent. And to pay for it we will accommodate all of the other cuts as well. But we will reduce all of those rates by 1 percent. We will reduce the top rate by 1 percent, we will reduce the second rate by 1 percent, the third and fourth rate by 1 percent, but everybody then gets a rate cut of 1 percent.

I think it was President Bush who said there ought to be no winners and losers here. You have real losers under this bill as it is currently written.

What we are trying to say is, if you really mean what you say about not having winners and losers, why in the world would you leave out the 15-percent rate taxpayers? The Senator from Missouri makes an excellent point. I think, on a bipartisan basis, overwhelmingly, Republicans and Democrats would want to fix this Achilles' heel in the bill.

There is a lot of fixing that needs to be done. But if you are going to start at the top, at least you would want to say we cannot accept this. We cannot tell 72 million Americans they are not going to get a rate cut like everybody else. We are not going to say to 72 million Americans, you get zero rate cut, but when you are up here you get a 3 or maybe even a 4 or 5 percent rate cut, if some of our colleagues have their way. How does that make sense?

That is really the essence of the whole approach to this amendment. I know my time has expired. I yield the floor for now.

AMENDMENT NO. 669

The PRESIDING OFFICER. I advise the Senate that under the previous order, there are 5 minutes reserved to each side for final remarks on the Schumer amendment.

Who yields time?

Mr. BAUCUS. I ask the Chair, under the consent agreement, is there any provision as to whether the Senator from New York or the Senator from Oklahoma go first?

The PRESIDING OFFICER. There is none, I say to the Senator from Montana.

Mr. BAUCUS. I yield the floor.

The PRESIDING OFFICER. The Senator from New York, Mr. SCHUMER.

Mr. SCHUMER. Mr. President, I thank my colleagues for what was an excellent and spirited debate.

This amendment is simple. Let's reiterate just what it does. It allows all families whose incomes go up to $130,000 to deduct up to $12,000 of their tuition costs. It is revenue neutral because it takes an offset from the highest rate of the estate tax, which under the bill goes down from 55 percent to 45 percent and instead makes it go from 55 percent to 53 percent.

My colleagues, I make two points here. First, this is desperately needed by middle class families. American families who make $40,000 or $50,000 or $60,000 are up late at night, talking about how they are going to pay for their kid's college. They know college education is essential to their kid's future. Yet they do not know how they are going to pay for it.

As a result of the high cost of tuition, which is escalating quicker than any cost in America, millions of young American men and women do not go to college who could, or they go to the junior college instead of the 4-year college for which they are qualified. They downgrade. That hurts them, that hurts their families, and that hurts America.

I haven't heard much debate on the other side about this being a bad idea. In fact, the Senator from Oklahoma and the Senator from Arizona had the good grace to say it is a good idea. But they say it destroys the estate tax.

Hogwash. All it does is this: It keeps the same date for the repeal of the estate tax as in the bill, 2011. If the people on the other side were so eager to get the estate tax taken down, they could have done it earlier. They did not. We leave that decision to them.

All it does, very simply, is lower the top rate, which is paid only by estates of $3 million. In every one of our States, with perhaps the exception of mine and California, there is no more than a handful of people who are affected—in mine it is a little more than a handful each year—and it lowers their rate. We are not raising any rate. But it doesn't lower it as much as was done in the bill.

This is an issue of choice. It is not a choice whether or not to repeal the estate tax. Anyone who says that is misstating this amendment, probably by design. It is, rather, a choice of who needs more help. The heir of an estate worth at least $3 million—and it has nothing to do with whether you can sell the business or not because whether you tax it at 45 percent, 53 percent, or 55 percent, that is such a high rate that you will have to sell the business at one rate as well as the other. But it says to that estate, only over $3 million, a handful in each State, that your tax reduction is not going to be quite as great as in the proposal.

Choice. Who do you stand with, my colleagues? The middle class family who gets very little relief on the rate, who has to pay $10,000 or $15,000 for their children's college education or the estate worth more than $3 million in terms of getting a greater reduction rather than a lesser reduction?

It is a choice. With whom are you standing? It is not a debate on eliminating the estate tax. That is the only argument we heard from the other side—with good reason. Because when they debate the amendment, there is no good argument.

Repeal of the estate tax is popular. It is done in the bill. Making college tuition tax deductible is also popular. A portion of it is done in the bill but a rather small portion. This amendment makes college tuition deductible for middle-class families.

In conclusion, I say to my colleagues in this Chamber, we tend to do a lot for the rich. They have influence, and they run businesses, and those are important for America. We also do a lot for the poor, maybe not enough in some of our opinions, but we do a lot because they need help.

The people we do virtually nothing for—or too little for—are the people who make $40,000, $50,000, $60,000, $70,000. They do not ask for much. But the one thing they are asking us for is not even a 3-percent or 4-percent reduction in their tax rate. They are asking us to help them put their kids through college. The choice is every one of ours. We can do that right now.

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

The Senator from Iowa.

Mr. GRASSLEY. I will yield myself such time as I consume, and the remainder of the time I will yield to the Senator from Arizona.

The Schumer amendment, as I said so many times, fractures the spirit of the bipartisan compromise that occurred in the Senate Finance Committee, which is the reason we can be here doing things in the tradition of the Finance Committee in a bipartisan way.

Of course, Senator SCHUMER has no interest in this bipartisan agreement. It is curious that Senator SCHUMER would want to work so hard in offering an amendment to improve, in his mind, a bill he is going to end up voting against.

Senator SCHUMER's amendment guarantees that the Federal Government gets to take over 50 percent of the assets a parent wants to pass on to a child. That does not sound like taxation; that sounds like confiscation to me.

Senator SCHUMER claims that his amendment improves the education components in this bill, but in fact the bill's underlying education provisions are sound. Student loan interest deduction, prepaid tuition plans, employer-provided educational assistance, an increase in the education IRA—these are all important measures that will improve access to education.

Senator SCHUMER's amendment will undo a very delicate compromise upon

which these provisions rest. It is unwise, it is destructive, and it also should be defeated.

I yield to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona has 2 minutes, 50 seconds.

Mr. KYL. Thank you, Mr. President.

Let me correct a couple things the Senator from New York said earlier. To be accurate, the Senator from New York said his rate kicked in for estates of $3 million. The truth is that according to section 2001 of the IRS Code, his amendment would affect the estates if they were one penny over $2.5 million.

The committee had testimony from a variety of witnesses to talk about what $2.5 million was. A grocer from Duncan, OK, talked about why the independent grocers support the rate relief in our bill—because it takes over $3 million just to put together the average-size grocery store. So when he dies, that estate is going to be denied relief because of the amendment of the Senator from New York.

There is already, as we said before, $33 billion in this bill. By the way, I was in error because I said it was $10 or $11 billion. There is already $33 billion of relief for education in the bill. This amendment would add an additional $37 billion.

We do not need to pit one group against the other. In fact, the bill is delicately balanced because we have relief for education and for those small businessmen and farms that would benefit from the rate reduction we provide for in the estate tax.

The bottomline here is, we are not just talking about 32 such estates or some number such as that. In my own State of Arizona, according to the Internal Revenue Service statistics for 1998, there are over 250 estates that would be adversely affected by this. In the State of New York, I counted up over 900. The number may be quite a bit higher than that.

So we are talking about a significant number of estates that are over $2.5 million that would be denied the rate relief because of the amendment of the Senator from New York.

The bottomline is this: We tried to put a bill together that was fair. Most Americans believe that nobody should have to pay more than 50 percent in a tax rate. In fact, if you ask them, most of them say the highest rate anybody should pay is 25 percent. We tried to bring the estate tax—the highest rate of which, because of a bubble effect, is at about 60 percent—down to 45 percent. That is at least below 50 percent.

No, the Senator from New York says we can't give that kind of relief; we are going to hold the rate at 53 percent.

It is all about fairness. I urge my colleagues to vote against the Schumer amendment, to follow the advice of the committee, which gives relief both for education and for these small businesses that would get modest rate relief under our bill. If we do that, then I think we will be fair to everybody. If we do not do that, we are hurting one group of Americans in order to try to help a different group of Americans. That is not what this bill is all about. That is not what we should be all about.

I urge my Senate colleagues to reject the amendment.

The PRESIDING OFFICER. All time has expired.

The question now is on agreeing to the Schumer amendment No. 669. The yeas and nays have been ordered.

The clerk will please call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Kentucky (Mr. BUNNING) is necessarily absent.

Mr. REID. I announce that the Senator from Wisconsin (Mr. KOHL) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 43, nays 55, as follows:

[Rollcall Vote No. 114 Leg.]

YEAS—43

Akaka	Dodd	Lieberman
Bayh	Dorgan	Mikulski
Biden	Durbin	Murray
Bingaman	Edwards	Nelson (FL)
Boxer	Feingold	Reed
Breaux	Feinstein	Reid
Byrd	Graham	Rockefeller
Cantwell	Harkin	Sarbanes
Carnahan	Hollings	Schumer
Carper	Inouye	Snowe
Clinton	Johnson	Stabenow
Conrad	Kennedy	Torricelli
Corzine	Kerry	Wellstone
Daschle	Leahy	
Dayton	Levin	

NAYS—55

Allard	Frist	Murkowski
Allen	Gramm	Nelson (NE)
Baucus	Grassley	Nickles
Bennett	Gregg	Roberts
Bond	Hagel	Santorum
Brownback	Hatch	Sessions
Burns	Helms	Shelby
Campbell	Hutchinson	Smith (NH)
Chafee	Hutchison	Smith (OR)
Cleland	Inhofe	Specter
Cochran	Jeffords	Stevens
Collins	Kyl	Thomas
Craig	Landrieu	Thompson
Crapo	Lincoln	Thurmond
DeWine	Lott	Voinovich
Domenici	Lugar	Warner
Ensign	McCain	Wyden
Enzi	McConnell	
Fitzgerald	Miller	

NOT VOTING—2

Bunning	Kohl

The amendment (No. 669) was rejected.

Mr. GRASSLEY. I move to reconsider the vote.

Mr. GRAMM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. LOTT. Mr. President, Senator DASCHLE, Senator REID, Senator NICKLES, the managers, and I have been working to try to come up with an agreed to process to complete action for tonight and complete action on this legislation by the close of business on Monday. I think we have come to an agreement on a very fair proposal.

I ask unanimous consent that when the Senate resumes consideration of the reconciliation bill at 9:30 on Monday, there be 6 hours equally divided for amendment debate and 2 hours equally divided between each leader or designee for general debate and closing remarks. I further ask consent all remaining first-degree amendments be limited to 1 hour instead of the 2 we had been having, and second-degree amendments be limited to 30 minutes. I further ask consent that a vote occur in relation to the Carnahan amendment beginning at 6 p.m. on Monday, that no second-degree amendments be in order, and there be 2 minutes for explanation prior to the vote. I further ask consent when the Senate resumes consideration of the bill on Monday, the Senate immediately resume consideration of the Gregg amendment numbered 656.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. It is my understanding that amendment and the rest of the amendments will have 1 hour rather than the regular half hour.

Mr. LOTT. That is right, one; so there will be 30 minutes on each side. The 1 hour is equally divided. I also note that we will continue tonight—but with this agreement, the vote we just had would be the final vote—and we go to the following amendments: Collins for 30 minutes; Carnahan for 20 minutes; Rockefeller for 30 minutes; Bayh for 30 minutes; and Harkin for 30 minutes, if they wish to come and offer their amendments.

The PRESIDING OFFICER. Is there objection?

Mr. DASCHLE. Reserving the right to object, Senator LANDRIEU would like to be added to those offering an amendment tonight.

Mr. LOTT. Senator HATCH has an amendment to do tonight.

Mr. HATCH. Next, if I can, on tax credit. I will wait until Monday.

Mr. DASCHLE. Mr. President, is it the understanding of the Chair the amendments would be laid aside as they are offered, then, on Monday, and tonight, and that the votes happen in the sequence in which they were offered, tonight and Monday?

Mr. LOTT. Mr. President, I believe that is the intent; they would be laid aside and voted in sequence in the order they are offered. And Senator LANDRIEU is added to the list for tonight, 30 minutes.

Mr. DASCHLE. If the majority leader could repeat the list.

Mr. LOTT. After we get this agreement, we can continue tonight. The amendments we have arranged tonight are Collins, 30 minutes; Carnahan, 20 minutes; Rockefeller for 30 minutes; Bayh for 30 minutes; Harkin for 30 minutes; Landrieu for 30 minutes; and Senator GRAHAM tonight also for 30 minutes after Senator LANDRIEU.

I ask unanimous consent Senator HATCH be the next Republican amendment on Monday after the Gregg amendment. So it is the Gregg amendment, a Democrat amendment, and then Senator HATCH.

Mr. WELLSTONE. Reserving the right to object, I wonder if I could be locked in.

Mr. DASCHLE. I was going to ask consent that Senator WELLSTONE follow the Gregg amendment on Monday.

Mr. LOTT. So I amend the agreement, and I am sure we will get all this straight momentarily, that the Wellstone amendment comes after the Gregg amendment, and that is followed by Hatch on Monday.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Reserving the right to object, if we are listing amendments, I would like to be on the list for an amendment before we complete action on the bill, with 30 minutes.

Mr. DASCHLE. I ask that we amend the request to include Senator BYRD and Senator DODD.

Mr. LOTT. I certainly amend the request to that extent. Let me say to all of our colleagues, we are not closing up shop. Members will have an opportunity to offer these amendments Monday at a time that hopefully will be convenient. Senator BYRD will be added to the list, I believe, after Senator HATCH, if that is what he is asking, but I don't think Members will be excluded if they are not on the list now.

Are the managers around?

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. I know we will not be excluded, but I want to make sure I have 30 minutes.

Mr. LOTT. You have it.

Mr. DODD. Reserving the right to object, I ask for 30 minutes on Monday.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. LOTT. Mr. President, if we could get this agreement entered into, we have additional time that Senators have, thankfully, agreed to for tonight.

Let's get the manager and look at the time and get with the Senators and get this order lined up. I know Senator BAUCUS and Senator GRASSLEY will find a way to accommodate the Senators who want to offer amendments. We need to have some flow in terms of getting amendments on this side among the others. If we get this agreement, we will ask Senator REID and Senator NICKLES to work with these other Senators to make sure Senators are on the list.

The PRESIDING OFFICER. Is there objection?

Mr. DORGAN. Reserving the right to object, I observe to the majority leader the reason for the anxiety is we are bringing this bill to the floor under reconciliation. As the majority leader knows, reconciliation limits the amount of time for debate. So there are many people on this side of the aisle who have amendments and want to have the amendments offered and debated. I think that is why hands are being raised requesting time. If this were not brought under reconciliation we would not have to do that. Every Senator would have the right to offer an amendment and the right to have it debated. I ask I be put in the lineup for Monday for 30 minutes.

Mr. LOTT. Mr. President, I want to make sure we have this list lined up. I would like to have the managers work with us on this. I feel uncomfortable trying to arrange all the amendments. But a request has been made we put Senator DORGAN on that list for Monday. I think we need to see if there is a Republican amendment to come after Senator BYRD before Senator DORGAN. We will continue to alternate.

Senator DODD, we will accept him now and be done with it. Senator DODD will be on the list.

Mr. GRAHAM. I request 30 minutes on Monday.

Mr. LOTT. I believe your request was for tonight.

Mr. GRAHAM. Tonight, and I also ask for 30 minutes on Monday.

Mr. KERRY. Reserving the right to object, before colleagues get a second bite of the apple, some Members would like a first. I ask unanimous consent to be added to the order. I think it would be fair for colleagues who have not had a first bite, before others get second bites of the apple.

Mr. DASCHLE. For the information of Democratic Senators the order Monday includes Senators WELLSTONE, BYRD, DODD, DORGAN, and KERRY.

The PRESIDING OFFICER. The Chair advises the Parliamentarian has Senator GRAHAM today and Monday.

Mr. DORGAN. Mr. President, might I inquire, the list that was just read, are those 30-minute amendments?

Mr. DASCHLE. That is correct.

Mr. LOTT. It is 30 unless you would like to have less.

Ms. LANDRIEU. Could the majority leader clarify the order for us tonight?

Mr. LOTT. Senators COLLINS, CARNAHAN, ROCKEFELLER, BAYH, HARKIN, LANDRIEU, and GRAHAM if offered.

The PRESIDING OFFICER. Is there objection to the order as modified?

Without objection, it is so ordered.

Mr. LOTT. In light of that agreement, then, as enjoyable as it was——

Mr. DASCHLE. Will the majority leader yield?

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Senator GRAHAM was kind enough not to demand that he be put into the list on Monday. He would like to have the opportunity to offer two tonight. I assume if he is willing to wait, he can offer both of them back to back. He is the last in order.

Mr. LOTT. I don't see any problem with that. That will be fine. And I would like the managers to come back and take it from here.

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

The majority leader.

Mr. LOTT. In light of this agreement, there will be no further votes this evening. There will be 8 hours remaining for debate on the reconciliation bill during Monday's session. A series of votes is anticipated at 6 p.m. on Monday. The last in the series will be final passage. Senators should make their plans accordingly.

I thank all for their cooperation.

The PRESIDING OFFICER. Under the previous order, the pending amendment is set aside and the Senator from Maine is recognized.

AMENDMENT NO. 675

Ms. COLLINS. Mr. President, on behalf of myself and Senator WARNER, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maine [Ms. COLLINS] for herself and Mr. WARNER, Mr. COCHRAN, Ms. LANDRIEU, Mr. ALLEN, Mr. SMITH of Oregon, Mr. HARKIN, Ms. MIKULSKI, Mr. REED, and Mr. HUTCHINSON, proposes an amendment numbered 675.

Ms. COLLINS. I ask unanimous consent the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title IV, add the following:

Subtitle E—Miscellaneous Education Provisions

SEC. 441. SHORT TITLE.

This subtitle may be cited as the ''Teacher Relief Act of 2001''.

SEC. 442. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals), as amended by section 431(a), is amended by redesignating section 223 as section 224 and by inserting after section 222 the following new section:

"SEC. 223. QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an eligible educator, there shall be allowed as a deduction an amount equal to the qualified professional development expenses paid or incurred by the taxpayer during the taxable year.

''(b) MAXIMUM DEDUCTION.—The deduction allowed under subsection (a) for any taxable year shall not exceed $500.

''(c) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE EDUCATORS.—For purposes of this section—

''(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

''(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction.

''(B) QUALIFIED COURSE OF INSTRUCTION.—The term 'qualified course of instruction' means a course of instruction which—

''(i) is—

''(I) directly related to the curriculum and academic subjects in which an eligible educator provides instruction,

''(II) designed to enhance the ability of an eligible educator to understand and use State standards for the academic subjects in which such educator provides instruction,

''(III) designed to provide instruction in how to teach children with different learning styles, particularly children with disabilities and children with special learning needs (including children who are gifted and talented), or

''(IV) designed to provide instruction in how best to discipline children in the classroom and identify early and appropriate interventions to help children described in subclause (III) to learn,

''(ii) is tied to—

''(I) challenging State or local content standards and student performance standards, or

''(II) strategies and programs that demonstrate effectiveness in increasing student academic achievement and student performance, or substantially increasing the knowledge and teaching skills of an eligible educator,

''(iii) is of sufficient intensity and duration to have a positive and lasting impact on the performance of an eligible educator in the classroom (which shall not include 1-day or short-term workshops and conferences), except that this clause shall not apply to an activity if such activity is 1 component described in a long-term comprehensive professional development plan established by an eligible educator and the educator's supervisor based upon an assessment of the needs of the educator, the students of the educator, and the local educational agency involved, and

''(iv) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the goals of the preceding clauses.

''(C) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as in effect on the date of the enactment of this section.

''(2) ELIGIBLE EDUCATOR.—

''(A) IN GENERAL.—The term 'eligible educator' means an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in an elementary or secondary school for at least 900 hours during a school year.

''(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.

''(d) DENIAL OF DOUBLE BENEFIT.—

''(1) IN GENERAL.—No other deduction or credit shall be allowed under this chapter for any amount taken into account for which a deduction is allowed under this section.

''(2) COORDINATION WITH EXCLUSIONS.—A deduction shall be allowed under subsection (a) for qualified professional development expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135, 529(c)(1), or 530(d)(2) for the taxable year.''.

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a), as amended by section 431(b), is amended by inserting after paragraph (18) the following new paragraph:

''(19) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—The deduction allowed by section 223.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 86(b)(2), 135(c)(4), 137(b)(3), and 219(g)(3) are each amended by inserting ''223,'' after ''221,''.

(2) Section 221(b)(2)(C) is amended by inserting ''223,'' before ''911''.

(3) Section 469(i)(3)(E) is amended by striking ''and 221'' and inserting '', 221, and 223''.

(4) The table of sections for part VII of subchapter B of chapter 1, as amended by section 431(c), is amended by striking the item relating to section 223 and inserting the following new items:

''Sec. 223. Qualified professional development expenses.

''Sec. 224. Cross reference.''.

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

SEC. 442. CREDIT TO ELEMENTARY AND SECONDARY SCHOOL TEACHERS WHO PROVIDE CLASSROOM MATERIALS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

"SEC. 30B. CREDIT TO ELEMENTARY AND SECONDARY SCHOOL TEACHERS WHO PROVIDE CLASSROOM MATERIALS.

''(a) ALLOWANCE OF CREDIT.—In the case of an eligible educator, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the qualified elementary and secondary education expenses which are paid or incurred by the taxpayer during such taxable year.

''(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) for any taxable year shall not exceed $250.

''(c) DEFINITIONS.—

''(1) ELIGIBLE EDUCATOR.—The term 'eligible educator' has the same meaning given such term in section 223(c).

''(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—The term 'qualified elementary and secondary education expenses' means expenses for books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by an eligible educator in the classroom.

''(3) ELEMENTARY OR SECONDARY SCHOOL.—The term 'elementary or secondary school' means any school which provides elementary education or secondary education (through grade 12), as determined under State law.

''(d) SPECIAL RULES.—

''(1) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any expense for which credit is allowed under this section.

''(2) APPLICATION WITH OTHER CREDITS.—The credit allowable under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(A) the regular tax for the taxable year, reduced by the sum of the credits allowable under subpart A and the preceding sections of this subpart, over

''(B) the tentative minimum tax for the taxable year.

''(e) ELECTION TO HAVE CREDIT NOT APPLY.—A taxpayer may elect to have this section not apply for any taxable year.''.

(b) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 30B. Credit to elementary and secondary school teachers who provide classroom materials.''.

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

Ms. COLLINS. Mr. President, I also take this opportunity to ask that the yeas and nays be ordered on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Ms. COLLINS. Mr. President, may I have order, please?

The PRESIDING OFFICER. The Senate will please come to order.

Ms. COLLINS. Mr. President, I rise this evening with my good friend, the distinguished senior Senator from Virginia, Mr. WARNER, to offer an amendment providing tax relief to our Nation's teachers. We are very pleased to be joined by several cosponsors including Senators COCHRAN, LANDRIEU, ALLEN, HARKIN, REED, GORDON SMITH, MIKULSKI, HUTCHINSON, and DODD.

It would be difficult to script a more appropriate time for us to offer this important amendment. We stand now at the intersection of two debates, one on a bill to modernize and reauthorize the law that will define the Federal Government's role over the next 7 years in educating our Nation's children, the other a landmark tax relief bill of which we are beginning consideration today.

Our amendment joins some of the best elements of each. It is good both for tax policy and for education policy. In the midst of the education and tax debates, we are asking our colleagues in the Senate now to overlook the selfless efforts of teachers and the financial sacrifices they make to improve their instructional skills and the classrooms in which they teach.

Senator WARNER deserves enormous credit for focusing the Senate's attention, through a sense-of-the-Senate resolution to the education bill, on the

need to provide tax relief for our teachers.

Our teachers serve such a critical role in the education and the development of our children. This amendment, the amendment Senator WARNER offered to the education bill, expressed the sense of the Senate that the Congress should pass legislation providing teachers with tax relief in recognition of the many out-of-pocket, unreimbursed expenses they incur to improve the education of our children.

The amendment we offer tonight is the legislation Senator WARNER's sense-of-the-Senate resolution contemplated, and which I was proud to cosponsor. It earlier passed by a vote of 95–3.

Our proposal is targeted to support the expenditures of teachers who strive for excellence beyond the constraints of what their schools can provide. Our amendment enjoys the bipartisan support of several of our colleagues, as well as the endorsement of the National Education Association and the American Association of School Administrators.

Let me briefly describe the provisions of our amendment. First, it would allow teachers, teacher's aides, principals, and counselors to take an above-the-line tax deduction for their professional development expenses.

Second, the bill would grant educators a tax credit of up to $250 for books, supplies, and equipment they purchase for their students. The tax credit would be established at 50 percent of such expenditures, so for every dollar in supplies a teacher spent, the teacher would receive 50 cents of tax relief.

According to a study by the National Education Association, the average public school teacher spends more than $400 annually on classroom materials. This sacrifice is typical of the dedication of so many of our teachers to their students. Oftentimes, teachers in Maine and throughout the country spend their own money, even though they are paid very limited salaries, because they want to improve the classroom experience for their students.

Recently I met with one such teacher, Idella Harter, the president of the Maine Education Association. She told me of the many books, supplies, rewards for student behavior, and other materials she just routinely purchases for her classrooms. One year, Idella Harter decided to save all of her receipts for these purchases. She started adding up the total, and she was startled to discover that it exceeded $1,000. At that point, she decided to stop counting. But it is indicative of the kind of selfless financial sacrifice so many of our teachers make.

Idella Harter is not alone. Maureen Marshall, who serves in my office as my education policy adviser, taught public schools for 8 years in Hawaii and Virginia. In her first year as a teacher, she spent well over $1,000 of her own money on educational software, books, pocket charts, and other materials. Yet because of her tax situation, she could not deduct these expenses from her taxable income.

When we help our Nation's teachers, the ultimate beneficiaries are their students. Other than an involved parent, a well-qualified teacher is the single most critical element to predict a student's success. Educational researchers have demonstrated time and again the close relationship between highly qualified teachers and successful students.

Moreover, educators themselves understand just how important professional development is to maintaining and extending their levels of competence. When I meet with teachers from Maine, they repeatedly tell me of their need for more professional development. Yet there is a scarcity of financial support for this worthy pursuit.

I greatly admire the many educators who have voluntarily reached deep into their pockets to pay for additional training and course work for themselves, and also to finance additional supplies and materials for their students. By enacting these modest changes to our Tax Code, we can encourage educators to continue to take the formal course work in the subject matter which they teach and to avail themselves of other professional development opportunities.

The relief that our Tax Code now provides to teachers is simply not sufficient. By and large, most teachers do not benefit from the current provisions that allow for limited deductibility of professional development and classroom expenses. A new report by the American Federation of Teachers places the average national teacher's salary at about $42,000. In Maine, the average yearly starting salary for a public school teacher is just a little over $23,000. Yet these teachers, out of their own generosity, are reaching deep into their pockets to improve their teaching.

Now, under the current law, the problem is that teachers do not reach a sufficient level to be able to deduct the costs of their professional development and classroom supplies.

By allowing teachers to take the above-the-line deduction for professional development expenses and a credit for classroom expenses paid out of pocket, our amendment takes a fair, progressive approach that will provide a modicum of relief to our Nation's schoolteachers.

I should note that most of our colleagues have already voted for very similar legislation. Last year, Senator KYL, Senator Coverdell, and I offered a similar amendment to the Affordable Education Act, which was adopted unanimously.

President Bush has eloquently stated:

> Teachers sometimes lead with their hearts and pay with their wallets.

Our amendment makes it a priority to reimburse educators for just a small part of what they invest in the futures of our children.

I hope our colleagues will join us in support of this important legislation. The NEA says it well:

> Teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to assure that teachers stay up to date on the skills and knowledge necessary to prepare students for the challenges of the 21st century.

Thank you, Mr. President.

I would like to recognize the leadership of the senior Senator from Virginia whom, I believe, will be speaking next in favor of our amendment.

The PRESIDING OFFICER. I thank the Senator from Maine.

The senior Senator from Virginia, Mr. WARNER.

Mr. WARNER. Mr. President, there are moments in your Senate career you shall not forget, and this is one, when I am privileged to join with our distinguished junior Senator from Maine. She pioneered this effort. And let no one be mistaken about that fact. I think Senator JEFFORDS and Senator KYL and others have also been at the early stages of this issue, some years more ago.

I joined them last year. We recognized we had two bills, and the time came for a consensus to elect a leader. The unanimous choice was the junior Senator from Maine. I am, as we say in the military, one step behind her dutifully following. But together we have crafted an amendment that every Senator in his or her heart and conscience can accept. I am optimistic that this will become law.

Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the National Education Association. While addressed to me, it really is addressed to both of us.

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

NATIONAL EDUCATION ASSOCIATION,
Washington, DC, May 16, 2001.

Senator JOHN WARNER,
U.S. Senate,
Washington, DC.

DEAR SENATOR WARNER: On behalf of the National Education Association's (NEA) 2.6 million members, we would like to express our support for your amendment to the Senate tax bill to provide tax benefits for educators' professional development and classroom supply expenses.

As you know, teacher quality is the single most critical factor in maximizing student achievement. Ongoing professional development is essential to ensure that teachers stay up-to-date on the skills and knowledge necessary to prepare students for the challenges of the 21st century. Your proposed tax deduction for professional development expenses will make a critical difference in helping educators access quality training.

We are also very pleased that your amendment would provide a tax credit for educators who reach into their own pockets to pay for necessary classroom materials, including books, pencils, paper, and art supplies. A 1996 NEA study found that the average K–12 teacher spent over $400 a year out of personal funds for classroom supplies. For teachers earning modest salaries, the purchase of classroom supplies represents a considerable expense for which they often must sacrifice other personal needs.

We thank you for your leadership in introducing this important amendment and look forward to continuing to work with you to support our nation's educators.

Sincerely,

MARY ELIZABETH TEASLEY,
Director of Government Relations.

Mr. WARNER. The letter, in part, states:

On behalf of the National Education Association's (NEA) 2.6 million [teachers], we would like to express our support for your amendment to the Senate tax bill to provide tax benefits for educators' professional development and classroom supply expenses.

Our great President sent to the Congress the message—which is the title of his education reform blueprint—''No Child is Left Behind.'' We cannot hope to achieve the goals in this guide, and the goals across our Nation, which every town, village, and city wish to have to improve education, leaving no child behind, if we leave our teachers behind. We will not leave any child behind if we do not leave teachers behind. That is the point. You cannot have one without the other. They go hand in hand.

I stopped to think how hard we work on our individual careers. Yes, we work on our careers. But teachers work to create—to create—the possibilities for others, the younger generation, to develop those careers.

My colleague from Maine has, in great detail, gone into the various parts of this bill, our President, on page 13 of his education reform blueprint, has a provision which says as follows:

. . . provides tax deductions for teachers. Teachers will be able to make tax deductions of up to $400 to help defray the costs associated with out-of-pocket classroom expenses such as books, school supplies, professional enrichment programs, and other training.

We accepted that challenge of our President in this bill. We not only accepted it; we listened carefully to the teachers association, and we have enhanced it in a modest way. We have enhanced the goals set out by our President and the same goals that are really in the hearts and minds of our people all across America today.

So I am honored to join with my distinguished colleague.

Mr. President, just last week, on May 8, 2001, the Senate overwhelmingly adopted amendment that I offered with Senator COLLINS to the education bill. This amendment, which passed by a vote of 95–3, stated:

The Senate should pass legislation providing elementary and secondary level educators with additional tax relief in recognition of the many out of pocket, unreimbursed expenses educators incur to improve the education of our Nation's student.

I note that both the chairman and ranking member of the Finance Committee supported this sense-of-the-Senate amendment.

Senator COLLINS and I have pursued the goal of providing much needed tax relief for our teachers for sometime. However, despite sharing the same goal, in the past, we each have had our own bill and each had our own approach towards achieving this shared goal.

Senator COLLINS has truly been a leader on the issue of tax relief for teachers. I commend her for her work in highlighting this issue and for her tireless efforts to improve education in this country.

I am so glad that Senator COLLINS and I had the opportunity to sit down and discuss teacher tax relief legislation in greater detail. As a result of these discussions, we have joined forces and agreed on an approach to achieve our shared goal.

Today, I am honored to be joining with Senator COLLINS in offering the teacher tax relief amendment to the tax bill currently before the Senate.

This Collins-Warner amendment is cosponsored by a bipartisan group of Senators, including Senators LANDRIEU, COCHRAN, ALLEN, HARKIN, GORDON SMITH, MIKULSKI, REED and HUTCHINSON of Arkansas. The National Education Association has also endorsed this amendment.

The Collins-Warner teacher tax relief amendment has two components.

First, the legislation provides a maximum $250 tax credit to teachers for classroom supplies. This credit recognizes that our teachers dip into their own pocket in significant amounts to bring supplies into the classroom to better the education of our children.

Second, this legislation provides a maximum $500 above the line deduction for professional development costs that teachers incur. This deduction will particularly help low-income school districts that typically do not have the finances to pay for professional development costs for their teachers.

Mr. President, our teachers in this country are overworked, underpaid, and all too often under-appreciated.

In addition to these factors, our teachers expend significant money out of their own pocket to better the education of our children. Most typically, our teachers are spending significant amounts of money out of their own pocket on: classroom expenses—such as books, supplies, pens, paper, and computer equipment; and professional development costs—such as tuition, fees, books, and supplies associated with courses that help our teachers become even better instructors.

These out of pocket costs place lasting financial burdens on our teachers. This is one reason our teachers are leaving the profession. Little wonder that our country is in the midst of a teacher shortage.

Estimate are that 2.4 million new teachers will be needed by 2009 because of teacher attrition, teacher retirement and increased student enrollment.

While the primary responsibility rests with the states, I believe the federal government can and should play a role in helping to alleviate the nation's teaching shortage.

On a Federal level, we can encourage individuals to enter the teaching profession and remain in the profession by providing tax relief to teachers for the costs that they incur as part of the profession. This incentive will help financially strapped urban and rural school systems as they recruit new teachers and struggle to keep those teachers that are currently in the system.

Our teachers have made a personal commitment to educate the next generation and to strengthen America. While many people spend their lives building careers, our teachers spend their careers building lives.

The teacher tax relief amendment goes a long way towards providing our teachers with the recognition they deserve by providing teachers with important and much needed tax relief.

At this point in time, I think I should yield the floor for purposes of such other remarks as other Senators may wish to make.

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I wish to thank the Senator from Virginia for his usual eloquent and gracious remarks. He is a terrific Senator with whom to work. The people of Virginia are very fortunate to have him representing them. He has also been an extremely strong advocate for education his entire time in the Senate. It has been a pleasure to work with him.

Mr. President, I ask unanimous consent that the Senator from Rhode Island, JACK REED, another very strong advocate for education, be added as a cosponsor of our amendment.

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

Mr. WARNER. Mr. President, I thank my distinguished colleague for her very thoughtful remarks. She is a pillar today in this Senate, and she will always be a pillar of strength and wisdom in this institution.

Now, Mr. President, we will be anxious to hear from the managers of the bill.

I note, again, that both managers voted for the Warner-Collins sense-of-the-Senate amendment on the education bill endorsing this concept. I will quote again the amendment for the benefit of the managers. The amendment was adopted on May 8, 2001. The amendment passed by a vote of 95–3. And I quote it:

The Senate should pass legislation providing elementary and secondary level educators with additional tax relief in recognition of the many out of pocket, unreimbursed expenses educators incur to improve the education of our Nation's students.

Mr. President, it is remarkable, as I travel about our State, the great State of Virginia; you cannot go to a school, and particularly the elementary schools, without hearing of teachers, although they will not tell you, who reach into their own pockets and take out their funds—after paying taxes—and quietly buy, here or there, various necessities which they, in their judgment, believe are necessary to enable them and their students to learn. I wish to emphasize, it is voluntary.

The PRESIDING OFFICER. The Chair will advise, with great trepidation, the time of the senior Senator from Virginia has expired.

Mr. WARNER. I appreciate my junior colleague, the Presiding Officer, advising me, but if I could have 15 seconds.

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

Mr. WARNER. Without hesitation, if you asked the question, they will then say: ''Yes, but I do it voluntarily out of the goodness of my heart.'' And they will say: ''Look at the walls, Senator. Look at the drawers. Look at the desks.'' And they can point to object after object they have purchased with their own funds—after taxes.

I thank the Chair and yield the floor.

Ms. COLLINS. Mr. President, will the Senator yield very quickly for a unanimous consent request?

The PRESIDING OFFICER. The Senator from Maine.

Ms. COLLINS. Mr. President, I ask unanimous consent that the Senator from Connecticut, Mr. DODD, also be added as a cosponsor of our amendment.

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

The Senator from Montana.

Mr. BAUCUS. Mr. President, it is with great reluctance that I feel constrained to say a few words, urging my colleagues, as meritorious as this is and as wonderful as the Senator from Maine is in representing her State, that this is just regrettably not good policy.

I appreciate the remarks of my good friend from Virginia pointing out the sense-of-the-Senate resolution. I think Senators tend to vote for sense-of-the-Senate resolutions because that is our sense, that it would be a good idea. But when, as the Senator well knows, we have to decide what is within the parameters of how much we can spend and when it comes down to crafting something that is particular and specific, that is where the rubber meets the road and we have to decide whether the specific idea is really good tax policy or not.

There is a lot of money here for education generally. It is about $35 billion, for higher ed and elementary and secondary ed. I am not going to list it all. I know that it doesn't directly help teachers.

Teachers, I might say, in my State are probably some of the lowest paid teachers in the Nation. I might add to my good friend from Maine, I am afraid that some teachers are going to leave Montana to seek a better salary in other States. We are in a tough spot. If I didn't have the responsibility of managing this bill, I could very well support this. But I feel a responsibility to say a few words about it.

First, it singles out for credit one group and one group only. If we start going down this road, then we are going to offer credits for expenses for every meritorious public service profession that exists. I know many teachers dig into their pockets to help their students. It is just awful, the things they have to go through to help their students. We don't begin to pay our teachers nearly enough, in my judgment. Given all that, I just don't know if it is wise to single out teachers as opposed to other professions.

Second, the responsibility for teachers' salaries really is the school districts in the States. We are helping school districts tremendously in many ways by giving more IDEA money, more ESEA money, title I money, and all of these different categories that allow school districts to then spend more money in salaries for teachers. Districts will have a lot more money in total, so in addition to what they raise with property taxes, these programs will provide a lot of relief to the school districts.

Third, this provision adds more complexity to the code. If there is anything we hear, it is that people want simplicity. They don't want more complexity. I know that doesn't sell very well when you are standing in front of schoolteachers or the NEA. We want to give a lot more to our teachers. Believe me, I am one of the strongest advocates in the State of Montana to give more money to our teachers.

We should not be helping school districts in this way with responsibilities that are theirs when we have a better way, by giving more dollars to the other programs that I mentioned: IDEA, ESEA, and title I, et cetera. I wish we could support this, but as much as we would like to help, this is not a good policy to adopt.

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

Mr. BAUCUS. I am glad to yield.

Mr. WARNER. I have served for many years with the distinguished Senator from Montana on the Environment and Public Works Committee and other avenues in the Senate. I know him well and the strength of his voice. But as he addressed the Senate tonight, I see pain in his heart.

When he said there is no policy, I refer the Senator—of course, I realize he doesn't know every provision in the Federal Tax Code; this is awesome; I wish we had some provisions in here to simplify this—to page 47, section 62. The subsection is (a), which covers adjusted gross income defined, and I read (b), certain expenses of performing artists. The deductions allowed by section 162, which consist of expenses paid or incurred by qualified performing artists in connection with the performances by him—and I presume ''her'' although it is not written—of services in the performing arts as an employee.

There it is. There is tax policy. My distinguished colleague said there is no policy. Here is the policy, given to artists. Somehow, having some modest familiarity with performing artists, I take note that their salaries are somewhat larger than those who are down at the very foundation of our Nation, educating our young people.

Mr. BAUCUS. I was going to ask the Senator a question. He asked me a question.

Mr. WARNER. I think I have answered it, but you may go right ahead, sir.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. I would like to answer that question. I didn't say that there is no policy. Those were not the words I used. I did say, though, that I don't think we should start going down this road, which basically implies that, whether the provision you mentioned is meritorious or not, I don't know if it is wise to keep going down that road.

I want to share a line that kind of struck me about this whole subject. When my wife and I got married about 18 years ago, we went on a honeymoon. On the honeymoon, we stopped off on the first night at a bed and breakfast. The next morning we were sitting down and having breakfast, and the lady who ran the bed and breakfast was serving breakfast. She knew, for some reason, I was in the Senate. I did not broadcast that. I did not, frankly, want her to know that. I was on a honeymoon with my bride. And this lady walked up to me right away after she served us part of the breakfast and she started insisting that the red dress she was wearing should be tax deductible because it wasn't fair.

Here I am on my honeymoon, and I couldn't get away from it. I thought, first of all, it is in poor taste to be asking for that, but, second, it is clear that some people, with the jobs they have, need legitimate expense deductions for the expenses they have. She is not entitled, this lady, to a deduction for the dress she wears.

We have to draw lines. We have to make choices. I think this is not a road we want to continue going down. We do not want to further complicate the code with even more complexities.

The Senator is right, it is with a heavy heart that I must stand up and

say I don't think this is good tax policy. Even with a heavy heart, I think this is not the wise way to go. There are better ways to accomplish the objective the Senator is so correctly seeking.

Mr. WARNER. I thank my colleague for his very courteous reply.

Mr. DODD. Mr. President, is there any time remaining?

Mr. BAUCUS. How much time do we have remaining?

The PRESIDING OFFICER. The opposition has 6 minutes 18 seconds.

Mr. BAUCUS. I yield whatever time the Senator needs.

Mr. DODD. I thank the distinguished ranking member of the Finance Committee. I commend our colleague from Maine. I know my friend from Montana will appreciate these remarks. I also thank my friend from Virginia who, once again, has enlightened us with a little history on the importance of a provision such as this.

From a personal standpoint, we all have personal stories. My older sister Carol is a teacher, has been for 35 years. She has taught over the last 15 years or so in the public schools of Connecticut. I was telling my friend from Maine, the author of the amendment, who is so committed to education, almost on a yearly basis I go with my sister to literally buy from Home Depot and other places the planks to make the little bookcases in her classroom, literally buy pencils, paper, and other items.

I say this coming from the most affluent State in the country on a per capita income basis. She teaches in the city of Hartford which has had serious problems. They do not have the resources, and she goes and buys them out of her own pocket each year.

This is not some abstract idea. I have literally gone with her to do this. I was shocked when I first discovered it. I couldn't believe she was actually doing it. I thought there must be some pool of resources that would allow for the accommodation of things such as pencils and boards and toilet paper, literally, for classrooms in a public school in the United States of America. I was stunned to discover she literally dipped into her own pocket each year to buy the supplies.

Mr. BAUCUS. May I reclaim some of my time?

Mr. DODD. This is a modest amendment. We can't do enough with the ESEA bill. I wish we could to make up the difference. This small little piece, when we so value education and those who commit themselves to this, to say there is a small line here for $250, that we are going to provide some relief to you for doing what you are doing, for those reasons I am a cosponsor and applaud my friend from Maine and my friend from Virginia for their eloquence and their support of this modest proposal.

(Mr. ENZI assumed the Chair.)

Mr. BAUCUS. Mr. President, I have such reactions when I hear my friends from Connecticut speak. There is no greater champion for kids than the Senator. I am surprised he doesn't have a kids tie on because often he does wear one.

A couple points. Connecticut is one of the highest per capita income States in America. My response is, let them try to pay teachers a little bit more.

Mr. DODD. No argument there.

Mr. BAUCUS. I am sure teachers agree with that. Another point, Mr. President, is that teachers can, today, deduct unreimbursed expenses. It is in the law today. Just as any employee, they can deduct unreimbursed expenses. They can deduct them. If it were your sister buying supplies, she can deduct all that. It is already deductible today, as my good friend from Virginia mentioned, as professional expenses. We are not talking about another deduction but adding a credit. It is something in addition to what teachers can already do. They can deduct their professional expenses today, buying paper, and so forth. It is true they don't have the world's highest tax bracket, so the value of the deduction isn't as much as it otherwise might be, but it helps a lot.

I think we should keep the policy of deducting unreimbursed expenses, but let's not, on top of that, add a credit. I think we should just hold the line.

Mr. WARNER. I ask unanimous consent that we may have a minute and a half so our colleague from Maine can wrap up.

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

The Senator from Maine.

Ms. COLLINS. Mr. President, I want to respond to the legitimate point the Senator from Montana has raised. It is true teachers can deduct unreimbursed expenses—theoretically.

The problem is, most teachers don't make enough money to itemize. So most of them do not get the benefit of the itemized deduction that would allow them to write off unreimbursed expenses.

In addition, even those who itemize have to reach a 2-percent floor of their income in order to claim the deduction. So for the vast majority of our Nation's teachers, these are unreimbursed expenses for which there is no tax deduction at all.

We have to remember that we are talking about teachers who are not well paid. I agree with the Senator from Montana that we should pay our teachers better. But we in the Senate can take a modest step by adopting this proposal to help our teachers who reach deep into their pockets to pay for classroom supplies and paper materials and pay for course work. Can't we take the small step to say thank you for their investment in our Nation's children? I think we can, Mr. President. I hope the Senate will adopt this amendment.

Mr. WARNER. Mr. President, we yield on that. I commend my distinguished colleague from Maine.

The PRESIDING OFFICER. The Senator from Montana has 2 minutes remaining.

Mr. BAUCUS. I yield back the remainder of my time.

The PRESIDING OFFICER. Under the previous order, the Senator from Missouri is to be recognized.

The Chair recognizes the Democratic leader.

AMENDMENT NO. 674

Mr. DASCHLE. On behalf of the Senator from Missouri, I will not take the full amount of time because I know the Senator from West Virginia wants to offer his amendment. We didn't have as much of an opportunity as I had hoped earlier to talk about the Carnahan amendment. Let me again compliment the Senator from Missouri for her effort in calling attention to one of the major concerns we have with the pending legislation.

The pending legislation, of course, purports to provide tax relief to all Americans. But there is a glaring exception to the equity with which they attempt to provide that tax relief. That exception refers to the fact of all the different tax rates and the reductions within those rates.

The one that is entirely left out is that 15-percent rate affecting 72 million taxpayers. The largest percentage of income-tax payers in the country pay at the 15-percent rate—72 million taxpayers pay the remaining 15-percent rate. Yet this bill completely skips over any rate reduction for those who fall in that category. There is a 3-percent rate reduction for those at the very top. There are rate reductions for those at every other level. But the rate reduction for those who fall in the remaining 15-percent class has been omitted.

Now, what the bill does do, of course, is to provide a new rate of 10 percent for that income below $12,000. But everybody is entitled, across the board, to the benefits of that new rate of 10 percent, and so those income levels, at $109,000, $166,000, and $297,000 all benefit from the 10-percent rate cut, as does the 15 percent. But over and above that, those income levels beyond the 15-percent rate cut, beyond $65,000 gross, or $45,000 net, they all get substantial additional reductions in their rates.

But this bill leaves out the 72 million taxpayers who pay at the 15-percent rate.

Senator CARNAHAN's amendment says we think everybody ought to have a rate cut. So Senator CARNAHAN would reduce the 15-percent rate to 14 percent. It would provide for a rate cut, then, in every classification of income-

tax payer. The way she pays for it is simply to provide for a 1-percent rate cut in all the other classifications. So those making incomes at levels above $297,000 would get a 1-percent rate cut; those making incomes at $166,000 would get a rate cut of 1 percent; those making incomes of $109,000 would get a rate cut of 1 percent; and those making incomes of $45,000 would get a rate cut as well.

I can recall hearing vividly the President say there should not be winners and losers as we cut taxes, that everybody ought to get a tax cut. Well, if he holds that philosophy, it would be hard for him to support this bill because this bill does create winners and losers. If you fall in that 15-percent rate cut—if you are one of those 72 million taxpayers who fit into that income level between $12,000 and $45,000 net, you don't get a rate cut. They don't want you to know that, apparently, because there hasn't been much discussion about it. But that rate was omitted. I don't know why it was omitted. I can't understand how anybody could argue that it should be omitted. But it was omitted. So you are left out; you have no opportunity to benefit.

So I am really hopeful, Mr. President, that we can solve that problem. The only way I know to solve the problem is to address the issue as Senator CARNAHAN would address it—providing that the rate cut go from 15 percent to 14 percent. One half of all South Dakotans fit into this category. I would guess that between 40–50 percent of just about all of our constituents fall into this category. We know that 72 million taxpayers fall into this category. It is so critical, it seems to me, in the interest of fairness. It is critical in the interest of attempting to provide the help to those middle-class working families who probably need it as much as anybody in the upper income scales to provide them some relief as well. That is what this amendment does. Let's give them that benefit of the new 10-percent bracket like all other rates are provided, but let's do what we are doing for all other rates as well, by providing them with at least some reduction. One percent may not be much to some, but 1 percent is a whole lot better than absolutely nothing, which is what they get in this bill. That is what the amendment does.

In the interest of time, I will yield the floor. I just hope people will take this into account, and, at the appropriate time on Monday, support the Carnahan amendment.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Chair recognizes the Senator from West Virginia.

AMENDMENT NO. 679

Mr. ROCKEFELLER. Mr. President, I have an amendment that I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from West Virginia [Mr. ROCKEFELLER], for himself, Mr. GRAHAM, Mr. WELLSTONE, Mr. KENNEDY, Mr. HARKIN, Mr. JOHNSON, MR. KERRY, Mrs. CLINTON, Mr. DAYTON, and Ms. STABENOW, proposes an amendment numbered 679.

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

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

The amendment is as follows:

(Purpose: To delay the reduction of the top income tax rate for individuals until a real Medicare prescription drug benefit is enacted)

On page 9, between lines 14 and 15, insert the following:

''(4) DELAY OF TOP RATE REDUCTION.—

''(A) IN GENERAL.—Notwithstanding paragraph (2), with respect to a calendar year, no percentage described in that paragraph shall be substituted for 39.6 percent until the requirement of subparagraph (B) is met.

''(B) MEDICARE OUTPATIENT PRESCRIPTION DRUG BENEFIT ENACTED.—Legislation is enacted that adds an outpatient prescription drug benefit to the medicare program established under title XVIII of the Social Security Act, without using funds generated from any surpluses in any trust fund established under the Social Security Act, that is—

''(i) voluntary,

''(ii) accessible to all medicare beneficiaries,

''(iii) designed to assist medicare beneficiaries with the high cost of prescription drugs, protect them from excessive out of pocket costs, and give them bargaining power in the marketplace,

''(iv) affordable to all medicare beneficiaries and the medicare program,

''(v) administered using private sector entities and competitive purchasing techniques, and

''(vi) consistent with broader reform of the medicare program.''.

Mr. ROCKEFELLER. Mr. President, this is an amendment regarding Medicare prescription drug benefits. Senators GRAHAM of Florida, WELLSTONE, KENNEDY, HARKIN, JOHNSON, KERRY, CLINTON, DAYTON, and STABENOW are all listed as cosponsors, and I am sure there will be more.

The amendment is an extraordinarily serious amendment. It was the amendment in the Finance Committee which got the second most votes of any of the amendments we did, and which I think should have passed.

This amendment takes the top rate reduction of our income tax as proposed under the compromise bill and makes it contingent upon the passage of a prescription drug bill, a prescription drug benefit that would, in fact, be voluntary, accessible, affordable. This amendment, therefore, is in the most immediate terms about priorities. It is a classic choice that Senators are going to have to make that will say a lot to the American people.

It is clearly saying the Medicare prescription drug benefit that every single political person on this Hill and those at the other end of the avenue who promised to the American people is just as important as a tax reduction for the wealthiest of our people.

This amendment does not preclude the tax cut—I wish that to be clear—but, rather, shifts the debate back to the promise we have made and about which we have been very firm and talked about endlessly at hearings and years of fora.

The amendment basically says the reduction in the top tax rate will not go into effect until and unless an accessible, comprehensive, universal prescription drug benefit is enacted. A vote for this amendment is not a vote against the tax cut. It is a vote in favor of the prescription drug amendment. The doing of the one does not preclude the doing of the other. It is just that you have to do the prescription drug benefit to get to the top rate.

A vote in support of this amendment says you believe it is just as important that all Medicare beneficiaries who suffer all over this country in various ways and various forms against the devastating and ever-growing cost of prescription drugs, some of whom have to make terrible choices in their lives about this, that their plight is as important as those who are the wealthiest among us getting their top tax rate reduction.

A vote in support of this amendment says you believe the drug benefits should take precedence over a tax cut. It does not say you cannot have a tax cut; it just says it should take precedence over a tax cut with a prescription drug benefit and you do not think seniors should be forced to make the choices they do now.

We have made some progress. The budget resolution, thanks to the leadership of the Senator from the State of Iowa, the chairman of the Finance Committee, explicitly rejects President Bush's prescription drug benefit as being insufficient and accepts the principle that a prescription drug benefit should be available to all beneficiaries universally—not national in that sense, not nationalize, not socialize, just universal; everybody.

It says that 39 million Americans who are Medicare beneficiaries and those who are disabled should have this benefit. It is a proposal that provides a premium subsidy to all Medicare beneficiaries, a proposal that ensures true catastrophic coverage against drug costs, a proposal that incorporates a new benefit into the Medicare Program. So it is just as reliable as all of the other benefits in the Medicare Program, a proposal that does not completely rely on private insurance because private insurance has failed Medicare beneficiaries in terms of delivering that benefit.

I will close with this because there is little time and others want to speak. One group, which is bipartisan, says:

We agree with you we cannot enact a tax break for the wealthiest Americans. We should be sure our vulnerable citizens receive the lifesaving drugs they must have.

This is an absolutely classic choice that Americans need to make about prescription drugs. We are doing it on their behalf in this amendment.

I hope my colleagues will support this amendment, and I hope there are other colleagues in the Chamber at this time who will speak for this amendment.

I yield to the Senator from Florida.

Mr. NICKLES addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oklahoma.

AMENDMENT NO. 674

Mr. NICKLES. Mr. President, I yield myself 5 minutes to speak in opposition to the Carnahan amendment.

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

Mr. NICKLES. Mr. President, we heard the minority leader say there are 72 million people who do not get anything out of the bill; they do not get a rate reduction because we do not reduce the 15-percent bracket.

There are different ways of cutting taxes. The way we have done it is to put in a significant percentage of income. People were saying 15 percent. We said we are going to tax that at 10 percent. The net result is we cut everybody's individual taxes. If they make up to $12,000 as an individual, they get a tax cut of $300. If it is a couple, they get a tax cut of $600. That boils down to an across-the-board cut, if you want to look at that, for people who are in the 10-percent bracket; if they are married, it is a 10-percent tax cut.

You can do that one of two ways. You could say let's reduce the 15-percent bracket to 13.5 percent. I have suggested that. It might make that simpler policy. That way we can say we reduced every bracket a similar amount. But the other brackets we reduced by 1 point. I suggested 1.5 points. In other words, reduce the 15-percent bracket 10 percent so we can say we reduced every bracket by the same amount. I will be happy to reduce upper brackets by 10 percent. We do not do that, certainly not retroactively.

For people to assume we are not helping the lower or middle income is not factually correct. The rate reduction we have in the bill reported out of the Finance Committee exceeds 1 percent. It exceeds what we have done in every other bracket. It exceeds it for a couple reasons. One, it is retroactive to January 1 of this year. All other rates have to wait until January 1 of next year and get a 1-point reduction.

On the least income rate, we give them a 33-percent reduction on their first taxable income of $12,000. That is a $600 savings, and that is over a 1-percent reduction for everybody who is in the 15-percent bracket going all the way up to $44,000, $45,000 for a joint couple.

My point is there are different ways of doing it. For people to demagog and say they do not get a rate reduction, well, they get a bigger tax cut by the way we have done it.

If you want to change the way we have done it and say for the 15-percent bracket we reduce it to 14 or 13.5, we could easily do that. It ignores that we give a $500 tax credit per child, which benefits that income category substantially, and ignores the fact the income tax credit is refundable over my recommendation.

There is a lot of tax policy direction. I believe about $450 billion of the entire rate reduction, which is only $850-some billion, is directed on this 10-percent bracket, on the lowest income. For people to make this allegation that 72 million people are ignored is hogwash. That is not correct. We could redo it by rate reduction, we could redo it in any number of different ways, but this group gets the biggest percentage of reduction of anybody in this tax bill. Upper income people, anybody else at a 28-percent rate, 31-percent rate, 33-percent rate, 36-percent rate, 39-percent rate, get a 1 point reduction for 4 years. We are giving a great percent or point reduction for low income retroactive to January 1 of this year.

I urge my colleagues to vote no on the Carnahan amendment.

Mr. GRAHAM. Will the Senator yield?

Mr. NICKLES. I am happy to yield.

Mr. GRAHAM. I obviously was mistaken. I did not realize the people at the higher income brackets did not also get the benefit of the $600 reduction which comes by inserting the 10-percent bracket at the commencement of the tax table.

Mr. NICKLES. I never said they didn't.

Mr. GRAHAM. People in the 39.6-percent bracket, do they get the same tax reduction as the people in the 10-percent bracket in dollar terms?

Mr. NICKLES. To answer my colleague's question, yes, the $600 applies to all taxpayers. The percent reduction did not happen for upper income taxpayers. The fact is they only get 1 point reduction in taxes in the first 4 years of this bill, and that is January 1 of next year. Percentagewise, lowest income people get a 33-percent reduction retroactive back to this year.

My point is you can do taxes different ways. Maybe a better way is to take the 15-percent rate and make it 14 percent, not to do it in addition to the 10-percent rate.

So if colleagues want to change the policy we have, not do the 10-percent rate, and move the 15-percent rate to a 14-percent rate, if they like that, I am happy, but they do not get as significant a reduction as provided in the bill before the Senate.

Mr. GRAHAM. Will the Senator yield?

Mr. NICKLES. There are only 20 minutes on the amendment. We have 10, and I know I have used 8, so I reserve the remainder of my time.

Mr. GRAHAM. At the appropriate time, I will ask a question about what is the logic behind giving a 1-percent cut to the people at the 39.6-percent bracket but not any cut at all to the people in the 15-percent bracket, but I cannot at this time.

AMENDMENT NO. 679

Mr. ROCKEFELLER. I yield 4 minutes to the Senator from the State of Florida.

The PRESIDING OFFICER. The Senator from Florida.

Mr. GRAHAM. There are a lot of ways in which we can determine what our real priorities are. One of those is not what we say. I imagine virtually every Member of this Senate at some point has said they favor a comprehensive prescription drug benefit for older Americans.

What really counts is not what we say because we can say all things to all people. What really counts is things such as how do we spend our money—that is a true indicator of one's priorities—or how do we spend our time—that is a true indicator of one's priority—or what things we do first.

We had a period when we lived by the slogan ''Social Security first.'' We were supposed to fix Social Security to deal with that big wave of baby boomers as our first priority. We obviously didn't accept that because we didn't deal with that, and we are not dealing with it tonight.

What we are saying is our first priority is to cut the tax rates for the wealthiest among us. The people who earn the largest amount of income in our society are about to get somewhere in the nature of 30 percent of this $1.35 trillion tax cut.

We are saying with this amendment there is another thing that needs to be first. That is to be faithful to our commitment to provide a prescription medication benefit to our older Americans. This is the opportunity to express the sincerity of that commitment.

I urge my colleagues to vote for this amendment. We have been talking about it for years and years and years. Mr. President, 2001 is the time to deliver a prescription drug benefit for older Americans.

We have learned a number of things during the years we have debated this issue. We know prescription drugs are often the best, sometimes the only, way to treat many of the diseases faced by the elderly. To deny these drugs is essentially to sign a death warrant.

We have also learned that many Medicare beneficiaries have no access to any prescription drug benefit, that many others are finding the benefits they have to be inadequate, unstable,

and evaporate. We have learned the majority of seniors are faced with a difficult choice of paying extremely high prices at the retail outlets or forgoing medically necessary prescription drugs. We have learned those who are able to purchase medicines are seeing an ever-increasing share of their fixed incomes going toward drugs as prices continue to increase. We saw it last year for many of the most significant drugs for older Americans. That increase was in the range of 15 to 20 percent.

The time is long overdue for the Senate to say first things first. And first is going to be to prepare our older citizens for a life of quality and dignity and affordability. The most fundamental step we can take to achieve that goal is to include prescription drugs as a basic benefit under the Medicare program available to all beneficiaries. Over 40 million Medicare beneficiaries should not have to continue to wait for Congress, to wait for Congress to get around to recognizing the importance of something as basic as their health care and the central role of prescription drugs in protecting their health.

I hope my colleagues will join me in supporting this amendment and saying first things first, prescription drugs for older Americans are of equal importance to reducing the tax on the most wealthy of our citizens.

The PRESIDING OFFICER. Who yields time?

Mr. ROCKEFELLER. If I might ask the Presiding Officer how much time remains.

The PRESIDING OFFICER. Four minutes 52 seconds. The other side has 15 minutes.

Mr. ROCKEFELLER. Mr. President, the Senator from West Virginia is happy to yield 4 minutes to the junior Senator from the State of Michigan.

Ms. STABENOW. Mr. President, I thank my colleague from West Virginia. I appreciate his strong and consistent leadership on this critical issue. Thank you for proposing this amendment. I am proud to be a cosponsor and proud to join with our Senator from Florida, Mr. GRAHAM, to talk this evening about what is the most urgent, critical issue facing our seniors and many of our families.

I wish we had the same sense of urgency about updating Medicare to cover modern medicine, which is prescription drugs, as we do with the sense of urgency about the underlying tax bill.

I support tax cuts. I consistently supported tax cuts. But I know this, when we set the priorities for our country, just like when we set the priorities in our own family, if we need to ask the top 1 percent of the wage earners of this country to be able to wait just a little bit until we can modernize Medicare for our seniors, I think that is a fair request. I think it is fair and reasonable for us to be placing a sense of urgency on the senior citizen who is going to get up tomorrow morning, sit down at the breakfast table and decide, do I eat today or do I get my medicine; the seniors who are going to decide tomorrow whether or not to cut their pills in half so they stretch a little bit longer or whether they are going to take them every other week.

I have had doctors approach me, greatly concerned because they have elderly patients who are trying to self-regulate so they can last just a little bit longer with their medications because they know they are not going to be able to afford to buy that prescription.

I guess each and every one of us have spoken about this issue and certainly we have had people in our States speaking to us. I only wish we would have the same sense of urgency about this issue as the campaign television commercials of last year. Many of us talked about this, on both sides of the aisle, on both sides of the building. We have talked and talked about this issue. We know we have to address it. We have that opportunity tonight through this amendment. I urge my colleagues on both sides of the aisle to do just that.

This is a question simply of priorities. This does not change the tax cut other than to ask less than 1 percent of the population to defer until we can update prescription drug coverage under Medicare. This does not change the tax cut for any of the taxpayers, but it asks one group of taxpayers if they can wait just a little bit in order for our seniors, who have been waiting so long, to be able to have us address what is their most pressing issue.

I commend my colleague again. I cannot think of anything more important, in terms of addressing priorities of our country, than to keep the full promise of Medicare that was made over 35 years ago.

We said at that time that we would provide health care for anyone over age 65 or the disabled. If we do not update this system to cover prescription drug coverage, we are not keeping the promise.

I encourage my colleagues to support this important amendment, and I will yield any remaining time.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I am going to address the Rockefeller amendment that is before us, and I think I can speak to what the Senator from Michigan, the Senator from Florida, and the Senator from West Virginia have raised as legitimate concerns.

I will start over here with the Senator from Michigan. There is as much urgency about taxes as there is prescription drugs and Medicare. We probably haven't had as many hearings this year on Medicare and prescription drugs as we have taxes, but over the last 12 months we have had a lot more hearings in the Senate Finance Committee on Medicare and prescription drugs than we have on taxes.

The reason we are having taxes up before prescription drugs is simply that the Tax Code was written in 1916 and there have been a lot of changes to it since then. For the most part, it is a matter of just changing a few words here or there. On the other hand, I have to admit it is complicated by adding a lot of new language. But when you are dealing with the legislation we are dealing with on this tax bill, it is not a complicated item to change the Tax Code to some extent. Maybe a little bit on the estate tax provisions we have here, but otherwise it is a matter of fine-tuning.

When it comes to prescription drugs, we are writing a whole new program. The Democrat staff and Republican staff are working on it right now. They are charged from Senator BAUCUS and me that we want to bring this up by the latter half of July. My staff tells me that it is quite a job for them to do that. I am convinced they will meet that deadline.

So it is a matter of doing what we can do now and taking the necessary time to do what is new and to do it right. That is our commitment, to doing it right.

There is not a greater urgency in my committee for taxes over prescription drugs. It is just a case of when you can get each done. That is true of a lot of other things we are going to be dealing with as well, trade and Social Security.

In the case of being all things to all people, in Iowa you can't be all things to all people. I don't know about Florida. But if I were speaking about all those things you said, the people of Iowa would know I was not telling the truth. Maybe there is something about me; I can't cover up very well. But I have been telling people in Iowa that we are going to have prescription drugs legislation when we hope to get it out of the committee. I have even suggested there are some people in my party who maybe would rather not do anything, put it over to next year, get an election year, get it all caught up—we want to do that on the floor of this Senate this October or November and get it out of the way so it doesn't come into the election cycle.

The other thing is resources are part of what the Senator from Florida is talking about and the Senator from West Virginia is talking about. Remember, we are not very far apart on the resources, at least in the budget resolution. My colleague supported and offered—I don't know whether he offered it, but you at least spoke for a $311 billion pot of money that is put aside for Medicare. My amendment was

$300 billion. My amendment carried; yours did not carry. It wasn't because the $11 billion one carried or the other did not carry, it was where the source of money was. Mine was from the contingency; yours was from some reduction of the taxes. But you cannot say the resources are not set aside.

Is that enough? I don't know. But it is what we have set aside—$11 billion separate from what you thought was enough from what I thought was enough. Frankly, we don't know. It depends on how good you want to do it. If you want to do it the way most of the bills are introduced to make sure there is no less than a 50-percent subsidy, it is very expensive. But if you start it with the idea you are going to have universal access and in the universal access have some ability to pay, there is no reason why you have to have free pharmaceuticals. You ought to have it based on the ability to pay. We will start it with the amount of money we can and start at the bottom of the economic ladder and move up and cover as many people as we can and do it in a way that brings the forces of the marketplace in, some bulk purchasing.

There are probably a lot of things I can tell you that ought to be brought into the program to make it so we can provide more prescription drugs at a lower level of cost, both to the taxpayers and to the consumer as well. But we are involved in this. So I think we do not need, either from the standpoint of legislative priorities, from the standpoint of the resources that are set aside, or a commitment on the part of both political parties—maybe not everybody in both political parties—but the commitment of people in political parties to get this job done.

I want to make sure everybody understands you do not have to adopt Senator ROCKEFELLER's amendment to make sure prescription drugs are going to get the attention that the last election brought to it. The economics of it are enough, but let's say the ultimate is when both political parties are campaigning on something, it is an issue in the campaign, that that is a commitment to getting something done.

So I ask rejection of the Rockefeller amendment based upon what is a commitment on the part of many people in this Congress to move ahead on this issue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, how much time remains?

The PRESIDING OFFICER. The proponents have 1 minute, the opposition has 8 minutes.

Mr. BAUCUS. Mr. President, there are parts of this job that are not fun, and one of them is standing up and saying: I cannot agree with my good friend from West Virginia. Believe me, he is a good friend. There is no stronger advocate for seniors and prescription drug benefits than Senator ROCKEFELLER.

In many respects, we are here because of a man named Brian Schweitzer. Who is Brian Schweitzer? Brian Schweitzer is a man from the State of Montana who ran for the Senate. He mobilized this Nation, or at least got this Nation to realize that we need to provide a prescription drug benefit under Medicare.

He took busloads of seniors to Canada, where seniors could buy prescription drugs for much less than they cost in the United States. He took busloads of seniors to Mexico, where seniors bought drugs for much less than they could buy the same drugs, manufactured by the same drug companies, in the United States. He basically started a kind of popular ''prairie fire'' for the right reasons.

As a consequence, this issue probably was a major component in about five Senate elections this last year. It could have been determinative in a couple, but it was certainly a major issue. And for good reason.

Last year, the 50 most popular prescription drugs used by seniors rose by twice the rate of inflation. Fifteen of those 50 drugs increased by three times the rate of inflation, and eleven of the 50 most popular drugs used by seniors increased by three times the rate of inflation. Utilization—a fancy term for ''use''—is increasing. Costs are increasing.

We all know that if we were to write a Medicare bill today—not as we did in 1965—we would include outpatient drug coverage under Medicare. That is a given. We also know that it is a very expensive proposition. We have to write a prescription drug benefit bill that is fair, that makes sense, that is responsible, and that helps seniors.

Let's take a drug that is very popular among seniors, Prilosec. Prilosec is a prescription drug that relieves ulcers and similar gastrointestinal illnesses. The out-of-pocket expense for Prilosec is about $1,400 a year. The average Social Security benefits are $10,000 a year. So that means that more than 10 percent of Social Security benefits would go toward buying Prilosec for a senior with an ulcer.

And we know that seniors take a lot more prescriptions than Prilosec, which helps them so much. We all know the importance of prescription drug therapies. That is a given. I do not think anybody disagrees with that in this Chamber.

The real question is, how do we design a benefit, and when? I tell you, I will work as hard as I can to get a prescription drug benefit passed this year, working with my good friend from Iowa, Senator GRASSLEY. But I do not think it is wise to condition the enactment of major legislation upon other legislation. In fact, I believe it is unconstitutional. The Supreme Court has ruled that you cannot condition enactment of legislation upon a contingency. It is unconstitutional. It would not stand constitutional scrutiny.

Although the constitutional issue is one reason, the second reason I speak in opposition to this amendment is a public policy reason. It does not make sense to condition passage of one major bill upon passage of another major bill. We should take up issues as they come up, one at a time. It is perhaps a bit simplistic, but you take each event as it comes. We cannot condition hour 6 against hour 8 or 11, and so forth. It cannot be done.

So I say to my very good friend from West Virginia—I mean, he bleeds for these issues, and correctly so, because it is the right thing to do. But there is a time and place for everything. One can question, what is the right time? The right place? There is a proper time and place. According to Ecclesiastics, there is a time and place for everything.

I urge us to resist the Siren song of contingency and, rather, to take up the issue of prescription drugs when the time comes—and that time is after the passage of this tax legislation, which I suspect will pass.

In relation to the conference report, I am not sure the conference report is going to be agreed to. That is a very real concern that I have. But certainly in the next three months or so, we can sit down and work hard to get a prescription drug benefit, a universal benefit, along the principles we all know we need and want, passed this year. And we can do it.

Let's do that, and pledge to do that. But I do not think it is wise public policy to condition passage of one major piece of legislation on another. Besides, I believe it is unconstitutional. So why are we are going to do something that is going to be ruled unconstitutional? Let's just do our tax business now and then get the prescription drug business done. Let's aim for it.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROCKEFELLER. Mr. President, I have a minute remaining.

I would simply say, I think the point is that the words that have been spoken are good and encouraging. There is a time and a place for everything, but there is not necessarily the money for everything. It is this Senator's view—and I think anybody who does the mathematics of this bill, much less the tax cut bills which will come later on—we will be depleting the revenue available for us to spend on anything. There will simply not be the money to pass a prescription drug benefit in July or in August or at any time unless we adopt this amendment. The money will not be there. You have to have the $300 or $311 billion, and it will not be there.

I strongly, therefore, for 39 million Medicare beneficiaries and for those

who are disabled and on a voluntary basis want to make use of this, urge my colleagues to adopt this amendment. Because if they do not, there will not be a prescription drug benefit.

I yield the floor.

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

The manager has a minute and a half.

Mr. GRASSLEY. Can we reserve our time, Mr. President?

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

AMENDMENT NO. 685

The PRESIDING OFFICER. Under the previous agreement, the Senator from Indiana is recognized and is in control of time for 15 minutes.

Mr. BAYH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Indiana [Mr. BAYH] for Ms. SNOWE, for herself, Mr. BAYH, Mr. CHAFEE, Ms. LANDRIEU, Mrs. FEINSTEIN, Ms. Collins, Ms. STABENOW, Mr. JEFFORDS, Mr. KOHL, Mr. CARPER, Mr. NELSON of Florida, and Mrs. CLINTON, proposes an amendment numbered 685.

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

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

The amendment is as follows:

(Purpose: To preserve and protect the surpluses by providing a trigger to delay tax reductions and mandatory spending increases and limit discretionary spending if certain deficit targets are not met over the next 10 years)

At the appropriate place, insert the following:

SEC. ____. ENSURING DEBT REDUCTION.

(a) TRIGGER.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act or any other law, the effective date of a provision of law described in paragraph (2) shall be delayed as provided in paragraph (3).

(2) PROVISION DESCRIBED.—A provision of law described in this paragraph is—

(A) a provision of this Act that takes effect in fiscal year 2005 or 2007 and results in a revenue reduction; or

(B) a provision of law that—

(i) is enacted after the date of enactment of this Act; and

(ii) takes effect in fiscal year 2005 or 2007 and causes increased outlays through mandatory spending.

(3) DELAY.—If, on September 30 of 2004 and 2006, the Secretary of the Treasury determines that the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 will be exceeded in the fiscal year beginning October 1 of the following year, the effective date of any a provision of law described in paragraph (2) that takes effect during that fiscal year shall be delayed by 1 calendar year.

(4) DISCRETIONARY SPENDING LIMITATION.—Notwithstanding any other provision of law, in any fiscal year subject to the delay provisions of paragraph (3), the amount of discretionary spending in each discretionary spending account shall be the level provided for that account in the preceding fiscal year plus an adjustment for inflation.

(5) REPORTS TO CONGRESS.—On July 1 and September 5 of 2003 and 2005, the Secretary of the Treasury shall report to Congress the estimated amount of the debt held by the public for the fiscal year beginning on October 1 of that year.

(6) CONGRESSIONAL ACTION.—

(A) TRIGGER.—

(i) MODIFICATION.—In fiscal year 2005 or 2007, if the level of debt held by the public for that fiscal year would be below the level of debt held by the public for that fiscal year in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 due to the provisions of paragraph (3) and (4), any Member of Congress may move to proceed to a bill that would make changes in law to increase discretionary spending and direct spending and increase revenues (proportionately) in a manner that would increase the debt held by the public for that fiscal year to a level not exceeding the level provided in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985. The motion to proceed shall be voted on at the end of 4 hours of debate. A bill considered under this clause shall be considered as provided in section 310(e) of the Congressional Budget Act of 1974 (2 U.S.C. 641(e)). Any amendment offered to the bill shall maintain the proportionality requirement.

(ii) WAIVER.—The delay and limitation provided in paragraphs (3) and (4) may be disapproved by a joint resolution. A joint resolution considered under this clause shall not be advanced to third reading in either House unless a motion to proceed to third reading is agreed to by three-fifths of the Members, duly chosen and sworn.

(B) OTHER FISCAL YEARS.—

(i) IN GENERAL.—In fiscal year 2003, 2005, 2007, 2008, 2009, or 2010, if the level of debt held by the public for that fiscal year would exceed the level of debt held by the public for that fiscal year in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985, any Member of Congress may move to proceed to a bill that would defer changes in law that take effect in that fiscal year that would increase direct spending and decrease revenues and freeze the amount of discretionary spending in each discretionary spending account for that fiscal year at the level provided for that account in the preceding fiscal year plus an adjustment for inflation (all proportionately) in a manner that would reduce the debt held by the public for that fiscal year to a level not exceeding the level provided in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985. The motion to proceed shall be voted on at the end of 4 hours of debate. Any amendment offered to the bill shall either defer effective dates or freeze discretionary spending and maintain the proportionality requirement.

(ii) CONSIDERATION OF LEGISLATION.—A bill considered under clause (i) shall be considered as provided in section 310(e) of the Congressional Budget Act of 1974 (2 U.S.C. 641(e)).

(b) PUBLIC DEBT TARGETS.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in section 250(c)(1), by inserting '' ' debt held by the public' '' after ''outlays', ''; and

(2) by inserting after section 253 the following:

"SEC. 253A. DEBT HELD BY THE PUBLIC LIMIT.

''(a) LIMIT.—The debt held by the public shall not exceed—

''(1) for fiscal year 2002, $2,955,000,000,000;

''(2) for fiscal year 2003, $2,747,000,000,000;

''(3) for fiscal year 2004, $2,524,000,000,000;

''(4) for fiscal year 2005, $2,279,000,000,000;

''(5) for fiscal year 2006, $2,011,000,000,000;

''(6) for fiscal year 2007, $1,724,000,000,000;

''(7) for fiscal year 2008, $1,418,000,000,000;

''(8) for fiscal year 2009, $1,089,000,000,000; and

''(9) for fiscal year 2010, $878,000,000,000.

''(b) ADJUSTMENTS TO DEBT TARGETS FOR INABILITY TO REDEEM.—

''(1) IN GENERAL.—The debt held by the public targets may be adjusted in a specific fiscal year if the Secretary of the Treasury certifies that the target cannot be reached because the Department of the Treasury will be unable to redeem a sufficient amount of securities from holders of Federal debt to achieve the target.

''(2) CERTIFICATION.—The certification shall—

''(A) be transmitted by the President to Congress;

''(B) outline the specific reasons that the targets cannot be achieved and the estimated amount of excess reserves that will accumulate due to an inability of the Treasury to redeem Federal debt; and

''(C) not be the result of a lack of surplus revenues being available to redeem debt held by the public.

''(3) CONGRESSIONAL ACTION.—The adjustment provided in this subsection may be disapproved by a joint resolution. A joint resolution considered under this paragraph shall not be advanced to third reading in either House unless a motion to proceed to third reading is agreed to by a majority of the whole body.''.

(c) CONGRESSIONAL BUDGET PROCESS.—

(1) POINT OF ORDER.—Section 301 of the Congressional Budget Act of 1974 is amended by adding at the end the following:

''(j) DEBT HELD BY THE PUBLIC POINT OF ORDER.—It shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would—

''(1) increase the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985; or

''(2) provide additional borrowing authority that would result in the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 being exceeded.''.

(2) SUPERMAJORITY WAIVER AND APPEAL.—Subsections (c)(1) and (d)(2) of section 904 of the Congressional Budget Act of 1974 are amended by striking ''305(b)(2),'' and inserting ''301(j), 305(b)(2),''.

(3) ADDITIONAL AMENDMENTS TO THE BUDGET ACT.—The Congressional Budget Act of 1974 is amended—

(A) in section 3, by adding at the end the following:

''(11)(A) The term 'debt held by the public' means the outstanding face amount of all debt obligations issued by the United States Government that are held by outside investors, including individuals, corporations, State or local governments, foreign governments, and the Federal Reserve System.

''(B) For the purpose of this paragraph, the term 'face amount', for any month, of any debt obligation issued on a discount basis that is not redeemable before maturity at the option of the holder of the obligation is an amount equal to the sum of—

''(i) the original issue price of the obligation; plus

''(ii) the portion of the discount on the obligation attributable to periods before the beginning of such month.'';

(B) in section 301(a) by—

(i) redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectfully; and

(ii) inserting after paragraph (5) the following:

''(6) the debt held by the public; and''; and

(C) in section 310(a) by—

(i) striking ''or'' at the end of paragraph (3);

(ii) by redesignating paragraph (4) as paragraph (5); and

(iii) inserting the following new paragraph;

''(4) specify the amounts by which the statutory limit on the debt held by the public is to be changed and direct the committee having jurisdiction to recommend such change; or''.

Mr. BAYH. Mr. President, I also ask unanimous consent that I be permitted to modify my amendment prior to the vote in relation to the amendment on Monday. Let me assure the managers that this modification will not substantially change the effect of the amendment. It is to make some minor technical corrections to the current draft.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. BAYH. Mr. President, I yield the floor to my colleague from the great State of Maine and, in doing so, would like to thank her for her courage and steadfast support of this amendment. Without her support, we would not be where we are today.

The PRESIDING OFFICER. The Senator from Maine.

Ms. SNOWE. Mr. President, I thank the Senator from Indiana for his leadership on an issue in which we share a mutual goal that we wish to advance and address in this Congress with respect to this legislation. I thank him for his commitment and persistence in bringing this to the attention of our colleagues in the Senate and in the Congress.

Mr. President, the amendment we are offering today in conjunction with our colleagues is on a bipartisan basis. In fact, Senator BAYH and I have worked together since early March in addressing this issue, in which 11 of our colleagues have offered this legislation with us, to address the potential for ensuring that surplus projections are realized over the next 10 years with respect to this tax package, as well as all the other spending proposals that will be considered by this Congress and future Congresses.

This legislation really came to us as a result of Chairman Greenspan's testimony back in January before the Senate Budget Committee. I think all of us understand—and Senator BAYH and I have had many conversations in this respect—that we want to ensure that our hard-fought effort to eliminate deficits and buying down the debt is not undone because our current surplus projections do not materialize in the future.

That is why this amendment specifically will establish a trigger, based on the recommendations that were proposed by Chairman Greenspan, that links the tax cuts and spending increases to actual fiscal outcomes over the next 10 years.

The bottomline is, it is absolutely imperative that we make tax relief and spending increases work, not only for American families but also for the future well-being of this country.

We have a projection of $5.6 trillion in surpluses over the next 10 years. Those are projections that have been made by the Congressional Budget Office. We have an obligation to be responsible stewards of that surplus so we can address a variety of pressing national needs.

We are setting aside money for prescription drugs, an issue just mentioned in this Chamber. We are setting aside money for education which we are also concurrently debating in the Senate. We are also setting aside money to bring down the debt over the next 10 years so we can reduce the debt and, indeed, eliminate the national debt. We are also setting aside all the surpluses that belong to the Social Security as well as the Medicare trust funds. We also understand that these burgeoning surpluses are predicated on certain assumptions upon which the tax cuts as well as our spending policies are being developed. We have no idea whether or not these surpluses are going to materialize over the next 10 years.

While undoubtedly these projections are predicated on some very sound assumptions and the best available economic and budgetary estimates, the fact is they just happen to be estimates. Indeed, if the past is prologue, there is a 50-percent chance that CBO's projection of a surplus over the next 5 years will actually miss the mark by more than 1.8 percent of the GDP. That is $245 billion in the fifth year alone, with an estimated on-budget surplus in 2006 of over $276 billion which includes a surplus in the Medicare trust fund of $44 billion. The impact of such an error would be disastrous as Congress would be forced to dip into the Medicare surplus in that year alone, even absent any changes in tax and spending policies.

It also bears noting, as it shows on this chart I have behind me of the 10-year projection, nearly two-thirds of the projected surplus will not accrue until after the fifth year. In fact, only $2 trillion, or 36 percent of the surplus, will accrue over the coming 5 years, while 64 percent of the surplus will materialize in the final 5 years. So if surpluses prove to be substantially lower in the fifth year alone, the impact on subsequent years will likewise be substantial.

Any long-term cuts in spending policies premised on the higher estimates could quickly force us to use our Social Security surpluses, put our budget back in the red, or use Medicare surpluses, all of which are not options available to this Congress or future Congresses.

That is why we came to this point in terms of developing a trigger mechanism: How best do we address this problem in a most prudent fashion. That is why I commend the Senator from Indiana and the Senator from Michigan, who is here, an ardent supporter of making sure we adhere to these surpluses and these projections over the next 10 years, as any State in the country has to do with their constitutional amendments to balance the budget.

In fact, many of us have been ardent supporters of a constitutional amendment to balance the budget. We did so and thought so because we knew we had to adhere to a bottomline. So our principle is very simple. We are saying that in the years 2004 and 2006, we will have to take a window, we will have to look at whether or not we are adhering to our debt reduction goals.

In the event the Secretary of the Treasury indicates that we will not meet those goals in the years 2005 and 2007, then Congress obviously will have to take immediate action to cut back, to stop the next phase of the tax cut or the next phase of spending increases over the rate of inflation.

We have laid out the debt targets. They are laid out in this amendment, according to the Congressional Budget Office economic outlook. We make sure we have the ability to respond to the Secretary of the Treasury's report that will be made initially in July and then immediately after Labor Day on the status of our progress towards achieving this debt reduction goal for the year. If the Secretary reports that the goal will not be met, Congress will then know, very clearly, that steps must be taken to get us back on track.

As I said, if the debt targets are not met in the years 2005 and 2007, the scheduled phase-in of the new tax cuts and the mandatory spending, which is additional mandatory spending, new phased-in discretionary spending above the rate of inflation will be delayed for 1 year or until the target is met in future years.

In all of the other years in this 10-year window, we will have what is called the midcourse correction review. Again, it will give us the opportunity to analyze our progress made towards debt reduction, ensuring that we are still on track each and every year for the specified targets that will be laid out in this amendment, the ones that have been established in the Congressional Budget Office report for each and every year.

In the event that any Member of the House or Senate chooses to raise a privileged motion to address the spending for the next year or mandatory

spending or the new tax cuts, they will have a privileged resolution on the floor of the House for consideration. And amendments can be offered to adjust, during the course of the mid-course correction review, the tax cut and spending that would be adjusted. Any subsequent amendment of that kind would have to be proportionate so that it could not be adjusted just from the tax cut side of the equation or just from spending alone.

We think this is an effective mechanism because it gives us an opportunity to be able to analyze, as any business does in this country, any family does, any State that has to abide by its constitutional requirements to balance the budget, as to whether or not we are proceeding on track with the surpluses, with these projections, and with the debt reduction. It will give us the opportunity in 2 of the years over the next 10 years for an automatic trigger in which we will have the opportunity to respond to the next phase-in of a tax cut or new spending policies.

It is not a retroactive tax increase, as many have said. We are not going to be doing anything retroactive either with respect to spending or with tax cuts. It would all be prospective. It gives us an ability to look forward to make sure we are being prudent so we do not repeat the past with respect to deficits in accruing the kind of national debt that has been a burden to this country.

As I said, I hope my colleagues who worked so hard over the years for the passage of a constitutional amendment to balance the budget will see this as an effort to maintain similar fiscal responsibility. We cannot afford to see the hard work that went into reaching the desired goal of balancing the budget that we have made a reality today be undone by the adoption of either tax or spending policies that are allowed to move forward unchecked.

For those who believe that the assumptions on which this budget and this specific tax bill are based are sound, the trigger poses no threat as it would never be turned on.

May I ask the Senator for additional time?

Mr. BAYH. Yes, absolutely.

The PRESIDING OFFICER. Is the Senator asking to use Senator Bayh's time? The Senator's 10 minutes allotted from the Senator from Indiana have expired.

Mr. GRASSLEY. If we want to speak and raise any questions, that is the only time we have.

The PRESIDING OFFICER. The Senator from Indiana may yield time.

Mr. BAYH. I am happy to yield time to my colleague from Maine.

Ms. SNOWE. I appreciate the time of the Senator from Indiana. I will defer and wait towards the end. I thank the Senator.

The PRESIDING OFFICER. The Senator from Indiana.

Mr. BAYH. Mr. President, I again thank my colleague from Maine who so eloquently outlined the case for this amendment. I am grateful to her and others on her side of the aisle who have joined with us in this cause. It is truly a bipartisan effort in an institution that all too often is characterized by too much partisanship and divisiveness.

I thank my colleague, Senator STABENOW from Michigan, from whom we will hear in a few moments, who has been a steadfast supporter of fiscal responsibility in this effort.

I also echo what Senator SNOWE mentioned, that Alan Greenspan, Chairman of the Federal Reserve, endorses this approach. The Concord Coalition, one of the foremost institutions dedicated to fiscal responsibility and rectitude, endorses this initiative. The Progressive Policy Institute, also dedicated to sound economic policies and fiscal policies, endorses this approach.

I rise because I support tax cuts. I rise because I support tax cuts that are fiscally responsible, that do not put our Nation on a path to return to the days of debt and deficit from which we have so recently extricated ourselves.

I support tax cuts that accommodate our other important priorities, especially Social Security and Medicare, ensuring that our Nation will keep that commitment to our parents and our commitment to our children that we will fulfill our own obligations in supporting the retirement system of our parents and grandparents.

I support tax cuts that honor our Nation's most cherished enduring values: thrift, personal responsibility, self-reliance, and not asking our children to pay the bills that we today incur, but, instead, taking care of our own obligations.

That is why I, along with my colleagues on both sides of the aisle, am honored to support this amendment. This amendment will put tax cuts—meaningful tax cuts—for the American people into place immediately and irrevocably. It will pay down the debt more rapidly than the approach suggested by the administration and the one reported from the committee. This amendment dedicates the surpluses in Social Security and Medicare trust funds to the cause of debt reduction, thereby not only paying down the Nation's debt more rapidly, but ensuring the integrity and solvency of Social Security and Medicare.

This amendment will strengthen our economy by paying down the debt more rapidly, to keep interest rates low, investment and productivity growth high, perpetuating the virtuous cycle of the last several years that has seen unprecedented economic expansion across our country—22 million new jobs and 2 million new businesses.

I have supported tax cuts throughout my career, first as Governor, signing the largest tax cut in the history of our State; and I have previously supported tax cuts in this body. Indeed, I can support the tax cuts before us. I speak not only for myself but for many Americans when I say the uncertainty inherent in 10-year projections disturbs me because it raises a very real and present danger of returning to sizable debts and deficits.

This would be a great problem for our country. It is something I believe we must address in a responsible way if we are going to have tax cuts that truly serve all of the priorities of the American people. The approach we have suggested is a commonsense approach. In the early years, when the surpluses are most reliable, the tax cut will go into effect immediately and be irrevocable. In future years, we will ensure the surplus that makes the tax cuts possible actually materializes, and that we don't dip into Social Security or Medicare, jeopardizing those systems, to make the tax cut possible. That needs to be our top priority.

Again, we need to remind ourselves of the inherent uncertainty in 10-year projections. As the Secretary of the Treasury, Mr. O'Neill, suggested, 10-year projections ''aren't worth the paper they are written on.'' And they are not. We owe it to the American people to take prudent steps to ensure the actions we take today, in fact, lead to the results that we promise tomorrow.

Finally, two brief observations. Let me counter some of the criticisms offered with regard to our approach. First, the issue of uncertainty. In fact, a trigger amendment in the tax cut creates greater certainty. It creates greater certainty in the bond market by ensuring that interest rates can be low because the debt will actually be paid down and deficits will not return.

There was a headline in the Wall Street Journal Friday saying that interest rates were beginning to rise because of concern that we might return as a nation to the time of deficits again. The trigger creates greater certainty by ensuring that we do not return to deficits and thereby reassures the bond market. It also ensures that we won't have future tax increases—one of the greatest causes of uncertainty that we can have.

Following the tax cut of 1981, we had six separate tax increases in this country for the American people. That is real uncertainty. A trigger amendment will avoid that. As my colleague from Maine suggested, there is nothing in the trigger amendment that will lead to a tax increase. On the contrary, the phases of the tax cut that go into effect, because we can afford them, will be irrevocable. There is nothing that will repeal any tax cuts that have been put into place in this trigger amendment. On the contrary, it merely delays future phases of tax cuts until

the surpluses that make them possible arrive.

The only counterargument to that would be to suggest that we dip into Social Security and Medicare to pay for tax cuts—something I am sure the majority of my colleagues do not support.

This will not go into effect should we run the risk of entering a recession. First of all, the greatest risk of deficits and a return to debt is not that we have a significant recession, but that estimates are merely wrong and the errors compounded over a 10-year period lead to a sizable error in our projections. For example, a mere four-tenths of 1 percent difference in GDP and productivity growth would lead to a trillion-dollar difference in the surplus estimates, running a real risk of returning to deficits and increasing the national debt.

In case we do face the prospect of a recession, we have included a provision that would waive the trigger in the event the blue-chip forecast of the most prominent private sector economists predicts 4 consecutive months where the growth rate in this country will slow to an unacceptable level.

Finally, regarding criticisms, let me say that this does not favor spending at the expense of tax cuts. On the contrary, as my colleague from Maine so ably pointed out, spending increases are held to the rate of inflation—half the rate of spending increases contained in the budget bill voted on last week, and much lower than rates in increased spending in recent years. If this had been the fact, spending would be much lower than today.

Let me conclude by saying this. Let us go forward and enact significant tax relief for the American people. Let us enact this tax relief in a way that is fiscally responsible and would hold sure that our children and grandchildren do not live to rue the day of unintended errors that we made that could have been avoided. Let us enact these tax cuts in ways to preserve Social Security and Medicare. Let us enact these tax cuts in ways that will be true to the enduring values of self-reliance and self-sufficiency that have always made our Nation great.

Finally, let me say we must learn the lesson of history. The last time this Chamber was called upon to make decisions of this magnitude, we, frankly, didn't do a very good job. The decisions that were made and the votes that were cast led to the largest deficits in the history of our country, the largest increase in the national debt in the history of our country, to a lower rate of economic growth and a lower standard of living for the American people. Let that not happen again.

This amendment and the fiscal responsibility that it will bring to these tax cuts will ensure that all of the elements of prosperity for the American people will be put into law and that, it seems to me, is our responsibility.

I will now be pleased to yield to my colleague and friend from the great State of Michigan, Senator STABENOW, who has been a steadfast supporter of this effort. She is new to this body, but she is already making a tremendous impact.

Ms. STABENOW. Mr. President, I thank my colleagues, Senator BAYH and Senator SNOWE, for their leadership on this important issue. We joined together back in the beginning of March with colleagues on both sides of the aisle to come together and lay out the concept that had been presented in the Budget Committee by Chairman Alan Greenspan. Both Senator SNOWE and I have the opportunity to serve on that committee, and we heard the chairman talking about the need to, in some way, phase in tax cuts as we continued to pay down the debt. He cautioned us that we should maintain our focus on paying down the debt and fiscal responsibility and, if we did it right, we could do both; we could pay down our debt, we could protect Social Security and Medicare by doing it, and we could provide meaningful tax relief.

After listening to him and being a part of that process, I was pleased to join with my colleagues in working to put together an approach that puts into place the guarantees for fiscal responsibility, protecting Social Security and Medicare, and ensuring that we maintain the track we are on economically as a country, which has brought us to this wonderful time of low interest rates, low unemployment, opportunity for our workers, our small businesses, our farmers, and all of our families who have benefited from the last 8 years of prosperity.

As Senator BAYH was speaking about not returning to the past, I thought about when I was in Michigan as a State legislator in the time of the 1980s and we went through some extremely difficult times. Michigan is one of those States where if someone sneezes across the country, we get a big cold, because the fact is, we had high unemployment, high interest rates, and deficits at the State as well as the national level. Many tough decisions were made to get us to this point.

I was honored in 1997 to be in the U.S. House of Representatives and cast a vote to balance the budget. I know there were those who came before me who had to make very difficult decisions to get us to that point.

I believe it is my responsibility and urge all of us to join together in accepting the responsibility of maintaining the fiscal course we are on—fiscal responsibility and guaranteeing that we do not use the Medicare and Social Security trust funds for either spending or tax cuts.

This particular proposal will put in place the mechanisms to guarantee that does not happen. The tax cuts proceed, the phase-ins proceed unless we find we are dipping into Medicare and Social Security to pay for them or for spending. We are saying it does not matter what Social Security and Medicare are used for; if it is not for Medicare or Social Security, it is not OK.

This trigger puts in place the mechanism to guarantee we continue to pay down our debt, that we are, in fact, keeping the promise of Medicare and Social Security, and that we are providing tax relief in a responsible way.

I am very proud to have joined my colleagues. I joined Senators today in voting for tax relief. I have in the past throughout my time of public service, and I intend to do that again, but I also intend to make sure that whatever I am doing in terms of my votes, I keep first and foremost the value of fiscal responsibility at the forefront and that I am keeping the promise of Medicare and Social Security as we do that.

If, in fact, we do not take the time to pay down our national debt, about which we have all been talking for so many years, if we do not take this time to eliminate as much of that debt as possible so that our children do not have to bear that burden in the future, then when will we? If we do not do it during this opportunity of fiscal surpluses, when will we?

I urge my colleagues to join us. The bipartisan amendment that is before us is one that I hope we will enact.

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

The Senator from Montana.

Mr. BAUCUS. Mr. President, we do not have a lot of time, so I cannot go into great detail. I believe we have 5 minutes; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. BAUCUS. Mr. President, with all due respect to my very good friends, this is an uncertainty layered upon an uncertainty. The uncertainty is whether the surplus target will be met. The uncertainty layered on top of the uncertainty is whether the trigger will be pulled.

We cannot legislate certainty. We can only exercise good judgment. We, as a Congress, in these next years, have to decide what to do according to the circumstances at the time and exercise good judgment as to what we should do.

Unfortunately, nobody has discussed the substance of this amendment. It is because we are in this time constraint where everything is rushed, and we are in message amendment time. Nobody has looked at the substance. There have been no hearings on this.

Let me tell you what this thing does. I am all in favor of the intent, but if this is enacted, we are making a mockery of the Congress—a mockery. First, you cannot and should not limit public debt management. The Treasury Secretary has to have discretion in debt

management. Right off the top, we are tying the hands of the Treasury Secretary, for whatever reason he or she may want to borrow more, sell more securities, sell more bonds for domestic reasons or for international reasons.

Secretary Rubin has said consistently that we should not tie debt management to fiscal policy. You should not do it. It is wrong.

I understand why the Senator from Indiana is offering this amendment, and I understand why the Senator from Maine is offering the amendment.

Let me talk about the uncertainties in this amendment. I do not know if Senators know what is in the amendment. This amendment essentially provides—I will summarize it—scheduled debt reduction targets, in even numbered years, and the Treasury Secretary will certify whether these targets are being met.

If they are not being met, then what happens? What is triggered is that reductions in taxes are automatically stopped, the growth rates for discretionary spending are automatically held at the rate of inflation, and entitlement spending increases are automatically stopped.

What about a Medicare drug benefit? I heard that entitlement increases will be stopped. No, I will stand corrected because I see the Senator from Indiana shaking his head. But the way it is drafted, new entitlement spending, as I understand it, is included in the trigger. But I stand to be corrected if that is not the case, but that is how I read this amendment now.

What happens in odd-numbered years? Things are not automatic. But any Member can stand up in this Chamber and say the targets have not been met and set a trigger process in motion. Boy, is that uncertainty.

Do we really want to tie our hands like that? Do we want to limit our discretion in future years as to what is best by putting this automatic provision in the law? Do we want to tie the hands of our Treasury Secretary in debt management? Do we really want to do that? What are other countries going to think watching us do this?

Talk about the steepness of the yield curve. Why is the yield curve steep? It is steep because the bond market today believes in the outyears that interest rates are going to rise. Why? Because the Federal Reserve has just lowered interest rates by 50 basis points. And because this tax cut is going to pass. The market thinks there is going to be growth because of the stimulus of this tax cut and because of the lowering of short-term interest rates. As a result, the market believes there will be inflation in the outyears; therefore, long-term interest rates are going to be higher. That is what is going on.

And I will tell you something else. The markets will not believe a trigger which is not real. This is not real. This is a message amendment. It is a message amendment. It is not real legislation. We should not be standing here—I am getting tired of message amendments, Mr. President. I want to legislate. I do not want to give messages. I want to legislate, and this is a message amendment. It is not legislation, serious legislation. I believe we should not adopt it.

Mr. GRASSLEY. Mr President, Senators BAYH and SNOWE have a sincere concern over the long-term fiscal situation of the country.

The fiscal discipline of the country's budget is important. I share that goal—fiscal discipline first. The budget approved by a bipartisan majority of the Congress meets the test of fiscal discipline.

The trigger is unwise because it undermines the long-term stimulative effect of the tax cut. It makes the tax cut uncertain.

The trigger is unnecessary because the pattern of the tax cut follows the pattern of the projected surplus.

The lion's share of the revenue loss occurs after 5 years.

Finally, if things go south on the projections, you can be sure Congress will raise taxes:

Over the last 20 years we have raised taxes in 1982, 1984, 1990, and 1993. Only twice has Congress pushed through a tax cut that became law—1981 and 1997.

Conditional tax cuts are not desirable—they do not stimulate workers, investors, and businesses behavior. Let us have certainty in tax relief. The American people, who are taxed at record post war levels, deserve no less.

The PRESIDING OFFICER. All time has expired.

Under the previous order, the Senator from Iowa, Mr. HARKIN, is to be recognized.

The Senator from Maine.

Ms. SNOWE. Mr. President, I ask unanimous consent for an additional 10 minutes on this amendment.

The PRESIDING OFFICER. Is there objection?

Mr. BAUCUS. Mr. President, I do not think I can agree to that unless there is an equal opportunity to respond.

Ms. SNOWE. If there is no objection.

Mr. BAUCUS. Also, we have a lot of other amendments lined up this evening, and I do not know whether those Senators really want to move to their amendments or not. There was a time agreement. I see Senator LANDRIEU is here. Senator LANDRIEU may want to offer her amendment at this time.

Ms. LANDRIEU. Mr. President, I do intend to offer my amendment, but I will be happy to wait for a few moments, so I have no objection.

The PRESIDING OFFICER. The Senator in the Chair has some concern about extending the evening considerably longer. There are about 2 hours of debate remaining.

Mr. BAUCUS. Mr. President, I ask consent that 5 additional minutes be evenly divided on this amendment.

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

Ms. SNOWE. I thank the Senator from Louisiana for her consideration.

I address several of the issues raised by the ranking member, Senator BAUCUS, with respect to this trigger mechanism. I think they are important issues. I remember so often during my 16 years in the House of Representatives where we had to have a vote every year to raise the debt ceiling before we could move further in additional spending. I can also recall the number of times that was postponed.

I am not suggesting that is what we should do. The Secretary of the Treasury has considerable flexibility. In fact, we have these established debt reduction targets, ones that come out from the CBO. They are targets to be adhered to by the Secretary of the Treasury and give the flexibility to reduce further debt and be able to redeem that debt and also, in the mid-course correction, it gives Members the ability to raise the issues. But it would be upon a vote of the House and the Senate before any other changes could occur.

This does provide a measure of certainty that is very critical to ensure we stay on track. That is what a balanced budget is all about. We make the adjustments each and every year. I hope we intend to make those adjustments each and every year in the event our debt reductions are not met. That is what this trigger is all about.

Mr. President, the bottomline is that we need to make tax relief and spending increases work—not only for American families, but for the future economic health and well-being of this nation. With a $5.6-trillion surplus projected by CBO for the next ten years, we have an obligation to be responsible stewards of that surplus, so that we can seize the opportunity to address a variety of pressing national needs like buying-down the debt, increasing funding for shared priorities like education and health care, and providing meaningful tax relief as this tax bill provides.

At the same time, we need to be sure that the burgeoning surplus assumptions on which our tax cut and spending decisions are made actually materialize—not disappear as quickly as they materialized. Because while the projected surplus is undoubtedly based on the best available economic and budget estimates, they are still just that—estimates.

Indeed, if past is prologue, there is a 50-percent chance that CBO's projection of the surplus only five years from now will miss the actual mark by more than 1.8 percent of GDP—that's $245 billion in the fifth year alone. With an estimated on-budget surplus in 2006 of

only $267 billion—which includes a surplus in the Medicare HI Trust Fund of $44 billion—the impact of such an error would be disastrous, as Congress would be forced to dip into the Medicare surplus in that year alone, even absent any changes in tax or spending policies today.

It also bears noting that for the ten-year projections, nearly two-thirds of the projected surplus will not accrue until after the fifth year. In fact, only $2 trillion—or 36 percent—of the surplus will accrue over the coming five years, while 64 percent—or $3.6 trillion—will materialize in the final five years. If surpluses prove to be substantially lower in the fifth year alone, the impact on subsequent years would likewise be substantial—and any long-term tax cuts and spending increases premised on the higher estimates could quickly force us to use Social Security surplus or even put the budget back ''in the red.''

Given CBO's acknowledged potential for error—and the devastating impact it would have on our surpluses—I believe we should follow the advice that Federal Reserve Chairman Alan Greenspan gave the Budget Committee on January 25. Specifically, Chairman Greenspan stated:

> In recognition of the uncertainties in the economic and budget outlook, it is important that any long-term tax plan, or spending initiative for that matter, be phased in. Conceivably, it could include provisions that, in some way, would limit surplus-reducing actions if specified targets for the budget surplus and federal debt were not satisfied.

In fact, in response to Chairman Greenspan's recommendation, I joined Senator BAYH, Senator TORRICELLI, and eight other bipartisan colleagues in crafting and introducing a bipartisan resolution that outlined the principles of a ''trigger'' mechanism that would be based on Chairman Greenspan's advice.

Specifically, our principles included the fact that, pursuant to Chairman Greenspan's advice, tax cuts and spending increases adopted during the 107th Congress should include a trigger mechanism that links the phase-in of these proposals to actual fiscal outcomes. Furthermore, we stated that the trigger should outline specific legislative or automatic actions that shall be taken if specific levels of public debt reduction are not achieved, and should only be applied prospectively—not repeal or cancel any previously implemented portion of a tax cut or spending increase.

Mr. President, the amendment we are offering today turns those bipartisan principles into an actual legislative mechanism. Specifically, it creates an automatic trigger mechanism that links the phase-in of new tax cuts and new spending to debt reduction goals in 2004 and 2006. In addition, it includes a ''Mid-Course Correction'' mechanism that ensures the Congress has both an incentive—and an expedited means—to get back on track during all other years in which the debt reduction targets are missed.

First, the amendment lays out debt targets that must be achieved at the close of upcoming fiscal years. These targets—which are taken directly from CBO's ''Budget and Economic Outlook'' report issued in January—assume that the Social Security and Medicare HI Trust Fund surpluses are used for debt reduction.

Besides laying out debt targets for the end of each fiscal year, it also requires that the Secretary of the Treasury make additional reports to the Congress—on both July 1 and the first Tuesday after Labor Day (when Congress returns from the August recess)—on the status of our progress toward achieving the debt reduction goal for the year. If the Secretary of the Treasury reports that the goal will not be met, Congress will know that steps must be taken to get back on track.

Next, the amendment creates the automatic ''trigger'' that links the phase-in of tax cuts, mandatory spending, and discretionary spending to the achievement of the debt reduction goals in 2004 and 2006.

If the debt targets are not met, then—at the start of the following fiscal year (2005 or 2007)—the scheduled phase-in of tax cuts would be delayed for one year, or until the target is met in a future year. Of importance, this tax trigger—if implemented—would in no way lead to a tax increase. Rather, it would simply delay the next scheduled phase-in of any tax cuts that included a phase-in during those years.

In the same manner, the phase-in of new mandatory spending programs would be delayed, with no impact on any provision that had already been implemented.

[Of note, based on the package before us, the tax cuts that would be affected by the trigger would include the phase-in of marginal rate reductions (2005 and 2007); the per child tax credit (2007); marriage penalty relief (2007); and estate tax rate relief (2007). Because no new mandatory spending programs have been enacted this year, there would be no impact on such programs—at least at this time.]

In addition, the trigger would hold discretionary spending at the level of the previous year, adjusted for no more than the rate of inflation.

Why allow for growth with inflation? Put simply, these programs—which include education, defense, and health—are funded on an annual basis. In contrast, mandatory spending—such as the Social Security and Medicare programs—is not controlled on an annual basis and can fluctuate from year-to-year depending on how many individuals are eligible for the program, the rate of inflation, and other factors. When considering the critical importance of many discretionary spending programs, we should ensure that these programs are treated no worse than mandatory spending. By simply allowing them to grow with inflation, we are at least ensuring that the benefit of these programs is not eroded simply due to a rise in the cost of living.

Ultimatley, if the combined impact of stopping the phase-in of tax cuts and mandatory spending, and of holding discretionary spending to the rate of inflation, is more than is necessary for meeting the debt reduction goal, the impact can be mitigated through the consideration of legislation that would lessen the impact. To ensure that tax cuts and spending are treated equally, such legislation must increase tax cuts and overall spending in a proportionate manner, and any amendments to the legislation must maintain this balance.

The amendment also includes a ''Mid-Course Correction'' mechanism that would be available to the Congress in all other years that the debt reduction targets are not met.

Specifically, if the debt reduction target is not met at the end of a fiscal year—or the Treasury Secretary reports in July or September that the debt reduction target will likely not be met—any member of the House or Senate would have the ability to call up privileged legislation that would immediately block all scheduled phase-ins of tax cuts and new mandatory spending for the coming year, and hold overall discretionary spending at the rate of inflation over the previous year's funding level. During the floor consideration of the legislation, amendments could be offered to adjust the impact of the Mid-Course Correction legislation if it would generate more savings than are necessary, but such amendments must affect tax cuts and overall spending in a proportionate manner.

Ultimately, it will be up to the Congress and the President to decide if Mid-Course Correction legislation will be passed and enacted—and it will also be on their shoulders to explain why they did not act in the face of debt reduction targets not being achieved. Ultimately, if Congress continually ignores violations of the debt reduction targets during these years, the automatic ''trigger'' in years 2005 and 2007 will almost inevitably be enforced.

As with the Mid-Course Correction, this amendment also allows provides for the consideration of privileged legislation that would make adjustments to the automatic trigger if its impact would be more severe than is necessary. In the same manner, amendments to adjust the trigger's impact would need to ensure that a proportionate balance is retained between tax cuts and spending.

In response to concerns that a trigger may actually lead to tax cuts and

spending being turned off at the ''wrong time''—such as during an economic downturn or national emergency—the amendment would allow the House and Senate to waive the trigger with a three-fifths vote at any time, just as the requirements of the Balanced Budget Amendment would have been waived with a supermajority vote. And if we are actually in the throes of a recession or a declaration of war is in effect, the trigger would be waived with a mere majority vote—a margin that would be easily attainable.

Finally, in deference to the fact that there are legitimate differences of opinion about how quickly the publicly held debt can be redeemed, the amendment allows the debt targets to be adjusted in a given year if the Secretary of the Treasury certifies that the target cannot be reached because the Department of the Treasury will be unable to redeem a sufficient amount of securities from holders of federal debt to achieve the target.

Of note, such certification—which must be transmitted by the President to the Congress—must outline the specific reasons that the targets cannot be achieved, and the estimated amount of ''excess reserves'' that will accumulate due to an inability of the Treasury to redeem federal debt. Under no circumstances would such a waiver be allowed if the reason for the shortfall is simply a lack of surplus revenues being available to redeem federal debt. And to ensure that ''checks and balances'' are maintained, Congress can override the decision of the Secretary of the Treasury with a majority vote.

Mr. President, just as the tax bill is the type of ''insurance'' that Chairman Greenspan recommended to lessen the impact of an economic downturn, I believe this amendment would serve as a critically needed ''insurance plan'' within this tax bill and in subsequent spending legislation. While I believe the surplus estimates on which our budget and this tax bill are based are sound, we simply cannot take the chance that our estimates will prove to be wrong or that future Congresses will over-utilize the surplus and imperil debt reduction.

Furthermore, I would hope that my colleagues who worked so hard over the years for the passage of a constitutional amendment to balance the budget would see this as a similar effort to maintain fiscal responsibility. We simply cannot afford to see the hard work that went into making the desired goal of the Balanced Budget Amendment a reality today be undone by the adoption of tax or spending policies that are allowed to move forward un-checked.

Ironically, for those who believe that the assumptions on which the budget and this tax bill are based are sound, the trigger poses no threat as it would never be turned on. Likewise, for those who are concerned about the assumptions, there is every reason to support the trigger as it would serve as a strong line of fiscal defense if today's surplus estimates prove to be tomorrow's ''pipe dream.''

Nevertheless, I'm sure that some of my colleagues will simply argue that triggers are doomed to failure, and cite the Gramm-Rudman-Hollings deficit control mechanism as a case in point. I would argue that although some may dispute the value of the trigger, arguing that Gramm-Rudman-Hollings may not have been successful at reigning in deficits, it did serve as a strong incentive for Congress to control spending. In fact, discretionary spending grew at an average annual rate of eight percent leading up to Gramm-Rudman-Hollings, and only two percent in the five years after.

The bottom line is that I can't think of any event that has ever had such a profound impact on congressional spending—short of the watershed Congressional elections of 1994—and I believe that this trigger could have the same profound impact both tax cuts and spending during the coming 10 years.

Mr. President, this amendment is just the type of fiscally responsible proposal that I believe the American people are hoping we in the Congress will embrace as we pursue tax cuts and spending increases in the months ahead, and I urge my colleagues to support it accordingly.

Mr. BAUCUS. I have stated my reasons why I think this is not a good idea. I stand by what I said, on the entitlements, which is an additional reason why the provision isn't firm, to say the least. It is more than infirm; it is beyond infirmity.

I urge that the Senate not approve it. I yield back the balance of my time.

The PRESIDING OFFICER. Under the previous order, the Senator from Louisiana is recognized for 15 minutes.

AMENDMENT NO. 686

Ms. LANDRIEU. Mr. President, let me begin by sending an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Louisiana [Ms. LANDRIEU], for herself and Mr. CRAIG, and Mrs. LINCOLN, proposes an amendment numbered 686.

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

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

The amendment is as follows:

On page 18, between lines 14 and 15, insert the following:

SEC. 202. EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL.—

(1) ADOPTION CREDIT.—Section 23(a)(1) (relating to allowance of credit) is amended to read as follows:

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

''(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(B) in the case of an adoption of a child with special needs, $10,000.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137(a) (relating to adoption assistance programs) is amended to read as follows:

''(a) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program. The amount of the exclusion shall be—

''(1) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(2) in the case of an adoption of a child with special needs, $10,000.''.

(b) DOLLAR LIMITATIONS.—

(1) DOLLAR AMOUNT OF ALLOWED EXPENSES.—

(A) ADOPTION EXPENSES.—Section 23(b)(1) (relating to allowance of credit) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'',

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)(A)''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(1) (relating to dollar limitations for adoption assistance programs) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'', and

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(2) PHASE-OUT LIMITATION.—

(A) ADOPTION EXPENSES.—Clause (i) of section 23(b)(2)(A) (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(2)(A) (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) (relating to year credit allowed) is amended by adding at the end the following new flush sentence:

''In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.''.

(d) REPEAL OF SUNSET PROVISIONS.—

(1) CHILDREN WITHOUT SPECIAL NEEDS.—Paragraph (2) of section 23(d) (relating to definition of eligible child) is amended to read as follows:

''(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

''(A) has not attained age 18, or

''(B) is physically or mentally incapable of caring for himself.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs) is amended by striking subsection (f).

(e) ADJUSTMENT OF DOLLAR AND INCOME LIMITATIONS FOR INFLATION.—

(1) ADOPTION CREDIT.—Section 23 (relating to adoption expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(1)(B) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs), as amended by subsection (d), is amended by adding at the end the following new subsection:

''(f) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(f) LIMITATION BASED ON AMOUNT OF TAX.—

(1) IN GENERAL.—Section 23(c) (relating to carryforwards of unused credit) is amended by striking ''the limitation imposed'' and all that follows through ''1400C)'' and inserting ''the applicable tax limitation''.

(2) APPLICABLE TAX LIMITATION.—Section 23(d) (relating to definitions) is amended by adding at the end the following new paragraph:

''(4) APPLICABLE TAX LIMITATION.—The term 'applicable tax limitation' means the sum of—

''(A) the taxpayer's regular tax liability for the taxable year, reduced (but not below zero) by the sum of the credits allowed by sections 21, 22, 24 (other than the amount of the increase under subsection (d) thereof), 25, and 25A, and

''(B) the tax imposed by section 55 for such taxable year.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 26(a) (relating to limitation based on amount of tax) is amended by inserting ''(other than section 23)'' after ''allowed by this subpart''.

(B) Section 53(b)(1) (relating to minimum tax credit) is amended by inserting ''reduced by the aggregate amount taken into account under section 23(d)(3)(B) for all such prior taxable years,'' after ''1986,''.

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

Ms. LANDRIEU. Mr. President, the amendment I propose has to do with the adoption tax credit. Before I get into the specifics of that amendment, I will make some general remarks about the previous amendment briefly, about the overall bill, and a few other points before I get into specifics of this amendment.

Let me congratulate my colleagues from Maine, Indiana, and Michigan, Senators SNOWE, BAYH, and STABENOW, for offering their amendment, which I am proud to be a cosponsor of, the trigger mechanism just presented to this body and explained so beautifully.

I want to add my voice to say that I intend to support that amendment. I think it will bring discipline to this process, it will bring some more certainty, and it will help us to stay the course of fiscal discipline which has served this country and this economy so well over the last 8 years.

To reiterate, it is not just giving us a caution about the tax cuts, but it is cautioning us about spending too much. I think that is a very good balance. The mechanisms have been worked out. Chairman Greenspan has indicated support of this concept. That debate will be left for another day, with more debate on Monday. I express my support.

Second, I express my compliments to the Senator from Iowa and the Senator from Montana for the way they have handled the debate. I especially appreciate the way the chairman has been open to listening to different ideas, to considering all as thoughtfully and as seriously as he could, given there would literally be 100 ways to write this bill. But we can only have one bill and all 100 Members have to have some input into shaping it. We could all write it our special way, but the fact is this body and our democracy mandates we do this together. It is not a simple process. I thank the chairman for his patience and the ranking member for his graciousness in listening to me on many issues, particularly this amendment.

Since I am not going to speak very long, I make a public comment and compliment also my colleague from North Dakota, Senator CONRAD, a member of the Finance Committee. He has been a tremendous leader in this whole debate. Although Members may disagree with some of his positions, I think he has gained such respect in this debate, explaining these very complicated matters in ways people in my State, most certainly, have expressed to me, and I appreciate his efforts. I thank him publicly tonight for his hard work and dedication.

The amendment I send to the desk tonight is a very important amendment. This underlying tax reduction bill has some very good provisions in it. I mention a few. The refundability of the child tax credit and the doubling of the child tax credit is very important to the people of Louisiana and to many working families around the Nation.

Marriage penalty relief is something I have supported, along with Members on both sides of the aisle. It is time that we make adjustments to this particular problem in the Tax Code.

I also am pleased to see the estate tax reform and repeal as a part of this tax package. And particularly for Louisiana and for so many States, the college savings plan withdrawals, making them tax free, gives a lot of hope and encouragement to help people in Louisiana and all through this Nation begin early to set aside money for their children's education. A good, solid education through college is an excellent way to give the foundation for someone's success in life. In this new global economy with new technologies and the importance of skills, having a good, solid education is important. We have been debating many different aspects of education. I think the college savings plan is a very good feature in this bill.

There are some serious problems with it. It is backloaded. I wish the 15-percent tax bracket could have been reduced and addressed. There is a smaller amount of stimulus than I think is wise, given the slowdown in the economy. I will make a decision about how I am going to vote on this bill, based on the pros and cons, on Monday when we have the final vote. But I want to suggest tonight that there is one amendment that really should be added. It should be included. It is somewhat glaring that it is not. The chairman knows this, and the ranking member. The amendment I am speaking about is the renewal and doubling extension and fixing of the adoption tax credit, a tax credit that has been so broadly accepted and enthusiastically supported by many Members of this body.

Just today, in fact, over 300 Members of the House of Representatives voted affirmatively for the Hope for Children tax credit relief. I offer this amendment on behalf of myself and the Senator from Idaho, Mr. CRAIG. There are a number of other cosponsors. I would like to mention Mrs. CLINTON, the Senator from New York, and others who have supported this particular provision.

This amendment would extend the $5,000 tax credit, doubling it to $10,000. One of the things we must remember is, if we do not fix this tax credit now, it expires, not next year, not 2 years from now, as some of the other tax measures we are speaking about, but it expires in December of this year. So in 7 months this tax credit that has done so much good for people in this country is set to expire.

The other reason to support it is there is overwhelmingly enthusiastic bipartisan support for it.

The third really good reason is that it is so cost effective. It is such a small amount of money relative to the overall package that I am certain we can find a way, if we find the will to include this in this package.

There were over 125,000 children adopted last year; 15,000 children came to this country from another place in the world. Those places were quite grim. I have been to many of them. Some of these children were taken off hospital floors. Some of these children were found starving. Some of these children were found sick. Some of these children were found with an inability to walk, some could not see, some

could not hear. But a family, a mother, a father in this country said: I will take that child, at great expense, and I will raise that child and do something good for the world and do something good for our family and do something wonderful for this child.

There were over 100,000 children who were adopted by American families. Some of these children were healthy. All of these children were beautiful. All children are beautiful and should be loved and cared for and nurtured.

Some of these children have great and special needs. I have seen children who have been adopted who have no limbs, who cannot see. Children have been adopted who have a very short lifespan. But because the heart of people is so great and their generosity so tremendous, homes and hearts have been opened, families have been built, children have been given hope, and parents who were desperate for children and could not have them have had their dreams come to reality.

The least we can do in this body, as we debate this $1.35 trillion tax cut, is to add one-third of 1 percent to make this tax credit real, to extend it so it does not just go away, and to double it so it really can help as these expenses rise, and to fix it so it works for children who are being adopted out of foster care.

I know my time is coming to an end. I say in closing, there are today 500,000 children—a half a million children—who have been removed from their homes because of abuse and neglect. There are 100,000 of those 500,000 whose parental rights have been terminated. If we don't work a little harder and a little better to fix our court system, to support our social workers, to give our judges the support they need, and to help where we can—and this is one way to build in our Tax Code an incentive to help some of these children get adopted and to help parents bear the tremendous expenses associated—I think we will be making a grave mistake and missing a wonderful opportunity.

I urge Members of this body to consider this carefully. It doesn't cost a lot. It will bring a great deal of joy and hope and happiness to children and families everywhere. It is something we can do, and as Mr. GRAMM, the Senator from Texas, said when we discussed this last year, it really is a shame that this tax cut is scored in a way that costs us, because if you think about it, this is a great savings to the taxpayer, because when children are adopted out of foster care, or when children are adopted who are for some reason not wanted, or their families want them but they cannot raise them so someone else takes that child and raises that child and nurtures that child, I promise you there is $100,000 or more savings to the taxpayer by the little $10,000 we give in the credit.

We save hundreds of thousands of dollars because these children do not end up in special education or in the hospital or in jail or in a mental health ward. Why? Because they have parents to love them and care for them. So while the committee has given me a score on my tax credit, I have argued, and I think I could be supported in a court of law, this tax credit is a great savings to this Government. For every child we can get adopted, we don't have to pick up the expenses for them. I think it is what God wants us to do. I am positive it is the right thing to do. I thank my colleagues for giving me this time to offer it. I hope we can find a way to do this.

I yield my time.

Mr. CRAIG. Mr. President, I am glad to join my colleague and cochair of the Congressional Coalition on Adoption, Senator LANDRIEU, in offering this amendment to the tax relief bill.

Our amendment will renew two expiring provisions of the Tax Code that are critically important to American families: the adoption tax credit and the exclusion for employer-provided adoption benefits. It will also modernize and improve these provisions, in response to what we have learned families really need and want in this area.

Not a week goes by that I don't get a call, or an e-mail, or a visit from someone telling me what a help the adoption tax credit is to them, and how important it is for Congress to renew it. As my colleagues all know, this credit was added to the Tax Code in 1996, following years of effort. The idea was to allow families to keep a little more of their own hard-earned money to help absorb the extraordinary costs of adoption.

Since these adoption tax benefits have gone into effect, tens of thousands of families have claimed it. More important, that means tens of thousands of children have, in part because of this tax credit, found loving, permanent adoptive homes.

Yet there are many, many children still waiting for that happy outcome—more than 100,000 in America, and more around the world, and the adoption tax credit will expire at the end of this year. Furthermore, in looking at how the credit has worked since 1996, we have discovered that not all families are equally able to use the tax credit to help them cope with the true costs of adoption.

That is why at the beginning of this Congress, we introduced S. 148, the Hope For Children Act, to extend and improve the tax credit so that it can continue to help Americans form families through adoption. That bill is cosponsored by seventeen of our colleagues, representing a wide political and geographic spectrum; the House of Representatives unanimously passed their version of the bill earlier today; and the bill has won the support of all segments of the adoption community. It is this bill, the Hope For Children Act, that is reflected in the amendment we are offering today.

There are families who are sitting at the kitchen table today, trying to figure out if they can afford to open their hearts and homes to a child through adoption. Let us send a strong message of hope to those families, and to the thousands of waiting children, by passing this amendment.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa.

Mr. GRASSLEY. Mr. President, adoption is the right thing, at least as opposed to foster care. As I have been working on adoption issues for a long period of time, there is one thing I hear from kids who have been floating from one foster home to another, who have been in the system for a long period of time. What they want is a mom and a dad. What they really are saying is they want some permanency.

One of the greatest sins of governmental policy is in the adoption and foster care area, where people grow all the way through their teenage years and get to be 18 and are adults and never have a mom and a dad.

Every child has a right to grow up in a safe and loving home. I hope my work on the Adoption and Safe Families Act, which succeeded in shortening the time lines for children in foster care, is a major effort towards this goal that we all seek.

Included in the Adoption and Safe Family Act was a provision I authored to break down barriers when a family living in one jurisdiction wants to adopt a child in another jurisdiction.

I compliment Senator LANDRIEU. She has been steadfast in her advocacy for adoption. Senator CRAIG has joined her to make adoption tax incentives a very strong bipartisan objective. I have been pleased to join these two distinguished Senators in the past on efforts they have made in this direction. I don't know what the future holds exactly, but I promised the Senator from Louisiana I would work with her and Senator CRAIG on their amendment and see what, if anything, we can do. We will have the weekend and Monday to work on that. Hopefully, we can accommodate in some way.

Ms. LANDRIEU. Thank you, Mr. Chairman.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I very much appreciate the comments of both the Senator from Louisiana and the Senator from Iowa. This is a very fine amendment for lots of reasons, as has already been articulated here. I think we can find a way to get this done. I compliment the Senators.

We know lots of families who would love to adopt a child. How wonderful it is for the families to be able to adopt a

child. It means a great deal for the parents to have those children. So many people want to have children and just cannot. I thank the Senator for what she is doing.

Ms. LANDRIEU. I thank the Senator very much.

The PRESIDING OFFICER (Mr. GRASSLEY). I thank the Senator.

The Senator from Florida, Mr. GRAHAM, is the next Senator to be recognized to offer an amendment.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. If the Senator from Florida will withhold, the Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I would just like to say that on an earlier amendment I got a little carried away in being critical of it. In fact, I even suggested the amendment was more of a message amendment. I do recognize that, frankly, it was a very good-faith effort to meet a real concern; namely, whether we can meet our fiscal responsibilities as we look to see whether these budget surpluses materialize or not.

I do still think the amendment is not a good one, but not because it is not well intended. It is very well intended. The authors have worked very long and hard to try to figure out a way to make it work. But I think it is too complicated. It is more in the nature of a Rube Goldberg solution. But it is very well intended.

I compliment the Senators who offered that amendment and tell them I respect their effort efforts. I just apologize to those Senators if they took personal offense at my earlier comments.

The PRESIDING OFFICER (Mr. HUTCHINSON). The Senator from Florida.

Mr. GRAHAM. Mr. President, I request that I be notified when I have used 3 minutes of my time.

The PRESIDING OFFICER. The Chair will do so.

AMENDMENT NO. 687

Mr. GRAHAM. Mr. President, this is the first of two amendments I will offer this evening. This amendment goes to the basic structure of the kind of approach Congress should take to reducing our Nation's taxes. I support a significant tax bill. I do not support the bill that is before us this evening.

The second amendment I will offer will go to one of the reasons I do not support the bill, a specific defect which I think is illustrative of other defects within this legislation.

The amendment we offer first raises two basic questions: Should we have a single tax bill that will absorb all of the funds which this Congress has determined are appropriate to allocate to tax cuts for the next 11 years? And are we so prophetic that we can decide in May of 2001 what our total tax policy should be through the year 2011?

As smart as we might be, I do not think we can meet that test.

So I, with my colleague, Senator CORZINE, will argue that we should have a series of tax bills: A bill today, yes—a pause, a time for reflection, a time for examination of our economic circumstances, a time to reevaluate our surplus for the future—and then a thoughtful determination as to whether, for what purpose, and in what amount we should have a second tax bill.

Why is this approach of one-at-a-time, rather than one, period, a more appropriate direction? First, there is the unreliability of an 11-year projection of surpluses. That issue has been discussed at length in several other contexts today. Second, there will be needs, some seen and some unforeseen, which will emerge in the next 11 years, that will justify tax cuts. But if we have already committed all of the resources available for that purpose, we will not be able to attend to those.

One of those needs we have learned about in the last few hours, as the President and the Vice President have announced a new energy strategy for America, much of which is based upon tax reductions in order to create incentives for Americans in various enterprises to act in ways that will be advantageous to the Nation.

And third, one-at-a-time gives us greater assurance that we will not drift into deficits, that we will not repeat in 2001 what we did in 1981.

The PRESIDING OFFICER. The Senator has used 3 minutes.

Mr. GRAHAM. Mr. President, with that introduction, I would like to turn to my colleague and partner in this effort to discuss, if we have a series of tax bills, what should the first tax bill, the tax bill of May 2001 encompass.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Mr. President, I rise to support my friend and colleague, the senior Senator from Florida.

I very much agree and concur that we would be better served by a series of tax cuts that would provide for understanding where we are in the economy. As we move along in this process, we could fit circumstances much more effectively into that process.

I have some trouble with the overall tax program we are considering. I have trouble with the issues with regard to how this is formulated for debate. I compliment Senator BYRD for his truly remarkable comments this morning with regard to reconciliation.

That said, there is trouble with the size, trouble with the structure and distribution, but maybe most importantly, as Senator GRAHAM and I are addressing, trouble with the timing.

This tax structure we are about to vote on does too little at a time when we have real needs in a weakening, slowing, and, I think, very fragile economy. Seventy percent of this tax cut comes in the second 5 years, the out-years, and only $10 billion in the current year, and that is in a $10 trillion economy. It is one-tenth of 1 percent. It is like throwing a coin in an ocean. It will have little, if any, significant impact on the current state of our economy.

There are real reasons to believe that there is a need for the current stimulus. With the actions and words of the Federal Reserve just this week, with a remarkable additional 50-basis-point cut in interest rates, that is five times this year, with a total 250-basis-point cut, because of their serious concern. And their concern is demonstrated not only by what they have done but by their words when they have reviewed current economic conditions—seeing a decline in employment, a rise in the unemployment rate, weakness in productivity numbers, which have been so much a part of suggestion that we have this great surplus.

There has been a real undermining of one of the major sectors of our economy in technology, but also it has moved very substantially into our manufacturing sector. And there are concerns about overseas economic growth, which will have a very important impact on our external accounts. There are many signs in our economy that give one great pause for concern about the fragility of our economy and its direction. We need a stimulus now.

I think the program that the senior Senator from Florida has talked about in the Finance Committee, and we have discussed in this Chamber for now 2 months, is an insurance policy that is fundamental to working hand in hand with the Federal Reserve to make sure we have a strong economy going forward.

Those rising tides do lift all boats. A strong economy is the best way to make sure all Americans benefit from our fiscal policy and how we manage our economic affairs.

So I stand strongly in support of the approach Senator GRAHAM will outline.

Thank you very much, Mr. President.

Mr. GRAHAM. Mr. President, how much time remains?

The PRESIDING OFFICER. Seven and a half minutes remain.

Mr. GRAHAM. Mr. President, I will briefly outline the plan that the Senator from New Jersey and I have developed which we think meets the test of an economic insurance policy. We underscore the words ''insurance policy.''

No one, frankly, knows what is over the horizon for the American economy. As the Senator from New Jersey just outlined, there are enough signs of concern, signs that would raise apprehension, that a prudent family would say this is a time to buy an insurance policy that will protect us, that will begin to shift the risk, to the degree possible, of a possible economic decline. We are suggesting what the elements and the specifics of that economic insurance policy should be.

We think it needs to be immediate. We are proposing that our bill take effect as of January 1, 2001, and that the benefits in this calendar year would be fully available in this calendar year.

Second, it needs to be frontloaded. One of my criticisms of the bill before us, which talks about being an economic stimulus bill, is that the total amount of tax relief that will be distributed in the form of marginal rate reductions in this fiscal year 2001 is less than $10 billion, in an economy approaching $8 trillion—in my judgment, a clearly inadequate commitment if we are serious about buying an economic insurance policy.

We think it needs to be a substantial commitment. We have suggested that the substantial commitment would be in the range of $60 billion in the year 2001 and in every year into the future.

Economic experts from some of the most prestigious governmental and nongovernmental agencies in the country have told us they believe that a $60 billion stimulus this year would increase gross domestic product by between one-half and three-quarters of 1 percent, everything else being unaffected. We think that is a significant amount of economic growth at a time when that growth has substantially declined.

We believe this should be placed in the hands of those Americans most likely to spend it. So we build upon a concept that is in the President's budget or the President's tax bill, and that is the addition of a 10-percent rate. But we alter the President's proposal in two critical regards. First, his 10-percent rate doesn't go fully into effect until the year 2006. Ours is fully in effect as of January 2001.

Second, his 10-percent rate covers the first $6,000 of taxable income for a single person; $12,000 for a married couple. We would increase those numbers to $9,500 for a single American, and $19,000 for a family.

What would that mean for an American family, every American family that is earning $19,000 or more up to the richest American in the country? It would mean a $950 savings in their income tax. We think that is a significant amount of money, $35 every biweekly pay period, $35 that would be going into the pocket of that American family to buy clothes for their children, to make a downpayment on a refrigerator, all of the things they might want to use that money for, which is exactly what we need them to do in order to stimulate a demand starved economic decline.

We also believe this plan needs to be simple. Complexity works against being able to get these funds into the hands of the Americans quickly enough to make a difference. We believe the critical quarters are going to be the last quarter of this fiscal year and the first quarter of 2002. That is the last 6 months of calendar 2001. That is the 6-month period we need to impact. That is the 6-month period in which we will be putting $60 billion into the pockets of American families. We think that is a true economic insurance policy.

If you believe the principle of let's go one step at a time in prudently shaping our tax policy, as opposed to feeling that we have to throw a 100-yard-pass tax bill tonight that will govern us for the next 11 years and that the prudent first tax bill should be one that would relate to the primary challenge facing Americans today, which is the concern of a declining economy, an economy that might drift into a recession or a recession which could be deep and prolonged, then we have the opportunity today in this tax bill to play a positive role to ensure against those negative events.

I urge the amendment be adopted, and I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The senior assistant bill clerk read as follows:

The Senator from Florida [Mr. GRAHAM], for himself, Mr. CORZINE, and Mr. DAYTON, proposes an amendment numbered 687.

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

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

The amendment is as follows:

(Purpose: To provide for a substitute amendment which amends the Internal Revenue Code of 1986 to provide for a 10-percent income tax rate bracket)

Strike all after the first word and insert the following:

1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Economic Insurance Tax Cut of 2001''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

SEC. 2. 10-PERCENT INCOME TAX RATE BRACKET FOR INDIVIDUALS.

(a) RATES FOR 2001.—Section 1 (relating to tax imposed) is amended by striking subsections (a) through (d) and inserting the following:

''(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is hereby imposed on the taxable income of—

''(1) every married individual (as defined in section 7703) who makes a single return jointly with his spouse under section 6013, and

''(2) every surviving spouse (as defined in section 2(a)),

a tax determined in accordance with the following table:

''If taxable income is:	**The tax is:**
Not over $19,000	10% of taxable income.
Over $19,000 but not over $45,200.	$1,900, plus 15% of the excess over $19,000.
Over $45,200 but not over $109,250.	$5,830, plus 28% of the excess over $45,200.
Over $109,250 but not over $166,500.	$23,764, plus 31% of the excess over $109,250.
Over $166,500 but not over $297,350.	$41,511.50, plus 36% of the excess over $166,500.
Over $297,350	$88,617.50, plus 39.6% of the excess over $297,350.

''(b) HEADS OF HOUSEHOLDS.—There is hereby imposed on the taxable income of every head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

''If taxable income is:	**The tax is:**
Not over $14,250	10% of taxable income.
Over $14,250 but not over $36,250.	$1,425, plus 15% of the excess over $14,250.
Over $36,250 but not over $93,650.	$4,725, plus 28% of the excess over $36,250.
Over $93,650 but not over $151,650.	$20,797, plus 31% of the excess over $93,650.
Over $151,650 but not over $297,350.	$38,777, plus 36% of the excess over $151,650.
Over $297,350	$91,229, plus 39.6% of the excess over $297,350.

''(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 7703) a tax determined in accordance with the following table:

''If taxable income is:	**The tax is:**
Not over $9,500	10% of taxable income.
Over $9,500 but not over $27,050.	$950, plus 15% of the excess over $9,500.
Over $27,050 but not over $65,550.	$3,582.50, plus 28% of the excess over $27,050.
Over $65,550 but not over $136,750.	$14,362.50, plus 31% of the excess over $65,550.
Over $136,750 but not over $297,350.	$36,434.50, plus 36% of the excess over $136,750.
Over $297,350	$94,250.50, plus 39.6% of the excess over $297,350.

''(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—There is hereby imposed on the taxable income of every married individual (as defined in section 7703) who does not make a single return jointly with his spouse under section 6013, a tax determined in accordance with the following table:

''If taxable income is:	**The tax is:**
Not over $9,500	10% of taxable income.
Over $9,500 but not over $22,600.	$950, plus 15% of the excess over $9,500.
Over $22,600 but not over $54,625.	$2,915, plus 28% of the excess over $22,600.
Over $54,625 but not over $83,250.	$11,882, plus 31% of the excess over $54,625.
Over $83,250 but not over $148,675.	$20,755.75, plus 36% of the excess over $83,250.
Over $148,675	$44,308.75, plus 39.6% of the excess over $148,675.''.

(b) INFLATION ADJUSTMENT TO APPLY IN DETERMINING RATES FOR 2002.—Subsection (f) of section 1 is amended—

(1) by striking ''1993'' in paragraph (1) and inserting ''2001'',

(2) by striking ''1992'' in paragraph (3)(B) and inserting ''2000'', and

(3) by striking paragraph (7).

(c) CONFORMING AMENDMENTS.—

(1) The following provisions are each amended by striking ''1992'' and inserting ''2000'' each place it appears:

(A) Section 25A(h).

(B) Section 32(j)(1)(B).

(C) Section 41(e)(5)(C).

(D) Section 42(h)(3)(H)(i)(II).

(E) Section 59(j)(2)(B).

(F) Section 63(c)(4)(B).

(G) Section 68(b)(2)(B).

(H) Section 132(f)(6)(A)(ii).

(I) Section 135(b)(2)(B)(ii).

(J) Section 146(d)(2)(B).
(K) Section 151(d)(4).
(L) Section 220(g)(2).
(M) Section 221(g)(1)(B).
(N) Section 512(d)(2)(B).
(O) Section 513(h)(2)(C)(ii).
(P) Section 685(c)(3)(B).
(Q) Section 877(a)(2).
(R) Section 911(b)(2)(D)(ii)(II).
(S) Section 2032A(a)(3)(B).
(T) Section 2503(b)(2)(B).
(U) Section 2631(c)(2).
(V) Section 4001(e)(1)(B).
(W) Section 4261(e)(4)(A)(ii).
(X) Section 6039F(d).
(Y) Section 6323(i)(4)(B).
(Z) Section 6334(g)(1)(B).
(AA) Section 6601(j)(3)(B).
(BB) Section 7430(c)(1).

(2) Subclause (II) of section 42(h)(6)(G)(i) is amended by striking ''1987'' and inserting ''2000''.

(d) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 1(g)(7)(B)(ii)(II) is amended by striking ''15 percent'' and inserting ''10 percent''.

(2) Section 1(h) is amended by striking paragraph (13).

(3) Section 3402(p)(1)(B) is amended by striking ''7, 15, 28, or 31 percent'' and inserting ''5, 10, 15, 28, or 31 percent''.

(4) Section 3402(p)(2) is amended by striking ''15 percent'' and inserting ''10 percent''.

(e) DETERMINATION OF WITHHOLDING TABLES.—Section 3402(a) (relating to requirement of withholding) is amended by adding at the following new paragraph:

''(3) CHANGES MADE BY SECTION 2 OF THE ECONOMIC INSURANCE TAX CUT OF 2001.—Notwithstanding the provisions of this subsection, the Secretary shall modify the tables and procedures under paragraph (1) through the reduction of the amount of withholding required with respect to taxable years beginning in calendar year 2001 to reflect the effective date of the amendments made by section 2 of the Economic Insurance Tax Cut of 2001, and such modification shall take effect on the first day of the first month beginning after the date of the enactment of such Act.''

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) AMENDMENTS TO WITHHOLDING PROVISIONS.—The amendments made by paragraphs (3) and (4) of subsection (d) shall apply to amounts paid after December 31, 2000.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I wonder if I could reserve the time on this amendment. The Senator had another amendment he was going to offer.

Mr. GRAHAM. Yes.

Mr. GRASSLEY. Would the Senator proceed to that right away.

AMENDMENT NO. 688

Mr. GRAHAM. Mr. President, the second amendment I have is not of the broad sweep of the amendment we have just been discussing, but it points out, maybe as a metaphor, some of the problems in this legislation. This bill proposes to repeal the estate tax in the year 2011. That same proposal was made by President Bush with a big difference.

The estate tax is a shared source of income. The States get approximately 20 percent of the estate tax which is collected at the Federal level; 80 percent stays in the National Treasury. What President Bush had suggested was that there be an equal phase-out of the State share and of the Federal share. That is not what is in the bill before us tonight, unfortunately.

What we have before us tonight is a bill which would say that beginning January 1, 2002, just a little more than 7 months from now, the State share would be cut in half. Then it says that there will be gradual further reductions and then January 1, 2005, the State share would be zero.

The Federal share, on the other hand, continues in effect until the year 2011. So effectively, what we are saying, with apparently no consultation with our brethren in the States, is that they are going to take the hit first because we are the ones who decide who has to carry the burden first. I think that is egregiously unfair in our Federalist system. It also is going to put States in this position.

I was talking earlier today with the former Governor of Ohio, our colleague, Senator VOINOVICH. Ohio is one of a number of States which has a biennial budget; that is, they develop a budget, and it lasts for 24 months. They will be starting their next 24-month period on July 1 of this year.

What we are going to say is they are going to build a 2-year budget predicated on receiving their share of the Federal estate tax. They are going to find that 6 months into a 24-month period half of that money has evaporated because we have elected to make them our friends and fellow colleagues in this wonderful Federal system. We have made them have their share of the estate tax cut occur, in this case, 10 years before the Federal share of reduction really begins to kick in and totally 6 years before the Federal reduction becomes fact.

What policy rationale can there be for us to treat the 50 States in the way that this bill purports to do?

The amendment I have offered will get to exactly the same destination. The estate tax will be repealed. There will be zero income for the States. There will be zero income for the Federal Government because there won't be any tax to produce any income. But it does what the President has suggested—that we do it fairly; that both sides of this partnership, both husband and wife, share equally and proportionately in the decline of their revenue.

There are many of us who pride ourselves on being Jeffersonian Federalists. We believe in local government. We vote to send more responsibilities down to local governments. We are about to change our labels. We are becoming situational Federalists. We want the States to have more local control when it is to our benefit. But now that we have this opportunity to essentially raid their income, because they are not going to be up here voting, other than those of us who represent our constituents in the States—of course, the U.S. Senate was peculiarly established to be the representatives of the interests of States, so we ought not to be the body leading this way. We should not be the body fighting the recommendation of President Bush to be fair and equitable. We should be the body which is expressing its recognition of the importance of the States and the relationship with the National Government.

This proposal, in my judgment, goes 180 degrees in the opposite direction. So my amendment is simple. It says, yes, we are going to repeal the estate tax; yes, we are going to do it in the same number of years as has been suggested; but we are going to treat both sides of this partnership—the States and the Federal Government—equally and proportionately as we do so.

I urge adoption of this amendment.

Mr. President, I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Florida [Mr. GRAHAM] proposes an amendment numbered 688.

Mr. GRAHAM. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

(Purpose: To provide a reduction in State estate tax revenues in proportion to the reduction in Federal estate tax revenues)

Beginning on page 64, line 17, strike all through page 66, before line 2, and insert:

Subtitle B—Reduction of Gift Tax Rate

SEC. 511. REDUCTION OF GIFT TAX RATE AFTER REPEAL.

On page 66, line 2, strike ''(d)'' and insert ''(a)''.

On page 67, line 1, strike ''(e)'' and insert ''(b)''.

Beginning on page 67, line 12, strike all through page 68, line 6, and insert:

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2010.

On page 68, strike the table between lines 14 and 15, and insert:

''In the case of estates of decedents dying during:	**The applicable exclusion amount is:**
2002 and 2003	$1,000,000
2004, 2005, and 2006	$2,000,000
2007, 2008, 2009, and 2010	$3,000,000.''.

Beginning on page 70, line 20, strike all through page 79, line 6.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, the State death tax credit is one of the last vestiges of revenue sharing. The State has a luxury of not having an estate

tax and just waiting for a portion of the Federal estate tax to be allocated to the State treasury.

What we have tried to do in this mark is, in a fair way, allow the States to review the concerns of their citizens, and if they want to have their own death tax, then any tax paid to the States will be fully deductible on the final return. This will be phased in over the next 5 years, and it will be phased in over the next 5 years until repealed. In fact, the tax money will be paid out over the next 7 years.

The States will have plenty of time for their legislatures to meet and decide on a State-by-State level if they want to maintain the death tax.

Unlike the House amendment by Congressman RANGEL, we did not repeal the credit immediately. But if the Federal Government does not collect the money, it is not ours to share. State death tax credit current law states up to $2.5 million. The rate is 8 percent. Total tax is $146,800. Our relief act before us—the act of 2001—is identical. The top rate of 16 percent is only collected on estates over $10 million. The number of Florida estates, for example, over $10 million is 126. The number of Iowa estates over $10 million is 22.

In addition, at the expense of the American taxpayers, the Senator from Florida is taking care of State governments. He postpones the unified credit increase for years. The act before us gives a $3 million credit by the year 2005. The Senator postpones $3 million until the year 2007, and he never reaches $3.5 million or $4 million at the expense of the American taxpayers.

So I think it is very important that we take a good look at this. Again, I want to remind everybody that we have tried to—in this estate tax provision of this bill, the phasing out of the estate tax is a controversial issue, even with those of us who have agreed to this bipartisan agreement. But what is not controversial is the way in which this bipartisan portion of our overall legislation, the estate tax provision, was worked out—very carefully, in a nonemotional, nonpolitical way, between Senator LINCOLN on the one hand—she is a Democrat—and Senator KYL on the other hand, being a Republican—working these things out. And except for those who do not believe there should be any total repeal of the estate tax, even in the year 2001, this was a well-accepted compromise that is in this mark.

Obviously, this provision by the Senator from Florida detracts from that. That is why we ask that it be defeated when we vote on it Monday.

I yield the floor.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. How much time remains?

The PRESIDING OFFICER. Nine minutes, 20 seconds.

Mr. GRAHAM. Parliamentary inquiry: If we do not use all of our time this evening, will we have any of that time available on Monday prior to the actual consideration of these amendments or do we use it or lose it without using it tonight?

The PRESIDING OFFICER. Under the unanimous consent agreement, there is no provision for additional time. However, there is time for debate on the bill.

Mr. GRAHAM. So the answer is, if we don't use the time available tonight, it will not be carried over until Monday.

The PRESIDING OFFICER. The Senator is correct.

Mr. GRAHAM. That is not a threat to use all 9 minutes but a small sliver.

The PRESIDING OFFICER. The Senator has that right.

Mr. GRAHAM. Mr. President, I have great regard for Senator GRASSLEY. I know how hard he has worked on this bill, as he has on other issues. As he said earlier tonight, he is prepared to work on issues such as prescription drugs for Medicare. I appreciate that, and I have enjoyed the many times we have been colleagues to achieve public policy objectives.

I just say I think this is one of those issues on which maybe we have to agree to disagree. This is not a new relationship. Since 1924, the States have been participating with the Federal Government in the estate tax, and 35 States have no other estate tax than the share they get through their participation in the Federal tax. In fact, in my State, it is in the State constitution that the only estate tax that can be collected is that which comes as a State credit on the Federal estate tax.

So while it might appear to be easy for the States as we are repealing the estate tax, it is obviously not going to be easy and for some States virtually impossible.

I go back to the example Senator VOINOVICH gave to me earlier today of his own State, which is a binding budget situation. They had written their budget, or are about to, for 24 months beginning July 1 of this year, and now they are going to lose approximately half—we do not have the exact State-by-State numbers, but a significant percentage of this source of revenue. That is a very difficult fiscal position for us to put our friends and colleagues in the 50 States in and I think unnecessarily.

President Bush had recommended this reduction be done proportionately. I, frankly, assumed it was being done proportionately until someone pointed out that we were deviating from what the President had recommended. I believe this is kind of a ''gotcha'' approach to the States as they are so deep into already committing themselves for at least 1 and maybe 2 fiscal years. In the case of my State, our legislature finished its business on May 4 or 5, with the budget to go into effect on the first of July. It has in it approximately $775 million as our State's share of the estate tax. Almost half of that is going to evaporate as of the first of January, halfway through the fiscal year.

The irony of this is that we talk about we want to do something for the American taxpayer. The American taxpayer pays taxes at all levels of government. If we take a substantial share of this source of revenue away from the States in a precipitous move for which they have been unable to plan, what are the States going to do? Are they going to have to raise property taxes to fill the gap? Are they going to have to raise sales taxes to fill the gap? Are they going to have to find some other source of revenue or begin well into their fiscal year to make significant cuts in services? And what is the service that States provide?

For my State and most States, half or more of the total State revenue is spent on one function. What is that function? We ought to know it well because we just spent the last 2 weeks talking about how committed we were to it. What is the function? Education. That is what States do with over half of their money.

If we think it is important for us to spend 2 weeks debating the 7 percent of public education which is financed from Washington, we certainly deserve to spend some time discussing the approximately 55 percent of education which is paid by the States. The balance between the Federal 7 and the State's 55 is what is paid at the local level, largely through property taxes.

We seem to be, at least in the amount of attention that is being given to this, indifferent to what we are doing to our American taxpayers in terms of their State responsibilities and what we are doing to American education by destabilizing the primary source of financing for American education, which is the 50 States.

Mr. President, hoping that I have not used all of the 9 minutes, I will conclude by saying I think this is going to be a test of whether we really are serious, committed Federalists and think that respect and dignity across levels of government is an important part of the oil that makes this very intricate Federal system work and that indifference, bordering on rudeness, toward the States is what could cause it to begin to grind the gears.

I believe the adoption of this amendment, which is the proposal made by President Bush, which is a proposal that gets to exactly the same destination as the advocates of repeal of the estate tax would do but do it in a fair and equitable manner as between our 50 States and our Federal Government, is an extremely important statement of our commitment to federalism. I urge the adoption of this amendment when it comes for a vote on Monday.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I will take a couple minutes, and then I believe we are done.

To respond in a short fashion to what the Senator from Florida said, we have 14 States that have a separate inheritance tax. In addition, the tax due to the State will continue to be paid through the year 2007.

The repeal basically happens because we increase the unified credit so rapidly, and this is a direct result of the American taxpayers having spoken by the thousands that they want immediate relief.

The President of the United States in his proposal did his death tax repeal with $260 billion. The bill before us does it with $145 billion.

The President does not increase the unified credit. So, yes, his plan is a proportionate reduction, but the Senate and the taxpayers wanted immediate relief, and that is why we end up where we are.

Obviously, there are problems for some Senators. I respect their objection, but we did it in the best way we could in a compromising fashion, trying to do as much as we could with a lesser amount of money than what the President was trying to do in his tax program, and do it in a bipartisan fashion.

As we end this evening's debate, and we will continue it Monday with votes well into Monday evening to finish this bill, I hope I can speak for people who have wanted to see a tax bill passed, and that includes Senator BAUCUS and me, that we have defeated amendments that have come before this body to change this legislation.

If we had taken the second alternative of bringing this bill before this body, that second alternative would have been perhaps—if we had been fortunate—a Republican-only measure that would have been voted on in committee 10–10. I believe a lot of the amendments we defeated today would have been adopted.

We brought a bipartisan bill out of committee 14–6. We have had quite a few bipartisan votes today. I hope people who are reflecting upon what they want in a tax bill, if they have what they want without the bipartisan cooperation—when I say ''what they want,'' again I remind everybody this is a work of compromise—more importantly, bipartisan compromise—so nobody has really gotten what they want. But I know there is more of an urgency on my side for the reduction of marginal rates than there is maybe on the other side.

It could be that people on my side do not like the 36 percent that I agreed to with Senator BAUCUS, but looking at some of these votes, and particularly how hard Senator BAUCUS was working to make sure this bipartisan position won, without that, some of these amendments, and maybe a lot of others, would have been adopted.

I say that because there is Friday, Saturday, and Sunday to think about this before we adopt a final bill, and then there is Tuesday and Wednesday—and maybe not even that much time—to work on a conference report with which Senator BAUCUS is going to be involved. We have to think in terms of what is possible to get through here when it comes out of conference.

I don't really know how to end this except to say that we worked hard for 4 months to get where we are. I hope people realize what we have put together has been sustained. We ought to think about that as people who may not be totally satisfied with what we are going to pass in the Senate try to use the rest of the process to gain something that is not doable in the final analysis.

I would like to have everybody think between now and when that conference committee has to end sometime not too far down in the future, to be a little bit realistic. I think I have been realistic. I think Senator BAUCUS has been realistic or we wouldn't be here in the first place. For sure, we wouldn't be here sustaining this mark the way we have.

I ask my colleagues, particularly on my side of the aisle, to think of this for the next few days.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I urge the Senate to heed the wise words of the chairman of the committee. They were important. That is, in the final analysis, this will come down to whether there are 51 votes to adopt the conference report. This is an evenly divided Senate, 50/50, for all intents and purposes. I am sure the Vice President can break the tie, but it is basically 50/50 and it comes down to whether there are 50 or 51 votes.

I do believe very strongly that the bill we are working on today is a very significant improvement from my point over what we otherwise would be passing in this body and that it is a bill very similar to that offered by the President and passed by the House.

This bill before the Senate today is much better in terms of distribution, child tax credit, refundability, more for education, tuition deduction provided for, a whole host of provisions. It is a lot better from my point of view and the point of view of the vast majority of Members of this side.

I urge Members, as our very wise chairman has said, to think about this over the next several days, because when we do come back from conference, the conferees are going to have to come up with the result, to sustain not only in the House, which is very easy, but to sustain in the Senate, which is more difficult.

I urge the conferees and I urge Senators to be prudent, wise, and to remember there must be 51 votes in the Senate to adopt a conference report. I commend the chairman of our committee, but particularly Members on my side of the aisle who have offered amendments. There have been good amendments, very well intended, and I wish I could have ordered more of them. I could not, in the view to get a better bill for all Senators, Democrats and Republicans.

I think it is important for all Senators to vote for a tax cut that they think is better than otherwise we would be facing. Some Senators are not going to vote for a tax vote that the conferees will bring back. It will not happen. But I think it is my responsibility to bring back a conference report for which some Senators on my side of the aisle can vote. It is my hope we can bring back a conference report that does have the support not only of 51 Senators but significantly more than 51 Senators so it truly is bipartisan. That very much depends on the conferees.

I thank my good friend from Iowa who has been so decent and straightforward and honest as the day is long, a very wonderful person. We have more miles to travel, and my expectation is we will travel those in the same spirit of cooperation.

I see my good friend from New Jersey standing ready to leave. I say to my good friend from New Jersey, I appreciate his efforts, particularly on the stimulus amendment. There will be another day when we can adopt very good amendments as proposed by my friends from Florida as well as New Jersey.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that there now be a period of morning business with Senators permitted to speak up to 10 minutes each.

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

WORLD WAR II MEMORIAL

Mr. STEVENS. Mr. President, in the early part of the Eisenhower years, I joined that administration and later came to Washington and then met a whole series of World War II veterans. We talked and dreamed then of a memorial to a war in which we had just been. Fourteen years ago, the World War II memorial was conceived and the process started, to have it built here in Washington, DC. Eight years ago, the Congress authorized this memorial; 6 years ago the first of 22 public hearings on the site and design of the memorial commenced.

Construction was scheduled to start last month, but the memorial is now bogged down in legal and procedural issues.

Of the 16 million men and women who served in World War II, only 5 million are alive today. We are now losing veterans of the greatest generation at the rate of 1,100 veterans a day. I questioned that, but we checked it; 1,100 veterans of World War II are passing away each day. By the year 2004, there will be less than 4 million of us.

In my home State of Alaska, in the last 10 years, we lost one-third of the veterans whom I had known and worked with so long.

The site design of our memorial has been endorsed by the Historic Preservation Officer of the District of Columbia, it has received four endorsements of the District of Columbia's Preservation Review Board, and five approvals each from the Committee on Fine Arts and the National Capital Planning Commission.

The memorial is governed by the Commemorative Works Act of 1986. That act gave the final site and design approval to the Commission on Fine Arts and the National Capital Planning Commission and the Secretary of the Interior.

Eight sites were considered for the memorial. In 1998, the design was approved by the Commission on Fine Arts and the National Capital Planning Commission and the site selection was reaffirmed. In 1998, the National Park Service, in accordance with the National Environmental Policy Act, completed an environmental assessment and issued a finding of no significant impact. In the year 2000, the final design was approved by the Commission on Fine Arts and the National Capital Planning Commission, and on November 11 of last year, the year 2000, a ceremonial groundbreaking took place for this memorial.

More than 500,000 Americans have sent donations to the fundraising campaign, 48 State legislatures have done the same thing, 1,100 schools and more than 450 veterans groups, who represent 11 million veterans.

Even though all the procedural steps have been taken, the memorial has now been delayed because of a procedural issue involving the National Capital Planning Commission. The National Capital Planning Commission decision of 2 years ago of including a World War II memorial has been placed in question because the former National Capital Planning Commission chairman continued to serve after the expiration of his term. The legislation that would originally establish this commission permitted members to serve until replaced, but when that law was amended, inadvertently the language allowing continuous service fell out with no explanation. That created a technicality that has forced a review now, again, by the National Capital Planning Commission.

This memorial has been through 22 public hearings, it has complied with every applicable law, and this technicality regarding the National Capital Planning Commission Board should not penalize the millions of veterans who served our country honorably when asked to do so. They want to see this memorial.

I congratulate the House of Representatives, particularly Congressman Stump, for sending this legislation to the Senate. I thank all who have been very considerate in trying to work out the problems relating to it. I believe I am joined by all the veterans of World War II who serve in this body in urging that the House bill be enacted and sent to the President for his signature immediately.

For many of us, this year marks the 55th year since we left the military service. We were in World War II and returned home.

We want to see this memorial finished while a significant number of our comrades are still alive. We want to be there when this memorial is opened.

Memorial Day for 2001 is just 1 week from next Monday. The veterans of this Nation intended to celebrate the initiation of this memorial on that day. They will not be able to do so unless the bill gets to the President in time to sign it. This is more than a dream of our veterans; it is a demand on our country. I urge no Senator stand in the way of the prompt enactment of this bill.

REQUEST FOR ABSENCE FROM THE SENATE

Mr. STEVENS. Mr. President, I ask unanimous consent that I be excused from the voting in the Senate until 6:30 p.m. next Tuesday, commencing at the adjournment today.

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

DEPARTMENT OF JUSTICE NOMINATIONS

Mr. LEAHY. Mr. President, I come to the Senate to report on the progress the Judiciary Committee is making with respect to a number of administration nominations to the Department of Justice.

Over the last several weeks, I have been working to reach an understanding on how this committee will handle nominations. A number of procedural and substantive issues have been raised in these regards for both Executive and Judicial Branch nominations. The Democratic members have sought to work out arrangements and understandings so that all members of the committee would know what our rules are, know what our practices and procedures will be, and understand how this committee will approach our important responsibilities with respect to nominations.

Over the last 2 weeks the chairman's insistence that the committee proceed with nominations before those practices and procedures had been agreed upon has lead to public reference to outstanding issues that we should have resolved first. I always regret when we are not able to work out matters through reason and cooperation. I do not believe it was appropriate for Republican members of this committee to deride Democratic members as acting ''irresponsibly'' or ''despicably'' or ''in breach of their constitutional duties.'' I know that it was not helpful.

Nonetheless, I was proud of the Democratic members of this committee when we jointly sent our May 4 letter to the chairman and provided a way out of the impasse in spite of the name calling. A few days later the chairman responded with language that reflected our respectful tone and for which I thank him.

While I disagree with much of what the chairman argues and asserts in his letter, I appreciate that he has now indicated that with respect to judicial nominations, he ''intends to be fully respectful of [Democratic Senators'] views and will assist in any way to ensure that you and our other Senate colleagues receive real, meaningful consultation by the White House on judicial nominees.'' I appreciate that in his letter he writes that he ''respect[s our] views and efforts in ensuring [we] will be appropriately consulted in a meaningful manner on nominees to vacancies in [our] home states.''

For the last several weeks, we have also been seeking to resolve concerns about how this committee handles certain confidential information about nominations, information that may reflect on their fitness for office, and may be relevant to how Senators in this committee vote on reporting nominations to the Senate, as well as how Senators vote on confirmations. Those concerns have also been pending for several weeks now without resolution. Those concerns are what prompted our request for an executive session in accordance with Rule 26.5 of the Standing Rules of the Senate so that we could fully discuss these very important matters in accordance with the confidentiality rules that bind us.

Those concerns made it inappropriate to proceed on certain matters over the last few weeks. Although our Republican colleagues knew about our concerns, they nonetheless berated us without any acknowledgment that those open issues, which affect executive as well as judicial nominations, were still unresolved. That, too, was most unfortunate.

Over the last several days I have also reached out to the Bush administration to work with us on ways to resolve these concerns. Those outreach efforts may provide the opportunity to reach a mutually acceptable resolution of these matters. I hope so.

In light of the cooperation we began receiving from the administration last

week, we were able to proceed to report and confirm Larry Thompson to be the Deputy Attorney General at the Department of Justice and Dan Bryant to be the Assistant Attorney General for the Office of Legislative Affairs. I understand that they were sworn in last Friday and, again, congratulate them and their families.

I have spoken to Attorney General Ashcroft about the staffing needs of the Department of Justice and assured him that I will do my part. For those with short memories, I note that Attorney General Ashcroft was confirmed 6 weeks before Attorney General Reno's confirmation in the last administration and the Deputy Attorney General was confirmed 3 weeks before his counterpart in the last administration. Assistant Attorney General Bryant was confirmed 7 weeks before his counterpart in the previous administration.

The committee is moving expeditiously on the administration's nominations to the Department of Justice. Indeed, we are ahead of the confirmations schedule of the Clinton administration for each and every nominee confirmed to date.

The Clinton administration's Assistant Attorney General to head the Criminal Division was not confirmed until November. The committee proceeded to consider the Chertoff nomination this week, after a hearing last week. That is extremely expeditious. Indeed, in spite of Mr. Chertoff's role as the lead counsel to the Republicans in the Whitewater investigation, an extremely partisan effort, we are moving ahead. Mr. Chertoff explained at his hearing that he understands the role of the head of the Criminal Division and will carry out those functions without regard to politics or partisanship. I believe him and look forward to working with him.

The Assistant Attorney General to head the Office for Policy Development in the last administration was not confirmed until August, 95 days after her nomination. Professor Dinh did not return his responses to written questions until this Tuesday. He was precipitously placed on the committee agenda last week. Once his responses were in, he was considered and reported out this week, months ahead of his counterpart in the last administration.

While we consider the current nominations, the many dedicated employees at the Department of Justice continue to work, do their jobs, and serve the public. Many of the comments made over the last several weeks disparage their fine work and commitment. I see no evidence that the Department is ''floundering'' or that the dedicated public servants who staff the Department and the United States Attorneys' offices around the country have stopped doing their jobs.

The chairman has noticed another hearing for Department of Justice nominees next week, although he has yet to specify who will be included at that hearing, which is less than a week away. Democrats on the committee are continuing to work expeditiously and cooperatively to consider, report and confirm the vast majority of the President's nominations to the Department of Justice.

CONGRESSIONAL BUDGET ACT COMPLIANCE

Mr. DOMENICI. Mr. President, pursuant to section 313(c) of the Congressional Budget Act of 1974, I submit for the RECORD a list of material in S. 896 considered to be extraneous under subsections (b)(1)(A), (b)(1)(B), and (b)(1)(E) of section 313. The inclusion or exclusion of material on the following list does not constitute a determination of extraneousness by the Presiding Officer of the Senate.

To the best of my knowledge, S. 896, the Restoring Earnings to Lift Individuals and Empower Families (RELIEF) Reconciliation Act of 2001, contains no material considered to be extraneous under subsections (b)(1)(A), (b)(1)(B), and (b)(1)(E) of section 313 of the Congressional Budget Act of 1974.

PROJECT SAFE NEIGHBORHOODS

Mr. LEVIN. Mr. President, in a speech in Philadelphia on Monday, President Bush spoke out about gun violence in this country. Citing alarming statistics about the number of Americans killed and injured by handguns each year, he stated that ''this is unacceptable in America. It's just unacceptable, and we're going to do something about it.'' The President emphasized that ''we're going to reduce gun violence in America, and those who commit crimes with guns will find a determined adversary in my administration.'' I commend the President for his commitment to helping eliminate gun violence.

In his speech, the President introduced ''Project Safe Neighborhoods,'' an initiative to combat gun violence. The main focus of this initiative is on the increased enforcement of existing gun laws and more vigorous prosecution of crimes committed with handguns. The President plans to devote $550 million in funding to this initiative over the next 2 years. The majority of the funding will be dedicated to hiring new Federal and State prosecutors to focus on gun crimes, updating State criminal record systems, improving Federal ballistics testing that trace illegal guns and developing regional task forces of Federal, State and local law enforcement agencies to catch and prosecute criminals in gun cases.

Although there is often disagreement about the best approach to ending gun violence, we can all agree that enforcement of our gun laws and prosecution of people who use guns illegally are essential elements to any successful approach. Since 1993, increased law enforcement and prosecution efforts have resulted in a 16 percent increase in the number of gun cases filed and a 41 percent increase in the number of offenders sentenced to more than 5 years in prison. These increases in enforcement efforts enjoy broad bipartisan support. I commend the President for building upon this consensus by taking another step toward ensuring that gun criminals are prosecuted to the fullest extent of the law.

While I agree with the aims of the President's initiative, I believe that it is not enough. We must also make it harder for criminals to get guns in the first place, by closing the gun show loophole that allows the purchase of handguns without a background check. Although he stated during the presidential campaign that he supported closing the gun show loophole, President Bush did not mention it in his speech on Monday. The President expressed that ''Project Safe Neighborhoods is one step, an important step'' toward making domestic tranquility a reality. I hope that the President will take the next, necessary step toward protecting the citizens of this country by supporting efforts to close the gun show loophole.

SUBMITTING CHANGES TO COMMITTEE ALLOCATIONS, FUNCTIONAL LEVELS, AND BUDGETARY AGGREGATES

Mr. DOMENICI. Mr. President, section 310(c)(2) of the Congressional Budget Act, as amended, provides the Chairman of the Senate Budget Committee with authority to revise committee allocations, functional levels, and budgetary aggregates for a reconciliation bill which fulfills an instruction with respect to both outlays and revenues. The Chairman's authority under 310(c) may be exercised if the following conditions have been satisfied:

1. The Committee on Finance reports a bill which changes the mix of the instructed revenue and outlay changes by not more than 20 percent of the sum of the components of the instruction, and

2. The Committee on Finance still complies with the overall reconciliation instruction.

I find that S. 896, as reported, satisfies the two conditions above and, pursuant to my authority under section 310(c), I hereby submit revisions to H. Con. Res. 83, the 2002 Budget Resolution. The attached tables show the current 2002 Budget Resolution figures as well as the revised committee allocations, functional levels, and budgetary aggregates, and I ask unanimous consent to have them printed in the RECORD.

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

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83
CONFERENCE AGREEMENT

SECTION 101 (in billions)

(1)(A) Revenues (on-budget)

FY 2001	1630.462
FY 2002	1638.202
FY 2003	1706.044
FY 2004	1780.310
FY 2005	1852.646
FY 2006	1901.304
FY 2007	1994.674
FY 2008	2089.726
FY 2009	2193.954
FY 2010	2318.055
FY 2011	2436.550

(1)(B) Changes in Federal Revenues

FY 2001	0.000
FY 2002	-65.286
FY 2003	-76.067
FY 2004	-84.025
FY 2005	-97.124
FY 2006	-138.279
FY 2007	-141.081
FY 2008	-153.084
FY 2009	-166.162
FY 2010	-171.247
FY 2011	-191.343

(2) Budget Authority (on-budget)

FY 2001	1653.681
FY 2002	1510.948
FY 2003	1668.530
FY 2004	1733.617
FY 2005	1814.079
FY 2006	1866.139
FY 2007	1945.112
FY 2008	2025.075
FY 2009	2102.398
FY 2010	2186.341
FY 2011	2277.143

(3) Budget Outlays (on-budget)

FY 2001	1600.529
FY 2002	1476.841
FY 2003	1641.515
FY 2004	1709.251
FY 2005	1790.389
FY 2006	1837.846
FY 2007	1912.602
FY 2008	1994.838
FY 2009	2071.497
FY 2010	2154.203
FY 2011	2243.394

(4) Deficits or Surpluses (on-budget)

FY 2001	29.933
FY 2002	161.361
FY 2003	64.529
FY 2004	71.059
FY 2005	62.257
FY 2006	63.458
FY 2007	82.072
FY 2008	94.888
FY 2009	122.457
FY 2010	163.852
FY 2011	193.156

(5) Public Debt

FY 2001	5660.699
FY 2002	5603.812
FY 2003	5654.952
FY 2004	5700.089
FY 2005	5751.561
FY 2006	5803.295
FY 2007	5832.676
FY 2008	5847.714
FY 2009	5988.315
FY 2010	6343.661
FY 2011	6720.963

(6) Debt Held by the Public

FY 2001	3243.211
FY 2002	2924.234
FY 2003	2691.176
FY 2004	2437.771
FY 2005	2170.550
FY 2006	1882.764
FY 2007	1555.637
FY 2008	1194.633
FY 2009	939.000
FY 2010	878.000
FY 2011	818.000

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83
CONFERENCE AGREEMENT

(13) Income Security (600)

FY 2001	BA	255.942
	OT	256.932
FY 2002	BA	273.840
	OT	272.122
FY 2003	BA	283.864
	OT	282.611
FY 2004	BA	295.030
	OT	293.420
FY 2005	BA	309.192
	OT	307.667
FY 2006	BA	316.761
	OT	315.312
FY 2007	BA	324.056
	OT	322.627
FY 2008	BA	338.278
	OT	336.950
FY 2009	BA	349.561
	OT	347.987
FY 2010	BA	360.308
	OT	358.600
FY 2011	BA	371.593
	OT	369.419

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83
CONFERENCE AGREEMENT

(18) Net Interest (900)

FY 2001	BA	275.467
	OT	275.467
FY 2002	BA	259.162
	OT	259.162
FY 2003	BA	252.364
	OT	252.364
FY 2004	BA	247.310
	OT	247.310
FY 2005	BA	240.115
	OT	240.115
FY 2006	BA	235.642
	OT	235.642
FY 2007	BA	232.136
	OT	232.136
FY 2008	BA	227.484
	OT	227.484
FY 2009	BA	221.933
	OT	221.933
FY 2010	BA	214.899
	OT	214.899
FY 2011	BA	207.328
	OT	207.328

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83
CONFERENCE AGREEMENT

(19) Allowances (920)

FY 2001	BA	84.528
	OT	84.697
FY 2002	BA	-118.548
	OT	-114.379
FY 2003	BA	-6.115
	OT	-5.222
FY 2004	BA	-6.268
	OT	-5.912
FY 2005	BA	-6.423
	OT	-6.263
FY 2006	BA	-6.580
	OT	-6.503
FY 2007	BA	-6.744
	OT	-6.665
FY 2008	BA	-6.908
	OT	-6.828
FY 2009	BA	-7.079
	OT	-6.994
FY 2010	BA	-7.251
	OT	-7.165
FY 2011	BA	-7.429
	OT	-7.340

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83
REVISIONS TO CONFERENCE AGREEMENT
PURSUANT TO SECTION 310(c)(2)(A)

SECTION 101

(1)(A) Revenues (on-budget)

FY 2001	1597.318
FY 2002	1643.039
FY 2003	1702.895
FY 2004	1774.940
FY 2005	1847.188
FY 2006	1917.404
FY 2007	1998.677
FY 2008	2097.244
FY 2009	2208.199
FY 2010	2327.565
FY 2011	2453.350

(1)(B) Changes in Federal Revenues

FY 2001	-33.144
FY 2002	-60.449
FY 2003	-79.216
FY 2004	-89.395
FY 2005	-102.582
FY 2006	-122.179
FY 2007	-137.078
FY 2008	-145.566
FY 2009	-151.917
FY 2010	-161.737
FY 2011	-174.543

(2) Budget Authority (on-budget)

FY 2001	1567.519
FY 2002	1514.828
FY 2003	1673.766
FY 2004	1739.557
FY 2005	1821.708
FY 2006	1873.799
FY 2007	1952.072
FY 2008	2032.774
FY 2009	2110.659
FY 2010	2195.060
FY 2011	2286.341

(3) Budget Outlays (on-budget)

FY 2001	1514.367
FY 2002	1480.721
FY 2003	1646.751
FY 2004	1715.191
FY 2005	1798.018
FY 2006	1845.505
FY 2007	1919.562
FY 2008	2002.538
FY 2009	2079.757
FY 2010	2162.922
FY 2011	2252.592

(4) Deficits or Surpluses (on-budget)

FY 2001	82.951
FY 2002	162.318
FY 2003	56.144
FY 2004	59.749
FY 2005	49.170
FY 2006	71.899
FY 2007	79.115
FY 2008	94.706
FY 2009	128.442
FY 2010	164.643
FY 2011	200.758

(5) Public Debt

FY 2001	5607.681
FY 2002	5549.837
FY 2003	5609.362
FY 2004	5665.808
FY 2005	5730.367
FY 2006	5773.660
FY 2007	5805.998
FY 2008	5821.218
FY 2009	5988.315
FY 2010	6343.661
FY 2011	6720.963

(6) Debt Held by the Public

FY 2001	3190.193
FY 2002	2870.259
FY 2003	2645.586
FY 2004	2403.490
FY 2005	2149.356
FY 2006	1853.129
FY 2007	1528.959
FY 2008	1168.137
FY 2009	939.000
FY 2010	878.000
FY 2011	818.000

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83

REVISIONS TO CONFERENCE AGREEMENT

PURSUANT TO SECTION 310(c)(2)(A)

(13) Income Security (600)

FY 2001	BA	255.942
	OT	256.932
FY 2002	BA	280.412
	OT	278.694
FY 2003	BA	291.726
	OT	290.473
FY 2004	BA	303.109
	OT	301.499
FY 2005	BA	318.305
	OT	316.780
FY 2006	BA	325.713
	OT	324.264
FY 2007	BA	332.525
	OT	331.096
FY 2008	BA	347.396
	OT	346.068
FY 2009	BA	359.366
	OT	357.792
FY 2010	BA	370.774
	OT	369.066
FY 2011	BA	382.756
	OT	380.582

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83

REVISIONS TO CONFERENCE AGREEMENT

PURSUANT TO SECTION 310(c)(2)(A)

(18) Net Interest (900)

FY 2001	BA	274.305
	OT	274.305
FY 2002	BA	256.470
	OT	256.470
FY 2003	BA	249.738
	OT	249.738
FY 2004	BA	245.171
	OT	245.171
FY 2005	BA	238.631
	OT	238.631
FY 2006	BA	234.349
	OT	234.349
FY 2007	BA	230.627
	OT	230.627
FY 2008	BA	226.065
	OT	226.065
FY 2009	BA	220.389
	OT	220.389
FY 2010	BA	213.152
	OT	213.152
FY 2011	BA	205.363
	OT	205.363

CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002 - H. CON. RES. 83

REVISIONS TO CONFERENCE AGREEMENT

PURSUANT TO SECTION 310(c)(2)(A)

(19) Allowances (920)

FY 2001	BA	-0.472
	OT	-0.303
FY 2002	BA	-118.548
	OT	-114.379
FY 2003	BA	-6.115
	OT	-5.222
FY 2004	BA	-6.268
	OT	-5.912
FY 2005	BA	-6.423
	OT	-6.263
FY 2006	BA	-6.580
	OT	-6.503
FY 2007	BA	-6.744
	OT	-6.665
FY 2008	BA	-6.908
	OT	-6.828
FY 2009	BA	-7.079
	OT	-6.994
FY 2010	BA	-7.251
	OT	-7.165
FY 2011	BA	-7.429
	OT	-7.340

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT
BUDGET YEAR TOTAL 2001
(in millions of dollars)
Revised 5/16/01 pursuant to section 310(c)(2)(A)

Committee		Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
		Budget Authority	Outlays	Budget authority	Outlays
Appropriations					
General Purpose Discretionary		640,803	617,507	0	0
Memo:	*on-budget*	*637,372*	*614,136*		
	off-budget	*3,431*	*3,371*		
Highways		0	26,920	0	0
Mass Transit		0	4,639	0	0
Mandatory		332,768	316,432	0	0
Total		973,571	965,498	0	0
Agriculture, Nutrition, and Forestry		26,339	22,544	29,963	12,133
Armed Services		50,881	50,764	54	54
Banking, Housing and Urban Affairs		11,512	4,075	0	0
Commerce, Science, and Transportation		394	(3,472)	751	749
Energy and Natural Resources		2,691	2,609	40	51
Environment and Public Works		39,185	1,838	0	0
Finance		707,396	704,780	169,158	169,328
Foreign Relations		11,369	10,433	0	0
Governmental Affairs		60,669	59,270	0	0
Judiciary		5,064	4,847	264	264
Health, Education, Labor, and Pensions		9,726	8,740	1,852	1,851
Rules and Administration		112	68	0	0
Veterans' Affairs		1,249	1,245	23,556	23,465
Indian Affairs		267	233	0	0
Small Business		(375)	(475)	0	0
Unassigned to Committee		(330,341)	(313,341)	0	0
TOTAL		1,569,709	1,519,656	225,638	207,895

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT
BUDGET YEAR TOTAL 2002
(in millions of dollars)
Revised 5/16/01 pursuant to section 310(c)(2)(A)

Committee		Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
		Budget Authority	Outlays	Budget authority	Outlays
Appropriations					
General Purpose Discretionary		546,945	537,091	0	0
Memo:	*on-budget*	*543,366*	*533,566*		
	off-budget	*3,579*	*3,525*		
Highways		0	28,489	0	0
Mass Transit		0	5,275	0	0
Conservation		1,760	1,232		
Mandatory		358,567	350,837	0	0
Total		907,272	922,924	0	0
Agriculture, Nutrition, and Forestry		21,175	17,856	22,293	13,209
Armed Services		53,053	52,964	54	54
Banking, Housing and Urban Affairs		8,417	1,273	0	0
Commerce, Science, and Transportation		13,452	9,630	805	801
Energy and Natural Resources		2,543	2,435	40	56
Environment and Public Works		41,494	1,799	0	0
Finance		703,580	703,049	185,672	185,713
Foreign Relations		11,706	10,454	0	0
Governmental Affairs		62,982	61,610	0	0
Judiciary		5,195	4,669	264	264
Health, Education, Labor, and Pensions		10,179	9,419	1,804	1,822
Rules and Administration		87	33	0	0
Veterans' Affairs		1,620	1,622	26,902	26,762
Indian Affairs		272	280	0	0
Small Business		0	(100)	0	0
Unassigned to Committee		(329,947)	(320,947)	0	0
TOTAL		1,513,080	1,478,970	237,834	228,681

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT
5-YEAR TOTAL: 2002-2006
(in millions of dollars)
Revised 5/16/01 pursuant to section 310(c)(2)(A)

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget Authority	Outlays	Budget authority	Outlays
Agriculture, Nutrition, and Forestry	69,640	52,349	106,745	71,186
Armed Services	305,980	305,551	274	274
Banking, Housing and Urban Affairs	59,463	2,355	0	0
Commerce, Science, and Transportation	72,789	50,419	4,493	4,468
Energy and Natural Resources	11,145	10,947	200	230
Environment and Public Works	181,030	8,380	0	0
Finance	3,770,695	3,767,949	1,086,697	1,086,656
Foreign Relations	59,747	54,108	0	0
Governmental Affairs	337,994	331,886	0	0
Judiciary	22,667	22,405	1,320	1,320
Health, Education, Labor, and Pensions	48,155	46,411	8,972	8,995
Rules and Administration	436	414	0	0
Veterans' Affairs	9,989	9,964	148,529	147,804
Indian Affairs	1,103	1,116	0	0
Small Business	0	(200)	0	0

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT
10-YEAR TOTAL: 2002-2011
(in millions of dollars)
Revised 5/16/01 pursuant to section 310(c)(2)(A)

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget Authority	Outlays	Budget authority	Outlays
Agriculture, Nutrition, and Forestry	114,692	80,210	225,304	156,220
Armed Services	671,521	670,656	549	549
Banking, Housing and Urban Affairs	132,028	(3,390)	0	0
Commerce, Science, and Transportation	164,611	118,775	10,178	10,292
Energy and Natural Resources	22,064	21,882	400	430
Environment and Public Works	371,833	15,995	0	0
Finance	8,332,502	8,325,884	2,663,216	2,662,654
Foreign Relations	122,819	113,442	0	0
Governmental Affairs	743,601	733,189	0	0
Judiciary	45,724	44,848	2,640	2,640
Health, Education, Labor, and Pensions	102,173	97,860	17,950	17,973
Rules and Administration	875	916	0	0
Veterans' Affairs	19,277	19,318	317,909	316,669
Indian Affairs	2,112	2,108	0	0
Small Business	0	(200)	0	0

NATIONAL BOXING SAFETY ACT OF 2001

Mr. MCCAIN. Mr. President, I am pleased to join my colleague from Nevada, Senator REID, as a cosponsor to the National Boxing Safety Act of 2001. Because professional boxing is the only major sport in the United States that is not governed by a strong, centralized association or league to enforce uniform rules and practices, there is no consistent level of state regulation overseeing the practices of those participating in the industry. As the scandals, controversies, and unethical practices continue to persist, the need for a centralized governing body to regulate the sport has become evident.

While I have certain differences with the legislation, I look forward to working with Senator REID to address these, and together work toward passage of this bill.

THE CUBAN SOLIDARITY ACT OF 2001

Mr. CRAIG. Mr. President, I am honored to lend my support as an original cosponsor to the Cuban Solidarity Act of 2001. As many of us here know, the Cuban Solidarity Act of 2001 goes beyond what the original Helms-Burton Act of 1996 sought to accomplish. Not only does it send a clear signal to the Castro regime that there are consequences to violating political and religious freedoms and human rights, but that we are going to work fervently to bring about a change in his regime.

Four years ago, I spoke here on the Senate floor in condemnation of the cowardly acts of the Cuban government in the shooting down of two civilian aircraft. I also expressed my concerns about the unauthorized use of confiscated United States-citizen-owned property. This bill contains a number of provisions that seek compensation from the Cuban government on both matters.

In Castro's Cuba, dissidents are routinely subjugated to random arrests, exile, imprisonment and beatings for openly opposing the government. During the first two months of 2000, over 350 peaceful human rights activists were arrested. One of the most notable cases included that of Dr. Oscar Biscet of the Lawton Human Rights Foundation, who received three years in prison for protests against abortion and the death penalty.

These violations of human rights taking place only ninety miles from the United States, are a threat to international peace.

Furthermore, many observers are concerned that a successor to Castro is currently being groomed to maintain authoritarian control over the island.

This bill will authorize the President to pursue a more pro-active policy towards changing the regime in Cuba from within. It does so by amending trade sanctions, which will give the President enhanced tools in supporting pro-democracy and human rights groups. Such new tools include authorizing the export of religious, educational and journalistic materials to individuals and independent groups, as well as office supplies, telephones and fax machines. These individuals and groups may include victims of religious persecution, farm cooperatives, political prisoners, and worker's rights groups just to name a few. The bill will also increase humanitarian aid in the form of food and medicine to children and the elderly.

Another large component of this bill, is the support it gives to micro-enterprise efforts in Cuba. By helping self-employed Cubans start their own businesses, we will help to plant the seeds of independent thinking, democracy and entrepreneurialism which will ensure a more peaceful transition to democracy.

Because Castro will not hold power in Cuba forever, we need to take the necessary steps to make sure a transition to democracy is possible and likely.

It is time for a reinvigorated approach towards Cuba, one that includes bipartisan support. Therefore I am pleased to support the Cuba Solidarity Act of 2001, and I would urge others to do the same.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Mr. President, I rise today to speak about hate crimes legislation I introduced with Senator KENNEDY last month. The Local Law Enforcement Act of 2001 would add new categories to current hate crimes legislation sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a heinous crime that occurred October 31, 1999 in Inverness, Florida. After shouting anti-gay epithets, a teenager allegedly drove into a group of young people dressed in drag on Halloween night, killing 17-year-old Allison Decratel and injuring another person. The teenager, Richard Burzynski Jr., 17, and passenger Thomas Alan Bonneville, 16, drove past the cross-dressed group several times shouting ''faggots'' at the boys in the group before steering the car into the group of teens. The perpetrators fled the scene but were apprehended 50 miles north of the incident. On November 19, Burzynski was indicted on six counts, including first-degree murder.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation, we can change hearts and minds as well.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Wednesday, May 16, 2001, the Federal debt stood at $5,651,674,551,618.32, Five trillion, six hundred fifty-one billion, six hundred seventy-four million, five hundred fifty-one thousand, six hundred eighteen dollars and thirty-two cents.

One year ago, May 16, 2000, the Federal debt stood at $5,669,366,000,000, Five trillion, six hundred sixty-nine billion, three hundred sixty-six million.

Five years ago, May 16, 1996, the Federal debt stood at $5,113,662,000,000, Five trillion, one hundred thirteen billion, six hundred sixty-two million.

Ten years ago, May 16, 1991, the Federal debt stood at $3,460,706,000,000, Three trillion, four hundred sixty billion, seven hundred six million.

Fifteen years ago, May 16, 1986, the Federal debt stood at $2,030,755,000,000, Two trillion, thirty billion, seven hundred fifty-five million, which reflects a debt increase of more than $3.5 trillion, $3,620,919,551,618.32, Three trillion, six hundred twenty billion, nine hundred nineteen million, five hundred fifty-one thousand, six hundred eighteen dollars and thirty-two cents during the past 15 years.

ADDITIONAL STATEMENTS

TAIWANESE AMERICAN HERITAGE WEEK

• Mr. KENNEDY. Mr. President, last week, Taiwanese Americans and all Americans celebrated Taiwanese American Heritage Week. I commend our many citizens of Taiwanese background for the contributions they have made to America.

More than 500,000 Americans are of Taiwanese heritage, and they have achieved impressive successes in business, in science and the arts, in the academic world, and in many other aspects of our national life. They are a vital part of our society and an important part of the strong fabric of American life.

All Americans continue to watch with great interest and support as Taiwan continues to become a stronger nation and a stronger democracy. I share the hope of Taiwanese Americans that Taiwan will continue to prosper in peace and growing economic strength.•

TRIBUTE TO STONEWALL JACKSON HIGH SCHOOL

• Mr. WARNER. Mr. President, it is with great pleasure that I rise today to pay tribute to the accomplishments of Stonewall Jackson High School, in Manassas, VA. Stonewall Jackson has been named Time magazine's High School of the Year and is featured in the May 21, 2001 issue.

Time's Schools of the Year were judged on their approaches to the most pressing challenges in education; educating children of the poor; consolidating schools in rural areas; making effective use of technology in teaching; and getting parents and communities involved in the education of their children.

I firmly believe that strong parental involvement is a cornerstone for academic success—for it is parents who know the special needs of their own children. Steve Constantino, principal of Stonewall Jackson, believes this also. To increase parental involvement at the high school, Mr. Constantino and his staff planned to put resources in the hands of those who know best how to improve the education of their children, parents. He first removed the counter in the main office to welcome parents and make them feel more comfortable.

But Mr. Constantino and the faculty went a step further by putting in place a program called ParentLink. Through a website and voicemail system, parents can receive up-to-date information regarding their child's grades, homework, attendance, and even the details about what was being taught that day in the classroom. Bridging the communication gap between parents, students, and staff extends beyond ParentLink to the community. Stonewall Jackson accommodates working parents' schedules by holding Saturday morning events and by encouraging parents to make evening use of the school's resources on college and career options.

While increasing parental involvement in education, Stonewall Jackson has also vigorously challenged its students through the International Baccalaureate Diploma program, a rigorous academic program based on international perspectives, an enriched curriculum, community involvement, and written and oral communication skills. An I.B. degree is often regarded as superior to the completion of advanced placement courses, and about 45 percent of the student body at Stonewall Jackson are enrolled in I.B. courses, with 86 percent scoring four or better on a five-point scale.

Over the period of 1995–1999, SAT scores at Stonewall Jackson have risen 61 points; the school has reduced the disparity between minority and nonminority scores by 18 percent; the dropout rate has decreased from 11 percent to 3 percent; and parent satisfaction has risen from 34 percent in 1995 to 59 percent in 1999.

I also would like to take this opportunity to personally congratulate Mr. Constantino on being named Prince William County Public School's ''Principal of the Year'' for 2001, as well as receiving The Washington Post's ''Distinguished Educational Leadership Award.'' I also want to extend the highest commendation and congratulations to the teachers, faculty, and parents of Stonewall Jackson High School for their outstanding performance in educating our children and preparing them to thrive in the 21st Century. And last, but certainly not least, to the students of Stonewall Jackson; I salute you on the floor of the United States Senate, because without you, none of this would be possible.

As we all know, today's youth are tomorrow's leaders, and schools such as Stonewall Jackson are paving the way to a prepared and intelligent generation. Stonewall Jackson High School is an inspiration to everyone in the community of Manassas, the Commonwealth of Virginia, and the United States of America, and should take great pride in the honor this recognition represents.●

150TH ANNIVERSARY OF THE PHOENIX HOME LIFE

● Mr. LIEBERMAN. Mr. President, I rise with my esteemed colleague, Senator CHRIS DODD, to offer congratulations to Phoenix Home Life Mutual Insurance Company, which is celebrating its 150th anniversary today.

Phoenix is actively engaged in so many facets of our society. This company embodies social leadership through charitable contributions and community involvement. The corporate infrastructure of Phoenix is permeated with a sense of compassion that looks beyond the bottom line and stresses to its employees the importance of investing in human capital as a means of promoting community development.

For example, Phoenix encourages employees to volunteer through a policy that allows them to devote 40 hours of company time per year to community activities, provided it is matched by the same amount of personal time. The company also rewards its top 20 professional advisors through its Donor's Award, a program that enables employees to designate up to $2,000 to a local charity. Since it's inception, the award has benefited many organizations, including the Juvenile Diabetes Foundation, Lou Gehrig Baseball, and the Make-a-Wish Foundation.

Through this emphasis on community commitment, Phoenix employees adopt their favorite charities, lending their expertise, their leadership, and their time to a variety of local outreach initiatives. The Loaves and Fishes soup kitchen is one such beneficiary. Each summer, Phoenix home office employees in Hartford team up with Foodshare to harvest vegetables donated by Connecticut farmers for area soup kitchens and shelters. Another example is the planning and organization, by a group of employees in 1999, of Connecticut's first Adoption and Foster Care Exposition, sponsored by Phoenix.

Additionally, Phoenix has spearheaded a three-million-dollar ''Legacy Campaign'' to sustain and promote the Doc Hurley Foundation. Through financial scholarships, mentoring from foundation trustees, and help with purchasing books, the campaign's endowment will help city high school students go to college. Phoenix will contribute a total of $500,000 over the course of the campaign.

One of Phoenix's greatest investments in our communities and in society has been its commitment to Special Olympics. In 1995, Phoenix made an eight-year commitment to Special Olympics International as its first Official Worldwide Partner, setting a standard for volunteerism few companies can match. Approximately 60 percent of home office employees volunteered at the Special Olympics World Games. Field offices also provided volunteers and raised money to assist local chapters with travel and lodging expenses, enabling athletes across the country to participate in a once-in-a-lifetime event.

Phoenix has proven itself to be an indispensable asset to Connecticut. By making community involvement a priority, Phoenix demonstrates that an alliance between the business sector and the community is not just possible, it is necessary.

At the end of the day, Phoenix is not a faceless multi-national corporation. Through its selfless endeavors within Connecticut's communities, it has proven itself to be the consummate good neighbor. Phoenix is a leader in the competitive world of business and a winner in the hearts of countless Connecticut residents. It is with great appreciation and honor that I ask my colleagues to join me in offering congratulations to Phoenix Home Life Mutual Insurance Company on its 150th anniversary.●

CHRIST EPISCOPAL CHURCH

● Mr. BOND. Mr. President, I rise to make a few comments on the sesquicentennial anniversary of Christ Episcopal Church in St. Joseph, MO.

The first formal service of the Episcopal Church was held in the orchard of Mrs. Kate Howard's home at 5th and Francis on September 1, 1851. The Reverend John McNamara, Missionary to the Platte Purchase, celebrated the service. On April 14, 1852, Christ Church parish was organized and the small group purchased a log structure at the northwest corner of 3rd and Jules.

On July 30, 1877 Bishop Robertson of the Diocese of Missouri laid the cornerstone of the new church. The building is brick in the English Gothic style. It is the second oldest building in the city in continuous use as a place of worship by one congregation.

During the 1896 renovation an organ was purchased from a church in Connecticut. This Johnson organ was

originally built in 1867. The women of the parish who sponsored three operettas at the Tootle Opera House raised the money for the organ. The original portion is the oldest organ in St. Joseph.

Christ Episcopal Church continues to be a presence in downtown St. Joseph. The members are involved in community outreach activities including the Open Door Food Kitchen, Downtown Partners Association, Ecumenical Corporation for Housing Opportunities, and a Mother's Day Baby Shower to benefit the Division of Family Services.

I commend the congregation of Christ Episcopal Church on their continued commitment to maintain high standards of worship, music and fellowship for a church of 220 parishioners. I am pleased to join with the St. Joseph community and the State of Missouri in congratulating the congregation and wishing them continued growth and success for the next 150 years.●

HONORING CURTIS GIBSON

● Mr. BAUCUS. Mr. President, I rise to recognize a young man who represents the best of Montana, Curtis Gibson. Curtis has distinguished himself as an intelligent, self-motivated Eagle Scout from troop nine in Billings and I am proud to speak about his accomplishment today. I would like to begin by stating that Curtis is the son of Robert and Linda Gibson and the brother of Kelly Gibson, who is also an Eagle Scout.

As you may know, a Boy Scout is called to follow a strict code of conduct. He must be trustworthy, loyal, helpful, friendly, courteous, kind and brave. I am proud to say that Curtis Gibson embodies all of these attributes. While upholding the principles of the Scout oath and law, a potential Eagle Scout must earn 21 merit badges and prove to be a capable and effective leader. Moreover, he must also show that he has planned, developed, and led others in various service projects. I am here to affirm that Curtis has met these criteria and has recently been awarded the rank of Eagle Scout.

Along the way to becoming an Eagle Scout, Curtis organized 20 scouts from Troop Nine to improve Montana's park system. They designed and constructed covered information kiosks at the entrances to Two Moon Park and Norm Schoenthal Island to benefit the Yellowstone River Parks Association and the Yellowstone County Parks Department. These scouts volunteered more than 100 hours during the school year to complete the project and I am grateful for his dedication to the greater Billings community. Curtis's project certainly benefits our park systems, but it also serves Troop Nine and those who gave their time for service and leadership.

I am proud to say that Curtis has been involved in scouting for more than ten years and that he has spent six of those years with Troop Nine. Even though Saint Bernard's Parish in the Billings Heights is their home, Curtis has allowed his scouting activities to take him to Minnesota, Wyoming, South Dakota, the Florida Keys and Canada. In addition, Curtis recently joined Venture Crew Seven. This group joins together experienced Boy Scouts in the Billings area for extensive outdoor activities and service projects. However, Curtis has not limited himself solely to scouting. He is an active member of the student body at Skyview High School where he competes on the varsity swim team. Last year Curtis was named to the Montana all-state swim team.

Once again, I would like to express my appreciation to Curtis for his dedication to the state of Montana and his service to the city of Billings. Curtis has prepared himself well for a lifetime of leadership. The youth of our communities will certainly one day, direct the future greatness of our Nation. It gives me great joy to see that Curtis has taken an active role to ensure the continued success and triumph of Montana and the United States.●

TRIBUTE TO ROBERT ''BUD'' CLAY

● Mr. HATCH. Mr. President, today I wish to pay tribute to a World War II veteran who brought hope to an occupied people.

On May 24th for more than half a century, the residents of the former German-occupied Als Island off the coast of Denmark celebrated Robert ''Bud'' Clay as a hero. However, until recently, Bud was unaware of this honor.

Robert B. Clay was a Lieutenant Colonel in the 351st Bomb Group stationed in Polebrook, England during World War II. He was leading a B–17 bombing raid when things went terribly wrong. The plane's engines started failing one by one. Bud steered the plane toward neutral Sweden, but with the failure of an additional engine, it was clear that they would be unable to escape enemy territory. After ensuring that eight of the ten crewmen had safely bailed out of the plane, Clay and his copilot attempted a crash-landing in a nearby grassy clearing on Als Island.

Als Island was first occupied by German troops in 1939. The crashing of the B–17 on May 24, 1944 was seen by the people of the island as a symbol of approaching liberation. In fact, the plane was such a beacon of hope to them that the people of Als Island kept pieces of the wrecked B–17 not only as souvenirs but also as near-sacred tokens. One woman even made her wedding dress using fabric taken from one of the pilot's parachutes.

All the crewmen in Lieutenant Colonel Clay's plane survived the flight, but were taken as prisoners-of-war. Clay was held captive as a POW for one year in camps near Sagon, Nuremburg, and finally Mooseburg, Germany.

Then on the 28th of April, 1945, Bud saw the stars and stripes being flown from a tall building in an adjacent town. He suddenly realized that liberation was on its way. An experience uncannily like the Danes who viewed his plane's crash as a harbinger of freedom.

For 40 years Clay did not speak of his experience. He was the pilot of the mission and harbored feelings of guilt and responsibility, for the crash, for his crew being taken as POWs, and for not being able to finish out other missions.

However, as he was looking through a war-reunion newsletter two years ago, Clay recognized a photograph of the plane wreckage and the hills and farmhouses surrounding it. An islander had taken the picture as a boy and published the photo and story in hopes of finding the Americans whose crash-landing has been celebrated for decades.

This year will be the first year that Clay will be part of that celebration. He and five others from his bomber crew have been invited to personally attend the ceremonies that have been held in their honor for 56 years.

Clay will forever live as a hero in the memories of Als Island people. He has received e-mails and letters from them expressing their thanks. They have told him that seeing his plane helped them realize for the first time that help was on the way. I am very proud that this great man, who continues to serve in his local community, will finally receive the personal recognition he earned so long ago.●

MIAMI EDISON MIDDLE SCHOOL

● Mr. GRAHAM. Mr. President, I rise today to share with you a remarkable story.

As sweeping a statement as this is, the story of Miami Edison Middle School is truly the story of America in the 20th Century.

It is the story of immigration, with all its challenges, and all its rewards.

It is the story of hard work, of culture differences, and cross-cultural understanding.

It is the story of a city, and a neighborhood and how each generation that passes through leaves behind a layer to build on.

With its Art Deco auditorium and full-sized gymnasium, Miami Edison High School, originally called Dade County Agricultural High, was as magnificent a structure as you could imagine when it was built in 1928.

Through the school, one can trace the growth and transformation of the face of Miami, and indeed, the country.

When it opened in what was then Lemon City, a swath of land surrounded by lemon and orange groves, the entire student body was white.

My wife, Adele, was a student there, as were many of the men and women who are today some of Florida's most respected citizens, including Congressman CLAY SHAW and his wife, Emilie, historian Arva Moore Parks and Miami Dolphins football star Nat Moore.

By the 1960s, most of the students were Hispanic.

A new high school for the area was built in 1978 and Edison became a middle school.

Today, the majority of students are of Haitian descent or are recent Haitian immigrants. Edison High School has the highest percentage in the state of students still learning English. It has the lowest math and reading tests scores. It has far too many students living in poverty.

The original high-school building, however, looks much the same as it did when it was built, only better.

For years Edison, like many urban schools, was left to crumble. Finally, school and county officials decided it was time to put this piece of Florida history in the path of the wrecking ball. To many Edison alumni, organized as the ''Over the Hill Gang, this was unconscionable.

In an age when too many children are being taught in makeshift classrooms, trailers and former utility closets, we were sacrificing what could truly have been called a temple of learning. We were carelessly trampling our history and taking down with it the too-long-lost tradition of teaching our children in school buildings that reflect that grandeur of what goes on inside their walls.

A group of Edison alumni including Arva Moore Parks, one of Florida's great voices for preserving our history, fought to save the school.

In 1992, Dade County agreed to keep the original school standing and refurbish it to meet the needs of today's students.

While the alumni group had the best intentions, the parents of today's Edison students were wary, and not without cause.

The neighborhood had been promised a new middle school in 1988. It was supposed to be completed by 1992. Instead, children were still trying to learn in a decaying, leaking building.

The move to preserve the old school looked, to many neighborhood parents, like another broken promise.

In the end, the families of that area got the best of both worlds. The building, restored by architect Richard Heisenbottle of Coral Gables, is a magnificent melding of old and new. The architectural elements of the past are bolstered by a new wing, new lighting, plumbing and air-conditioning. Old classrooms were gutted and refurbished. The original wood floor of the gymnasium remains in place along with a 1,700-seat auditorium with Deco light fixtures and a carved, wraparound balcony. In 1997 the architect, the alumni group, the Dade County School Board and the Dade Heritage Trust received one of the National Trust for Historic Preservation's prestigious honor awards for the project.

The building itself is a tribute to all involved, but strangely enough, it may not be the most important structure that grew out of this effort. The men and women who fought to save the school also built a sturdy bridge connecting Miami's immigrants to its old guard, its present to its past.

One United Band: The Edison Linkage Foundation was formed to reassure the community's parents that today's students mattered as much to the alumni as the school building.

The foundation raises money for an aggressive mentoring program that offers a stipend to successful students at Edison High School to tutor younger, at-risk children and to serve as role models for navigating the challenging and often frightening world of adolescence.

For some immigrant children, that world is even more frightening than for most young people.

Language barriers are just a small part of the problem many of these children face. Some came from Haiti directly to middle school without having had any formal education before. They are illiterate in their own language as well as a new one.

Many live in poverty, with families who cannot spend as much time with them as they'd like to and cannot help them with their homework.

Tutors can help fill in the blanks, bridge the gaps that keep them from reading, understanding, learning and staying in school. They can offer a living, breathing vision of something to strive for.

The program has been a resounding success. In the 1999–2000 school year, 26 middle-school students showed measurable academic gains after being tutored.

Of the student's tutored, 15 percent were non-readers. Those students are now reading at a level three and above.

Meanwhile, the graduating seniors who served as tutors are all headed for college this fall.

The money to pay for the tutors' time is raised from Edison alumni scattered around the country and through fund-raisers including shows and sales of Haitian art.

The art shows are both a fund-raising tool for the mentoring program and college scholarships, and a source of pride for children from Haitian families.

The third of these will take place May 21, 2001, in the Florida House in Washington, D.C.

All of this has been thanks to the hard work of a number of dedicated volunteers and professionals. These include: Martha Anne Collins, Linkage Foundation administrator; Ron Major, Edison Middle School principal; John Walker, coordinator of the tutoring program and an assistant principal at Miami Edison High School; Alma King-Jones, Middle School coordinator and administrative assistant to the principal; Betsy Kaplan of the Dade County School Board; historian Arva Moore Parks and my wife, Adele Khoury Graham, who co-chaired the Linkage Foundation; Charles Keye, Linkage Foundation treasurer; Fred and Mary Exum and the ''Over the Hill Gang'', who have helped coordinate the brick donation program for the Dade County Public School system.

All these people, and many more, are responsible for the vision, and then the reality, that became the Edison Middle School and the Linkage Foundation.

These men and women reached across generations and through racial and cultural divides to unite Miami today with the Miami of yesterday.

In doing so, they have helped create a source of hope and opportunity for the Miami of tomorrow.●

45TH ANNIVERSARY OF CAN DO, INC

● Mr. SANTORUM. Mr. President, I take this opportunity to recognize a driving economic force in Hazleton, PA. CAN DO, Inc., Community Area New Development Organization, has served the Greater Hazleton area with economic development initiatives since its founding in 1956.

With the decline of the coal mining industry in the 1950s, Hazleton suffered terrible unemployment and low community morale, and several members of the community took it upon themselves to reverse the high-unemployment trend in the region. With that, Dr. Edgar L. Dessen and a group of community leaders formed CAN DO. CAN DO's initial purpose was to raise money to turn around the difficult time that the community was experiencing.

With its tremendous fundraising efforts, CAN DO raised almost $750,000, which was enough to purchase land for the development of an industrial park. In less than a year, Valmont Industrial Park was completed, providing an outstanding facility for businesses to call home. General Foam Company was the first firm to occupy the space and created 100 new jobs. This was just the beginning of the great work that CAN DO would do.

Many years and several facilities later, CAN DO has revitalized Greater Hazleton in many ways. The dedication of the leadership in CAN DO is phenomenal, and it is without a doubt that they have changed the lives of many Northeastern Pennsylvania residents. When economic times were tough in the 1950s, CAN DO displayed the courage and initiative to revitalize their community.

As they celebrate their 45th anniversary I would like to congratulate them with the following resolution:

Whereas CAN DO is an economic development agency serving Greater Hazleton in Northeastern Pennsylvania, and,

Whereas CAN DO was founded in 1956 as a grass-roots movement to attract new industries to Greater Hazleton as the anthracite coal industry failed, and,

Whereas CAN DO has created four industrial parts—Valmont Industrial Park, Humboldt Industrial Park, McAdoo Industrial and the CAN DO Corporate Center, and,

Whereas CAN DO has been responsible for more than 280 development projects, and,

Whereas CAN DO has been responsible for the creation of more than 11,000 current jobs in Greater Hazleton, and

Whereas CAN DO has been responsible for the creation of a tax base worth millions of dollars, and,

Whereas CAN DO has been recognized nationally for the quality of their work in the field of economic development, and

Whereas CAN DO has worked cooperatively with other governing and volunteer bodies to improve the general quality of life for every man, woman, and child in and around Greater Hazleton, and,

Whereas CAN DO is this year celebrating its 45th anniversary,

Therefore, be it declared that CAN DO is to be congratulated for reaching such an important milestone in its long, distinguished history, and

Be it declared that CAN DO is to be commended for performing such meritorious service in the area of economic development.●

TRIBUTE TO DR. JAY C. DAVIS

● Mr. DOMENICI. Mr. President, I wish to take this opportunity to recognize the accomplishments of Dr. Jay C. Davis, the first Director of the Defense Threat Reduction Agency, more commonly known as ''DTRA.'' Jay completes his tenure as the Director on June 21, 2001 and will be returning to Lawrence Livemore National Laboratory.

In October 1998, the Defense Threat Reduction Agency was established by the Department of Defense to respond to the growing threat posed by the proliferation of nuclear, chemical, and biological weapons, so called ''weapons of mass destruction'' or WMD. DTRA was charged to integrate and focus the capabilities of the Department on the present and future WMD threat.

The new Agency needed a Director and the Department picked Jay to establish the Agency, provide its vision, and assure its rapid success. Jay's accomplishments make him an excellent choice for this job. While Jay, a nuclear physicist, had spent the majority of his career at Lawrence Livermore National Laboratory, he's been active in treaty verification and nonproliferation technologies, as well as the design of research and development collaborations.

He served as scientific advisor to the United Nations Secretariat, several US agencies, and to the scientific agencies of the governments of Australia and New Zealand. He participated in two UN inspections in Iraq. Jay is a Fellow of the American Physical Society and was one of its Centennial Lecturers in its 100th Anniversary Year. The author of more than seventy published works in his discipline, he also holds three patents on analytical techniques and applications.

During his three years at DTRA, Jay created an agency that is widely respected. Today, DTRA performs many important missions. It is partnered with the Commanders-in-Chief of the combatant commands, the Services, and the Department of Energy on the maintenance of the physical and doctrinal components of our nuclear deterrent. It provides warfighters with tools to prevail against WMD. DTRA also executes all arms control treaty inspections, cooperative agreements, and technology control activities in the Department of Defense. In addition, Jay has been instrumental in leading and defining the Department's role in supporting local and state agencies in WMD terrorism response operations. Under his leadership, DTRA has contributed significantly to the evolving concept of homeland defense.

Jay has twice been awarded the Distinguished Public Service Medal by the Secretary of Defense, DoD's highest civilian award, for his contributions to national security.

He and his wife May soon will return to the Livermore valley, where he will become the first National Security Fellow at the Lab's Center for Global Security Research. In this new position, Jay will do what he does best, bringing together scientists and technologists with policy analysts to study ways in which technology can enhance national security. I congratulate Jay on all his accomplishments at DTRA and wish him the best in his future endeavors at Lawrence Livermore National Laboratory.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:51 p.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 622. An act to amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

H.R. 1646. An act to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker has signed the following enrolled bills:

H.R. 428. An act concerning the participation of Taiwan in the World Health Organization.

H.R. 802. An act to authorize the Public Safety Officer Medal of Valor, and for other purposes.

S. 700. An act to establish a Federal interagency task force for the purpose of coordinating actions to prevent the outbreak of bovine spongiform encephalopathy (commonly known as ''mad cow disease'') and foot-and-mouth disease in the United States.

The enrolled bills were signed subsequently by the President pro tempore (Mr. THURMOND).

At 4:28 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 135. A concurrent resolution expressing the sense of the Congress welcoming President Chen Shui-bian of Taiwan to the United States.

The message also announced that pursuant to 22 U.S.C. 276d and clause 10 of rule I, the Speaker appoints the following Members of the House of Representatives to the Canada-United States Interparliamentary Group, in addition to Mr. HOUGHTON of New York, Chairman, appointed on March 20, 2001: Mr. GILMAN of New York, Mr. DREIER of California, Mr. SHAW of Florida, Mr. STEARNS of Florida, Mr. PETERSON of Minnesota, Mr. MANZULLO of Illinois, Mr. ENGLISH of Pennsylvania, and Mr. SOUDER of Indiana.

MEASURES REFERRED

The following bill was read the first and the second times by unanimous consent, and referred as indicated:

H.R. 1646. An act to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes; to the Committee on Foreign Relations.

The following concurrent resolution was read, and referred as indicated:

H. Con. Res. 135. Concurrent resolution expressing the sense of the Congress welcoming President Chen Shui-bian of Taiwan to the United States; to the Committee on Foreign Relations.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, May 17, 2001, he had presented to the President of the United States the following enrolled bill:

S. 700. An act to establish a Federal interagency task force for the purpose of coordinating actions to prevent the outbreak of bovine spongiform encephalopathy (commonly known as ''mad cow disease'') and foot-and-mouth disease in the United States.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–1902. A communication from the Managing Director, Financial Management and Assurance, General Accounting Office, transmitting, pursuant to law, a report relative to the financial statements of the Capitol Preservation Fund for Fiscal Years 1999 and 2000; to the Committee on Rules and Administration.

EC–1903. A communication from the Acting Assistant General Counsel for Regulatory Law, Office of Environment, Safety and Health, Department of Energy, transmitting, pursuant to law, the report of a rule entitled ''Procedural Rules for DOE Nuclear Activities; General Statement of Enforcement Policy'' received on May 14, 2001; to the Committee on Energy and Natural Resources.

EC–1904. A communication from the Regulations Coordinator, Office of Child Support Enforcement, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Comprehensive Tribal Child Support Enforcement Programs'' (RIN0970–AB73) received on May 14, 2001; to the Committee on Finance.

EC–1905. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report relative to the Federal Deposit Insurance Corporation's Financial Statements for calendar years 1999 and 2000; to the Committee on Banking, Housing, and Urban Affairs.

EC–1906. A communication from the Chief Financial Officer of the Export-Import Bank of the United States, transmitting, a draft of proposed legislation to amend the Export-Import Bank Act of 1945, as amended; to the Committee on Banking, Housing, and Urban Affairs.

EC–1907. A communication from the Acting Administrator of the Small Business Administration, transmitting, a draft of proposed legislation entitled ''Small Business Amendments Act of 2001''; to the Committee on Small Business.

EC–1908. A communication from the Assistant Director for Budget and Administration, Executive Office of the President, transmitting, pursuant to law, the report of a vacancy in the position of Associate Director, National Security and International Affairs; to the Committee on Commerce, Science, and Transportation.

EC–1909. A communication from the Comptroller General of the United States, transmitting, a report relative to two deferrals of budget authority; to the Committees on Appropriations; the Budget; and Foreign Relations.

EC–1910. A communication from the Principal Deputy Under Secretary of Defense, Acquisition and Technology, transmitting, pursuant to law, a report concerning revisions to the Annual Materials Plans for Fiscal Years 2001 and 2002; to the Committee on Armed Services.

EC–1911. A communication from the Deputy Under Secretary of Defense, Technology Security Policy, transmitting, pursuant to law, the report of a delay on the report concerning military transfers; to the Committee on Armed Services.

EC–1912. A communication from the Deputy General Counsel of the Federal Bureau of Investigation, Department of Justice, transmitting, pursuant to law, the report of a rule entitled ''National Instant Criminal Background Check System Regulation; Delay of Effective Date'' (RIN1110–AA02) received on May 9, 2001; to the Committee on the Judiciary.

EC–1913. A communication from the Secretary of the Judicial Conference of the United States, transmitting, a draft of proposed legislation entitled ''Federal Judgeship Act of 2001''; to the Committee on the Judiciary.

EC–1914. A communication from the Chairman of the National Committee on Vital and Health Statistics, transmitting, pursuant to law, the Annual Report on the Implementation of the Administrative Simplification Provisions of the Health Insurance Portability and Accountability Act for calendar year 2000; to the Committee on Health, Education, Labor, and Pensions.

EC–1915. A communication from the Chairman of the National Labor Relations Board, transmitting, pursuant to law, the report of the discontinuation of service in acting role, and a vacancy in the position of General Counsel; to the Committee on Health, Education, Labor, and Pensions.

EC–1916. A communication from the Acting Chief Executive Officer of the Corporation for National and Community Service, transmitting, pursuant to law, the report of a vacancy and the designation of acting officer for the position of Chief Financial Officer; to the Committee on Health, Education, Labor, and Pensions.

EC–1917. A communication from the Acting Chief Executive Officer of the Corporation for National and Community Service, transmitting, pursuant to law, the report of a vacancy and the designation of acting officer for the position of Chief Executive Officer; to the Committee on Health, Education, Labor, and Pensions.

EC–1918. A communication from the Deputy Director of the Peace Corps, transmitting, pursuant to law, the report of a vacancy and the designation of acting officer for the position of Director; to the Committee on Foreign Relations.

EC–1919. A communication from the Assistant Secretary of Legislative Affairs, Department of the Treasury, transmitting, pursuant to law, a report relative to the operations of the Enterprise for the Americas Initiative and the Tropical Forest Conservation Act for 1999 and 2000; to the Committee on Foreign Relations.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM–54. A joint resolution adopted by the Legislature of the State of Alaska relative to the Arctic National Wildlife Refuge; to the Committee on Energy and Natural Resources.

LEGISLATIVE RESOLVE NO. 5

Whereas, in sec. 1002 of the Alaska National Interest Lands Conservation Act (ANILCA), the United States Congress reserved the right to permit further oil and gas exploration, development, and production within the coastal plain of the Arctic National Wildlife Refuge, Alaska; and

Whereas, the oil industry, the state, and the United States Department of the Interior consider the coastal plain to have the highest potential for discovery of very large oil and gas accumulations on the continent of North America, estimated to be as much as 10,000,000,000 barrels of recoverable oil; and

Whereas, the ''1002 study area'' is part of the coastal plain located within the North Slope Borough, and residents of the North Slope Borough, who are predominantly Inupiat Eskimo, are supportive of development in the ''1002 study area''; and

Whereas, oil and gas exploration and development of the coastal plain of the refuge and adjacent land could result in major discoveries that would reduce our nation's future need for imported oil, help balance the nation's trade deficit, and significantly increase the nation's security; and

Whereas domestic demand for oil continues to rise while domestic crude production continues to fall with the result that the United States imports additional oil from foreign sources; and

Whereas development of oil at Prudhoe Bay, Kuparuk, Endicott, Lisburne, and Milne Point has resulted in thousands of jobs throughout the United States, and projected job creation as a result of coastal plain oil development will have a positive effect in all 50 states; and

Whereas Prudhoe Bay production is declining by approximately 10 percent a year; and

Whereas, while new oil field developments on the North Slope of Alaska, such as Alpine, Badami, and West Sak, may slow or temporarily stop the decline in production, only giant coastal plain fields have the theoretical capability of increasing the production volume of Alaska oil to a significant degree; and

Whereas opening the coastal plain of the Arctic National Wildlife Refuge now allows sufficient time for planning environmental safeguards, development, and national security review; and

Whereas the 1,500,000-acre coastal plain of the refuge makes up only eight percent of the 19,000,000-acre refuge, and the development of the oil and gas reserves in the refuge's coastal plain would affect an area of only 2,000 to 7,000 acres, which is less than one-half of one percent of the area of the coastal plain; and

Whereas 8,000,000 of the 19,000,000 acres of the refuge have already been set aside as wilderness; and

Whereas the oil industry has shown at Prudhoe Bay, as well as at other locations along the Arctic coastal plain, that it can safely conduct oil and gas activity without adversely affecting the environment or wildlife populations; and

Whereas the state will ensure the continued health and productivity of the Porcupine Caribou herd and the protection of land, water, and wildlife resources during the exploration and development of the coastal plain of the Arctic National Wildlife Refuge, Alaska; and

Whereas the oil industry is using innovative technology and environmental practices in the new field developments at Alpine and Northstar, and those techniques are directly applicable to operating on the coastal plain and would enhance environmental protection beyond traditionally high standards; be it

Resolved by the Alaska State Legislature, That the Congress of the United States is urged to pass legislation to open the coastal plain of the Arctic National Wildlife Refuge,

Alaska, to oil and gas exploration, development, and production, and that the Alaska State Legislature is adamantly opposed to further wilderness or other restrictive designation in the area of the coastal plain of the Arctic National Wildlife Refuge, Alaska; and be it further

Resolved, That that activity be conducted in a manner that protect the environment and naturally occurring population levels of the Porcupine Caribou herd and uses the state's work force to the maximum extent possible; and be it further

Resolved, That the Alaska State Legislature opposes any unilateral reduction in royalty revenue from exploration and development of the coastal plain of the Arctic National Wildlife Refuge, Alaska, and any attempt to coerce the State of Alaska into accepting less than the 90 percent of the oil, gas, and mineral royalties from the federal land in Alaska that was promised to the state at statehood.

Copies of this resolution shall be sent to the Honorable George W. Bush, President of the United States; the Honorable Richard B. Cheney, Vice-President of the United States and President of the U.S. Senate; the Honorable Gale Norton, Secretary of the Interior, the Honorable J. Dennis Hastert, Speaker of the U.S. House of Representatives; the Honorable Trent Lott, Majority Leader of the U.S. Senate; to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; and to all other members of the U.S. Senate and the U.S. House of Representatives serving in the 107th United States Congress.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. SPECTER, from the Committee on Veterans' Affairs:

Special Report entitled ''Legislative and Oversight Activities During the 106th Congress by the Senate Committee on Veterans' Affairs'' (Rept. No. 107–17).

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committee were submitted:

By Mr. HATCH, from the Committee on the Judiciary:

Viet D. Dinh, of the District of Columbia, to be an Assistant Attorney General.

Michael Chertoff, of New Jersey, to be an Assistant Attorney General.

(The above nominations were reported with the recommendation that they be confirmed.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. ENZI:

S. 906. A bill to provide for protection of gun owner privacy and ownership rights, and for other purposes; to the Committee on the Judiciary.

By Mrs. CARNAHAN:

S. 907. A bill to amend the Internal Revenue Code of 1986 to encourage the use of ethanol and the adoption of other forms of value-added agriculture, and for other purposes; to the Committee on Finance.

By Mr. BROWNBACK (for himself, Mr. ALLARD, Mr. HELMS, Mr. HUTCHINSON, Mr. INHOFE, Mr. SESSIONS, and Mr. SHELBY):

S. 908. A bill to require Congress and the President to fulfill their Constitutional duty to take personal responsibility for Federal laws; to the Committee on Governmental Affairs.

By Mrs. LINCOLN (for herself and Mr. HUTCHINSON):

S. 909. A bill to improve the administration of the Animal and Plant Health Inspection Service of the Department of Agriculture, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. ROCKEFELLER (for himself, Mr. DAYTON, and Mr. WELLSTONE):

S. 910. A bill to provide certain safeguards with respect to the domestic steel industry; to the Committee on Finance.

By Mr. SMITH of Oregon (for himself and Mr. BAUCUS):

S. 911. A bill to reauthorize the Endangered Species Act of 1973; to the Committee on Environment and Public Works.

By Ms. MIKULSKI (for herself and Mrs. HUTCHISON):

S. 912. A bill to amend title 38, United States Code, to increase burial benefits for veterans; to the Committee on Veterans' Affairs.

By Ms. SNOWE (for herself, Mr. ROCKEFELLER, Mr. SMITH of Oregon, and Mrs. FEINSTEIN):

S. 913. A bill to amend title XVIII of the Social Security Act to provide for coverage under the medicare program of all oral anticancer drugs; to the Committee on Finance.

By Mrs. BOXER (for herself, Mr. REID, and Mr. BAUCUS):

S. 914. A bill to designate the United States courthouse located at 95 Seventh Street in San Francisco, California, as the ''James R. Browning United States Courthouse''; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MCCONNELL (for himself, Mr. HELMS, Mrs. FEINSTEIN, and Mr. LEAHY):

S. Con. Res. 38. A concurrent resolution recognizing the founding of the Alliance for Reform and Democracy in Asia, and for other purposes; to the Committee on Foreign Relations.

By Mrs. FEINSTEIN (for herself and Mrs. BOXER):

S. Con. Res. 39. A concurrent resolution expressing the sense of Congress that the moratorium on new oil and natural gas leasing activity on submerged land of the outer Continental Shelf should be maintained; to the Committee on Energy and Natural Resources.

By Mr. HATCH (for himself, Mr. BAUCUS, Mr. ALLEN, Mr. BAYH, Mr. BENNETT, Mr. BINGAMAN, Mr. BOND, Mr. BREAUX, Mr. BROWNBACK, Ms. CANTWELL, Mrs. CARNAHAN, Mr. CHAFEE, Mrs. CLINTON, Ms. COLLINS, Mr. CRAIG, Mr. DASCHLE, Mr. DAYTON, Mr. DEWINE, Mr. DODD, Mr. DORGAN, Mr. DURBIN, Mr. ENSIGN, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FITZGERALD, Mr. FRIST, Mr. GRAHAM, Mr. GRASSLEY, Mr. HELMS, Mr. INHOFE, Mr. INOUYE, Mr. JEFFORDS, Mr. JOHNSON, Mr. KERRY, Ms. LANDRIEU, Mrs. LINCOLN, Ms. MIKULSKI, Mr. MILLER, Mr. MURKOWSKI, Mrs. MURRAY, Mr. REID, Mr. ROCKEFELLER, Mr. SANTORUM, Mr. SARBANES, Mr. SMITH of Oregon, Ms. SNOWE, Mr. SPECTER, Mr. STEVENS, Mr. THOMAS, Mr. THURMOND, Mr. TORRICELLI, Mr. VOINOVICH, and Mr. WELLSTONE):

S. Con. Res. 40. A concurrent resolution expressing the sense of Congress regarding the designation of the week of May 20, 2001, as ''National Emergency Medical Services Week''; to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 37

At the request of Mr. LUGAR, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of S. 37, a bill to amend the Internal Revenue Code of 1986 to provide for a charitable deduction for contributions of food inventory.

S. 41

At the request of Mr. HATCH, the name of the Senator from Idaho (Mr. CRAIG) was added as a cosponsor of S. 41, a bill to amend the Internal Revenue Code of 1986 to permanently extend the research credit and to increase the rates of the alternative incremental credit.

S. 152

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 152, a bill to amend the Internal Revenue Code of 1986 to eliminate the 60-month limit and increase the income limitation on the student loan interest deduction.

S. 207

At the request of Mr. SMITH of New Hampshire, the name of the Senator from New York (Mrs. CLINTON) was added as a cosponsor of S. 207, a bill to amend the Internal Revenue Code of 1986 to provide incentives to introduce new technologies to reduce energy consumption in buildings.

S. 275

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 275, a bill to amend the Internal Revenue Code of 1986 to repeal the Federal estate and gift taxes and the tax on generation-skipping transfers, to preserve a step up in basis of certain property acquired from a decedent, and for other purposes.

S. 381

At the request of Mr. ALLARD, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 381, a bill to amend the Uniformed and Overseas Citizens Absentee Voting Act, the Soldiers' and Sailors' Civil Relief Act of 1940, and title 10, United States Code, to maximize the access of uniformed services voters and

recently separated uniformed services voters to the polls, to ensure that each vote cast by such a voter is duly counted, and for other purposes.

S. 394

At the request of Mr. DOMENICI, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 394, a bill to make an urgent supplemental appropriation for fiscal year 2001 for the Department of Defense for the Defense Health Program.

S. 458

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 458, a bill to amend the Internal Revenue Code of 1986 to make higher education more affordable, and for other purposes.

S. 481

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 481, a bill to amend the Internal Revenue Code of 1986 to provide for a 10-percent income tax rate bracket, and for other purposes.

S. 500

At the request of Mr. BURNS, the name of the Senator from Utah (Mr. BENNETT) was added as a cosponsor of S. 500, a bill to amend the Communications Act of 1934 in order to require the Federal Communications Commission to fulfill the sufficient universal service support requirements for high cost areas, and for other purposes.

S. 554

At the request of Mr. DEWINE, his name was added as a cosponsor of S. 554, a bill to amend title XVIII of the Social Security Act to expand medicare coverage of certain self-injected biologicals.

S. 565

At the request of Mr. DODD, the names of the Senator from Vermont (Mr. LEAHY), the Senator from Nevada (Mr. REID), the Senator from New York (Mrs. CLINTON), the Senator from Indiana (Mr. BAYH), the Senator from Rhode Island (Mr. REED), the Senator from Florida (Mr. NELSON), the Senator from California (Mrs. BOXER), the Senator from North Carolina (Mr. EDWARDS), the Senator from Delaware (Mr. BIDEN), the Senator from Missouri (Mrs. CARNAHAN), the Senator from Maryland (Ms. MIKULSKI), the Senator from Washington (Mrs. MURRAY), the Senator from Maryland (Mr. SARBANES), the Senator from Michigan (Ms. STABENOW), the Senator from Minnesota (Mr. WELLSTONE), the Senator from New Jersey (Mr. TORRICELLI), the Senator from Louisiana (Ms. LANDRIEU), the Senator from South Dakota (Mr. JOHNSON), the Senator from Michigan (Mr. LEVIN), the Senator from Connecticut (Mr. LIEBERMAN), the Senator from Georgia (Mr. MILLER), the Senator from Nebraska (Mr. NELSON), the Senator from West Virginia (Mr. ROCKEFELLER), the Senator from Oregon (Mr. WYDEN), the Senator from Iowa (Mr. HARKIN), the Senator from Washington (Ms. CANTWELL), the Senator from Hawaii (Mr. AKAKA), the Senator from Montana (Mr. BAUCUS), the Senator from New Mexico (Mr. BINGAMAN), the Senator from North Dakota (Mr. DORGAN), the Senator from Illinois (Mr. DURBIN), the Senator from Wisconsin (Mr. FEINGOLD), the Senator from California (Mrs. FEINSTEIN), the Senator from Florida (Mr. GRAHAM), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Arkansas (Mrs. LINCOLN) were added as cosponsors of S. 565, a bill to establish the Commission on Voting Rights and Procedures to study and make recommendations regarding election technology, voting, and election administration, to establish a grant program under which the Office of Justice Programs and the Civil Rights Division of the Department of Justice shall provide assistance to States and localities in improving election technology and the administration of Federal elections, to require States to meet uniform and nondiscriminatory election technology and administration requirements for the 2004 Federal elections, and for other purposes.

S. 580

At the request of Mr. HUTCHINSON, the name of the Senator from New Hampshire (Mr. SMITH) was added as a cosponsor of S. 580, a bill to expedite the construction of the World War II memorial in the District of Columbia.

S. 627

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 627, a bill to amend the Internal Revenue Code of 1986 to allow individuals a deduction for qualified long-term care insurance premiums, use of such insurance under cafeteria plans and flexible spending arrangements, and a credit for individuals with long-term care needs.

S. 690

At the request of Mr. WELLSTONE, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 690, a bill to amend title XVIII of the Social Security Act to expand and improve coverage of mental health services under the medicare program.

S. 724

At the request of Mr. BOND, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 724, a bill to amend title XXI of the Social Security Act to provide for coverage of pregnancy-related assistance for targeted low-income pregnant women.

S. 742

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 742, a bill to provide for pension reform, and for other purposes.

S. 756

At the request of Mr. CRAIG, his name was added as a cosponsor of S. 756, a bill to amend the Internal Revenue Code of 1986 to extend and modify the credit for electricity produced from biomass, and for other purposes.

S. 775

At the request of Mrs. LINCOLN, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 775, a bill to amend title XVIII of the Social Security Act to permit expansion of medical residency training programs in geriatric medicine and to provide for reimbursement of care coordination and assessment services provided under the medicare program.

S. 778

At the request of Mr. HAGEL, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 778, a bill to expand the class of beneficiaries who may apply for adjustment of status under section 245(i) of the Immigration and Nationality Act by extending the deadline for classification petition and labor certification filings.

S. 828

At the request of Mr. LIEBERMAN, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. 828, a bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for certain energy-efficient property.

S. 829

At the request of Mr. BROWNBACK, the names of the Senator from Louisiana (Mr. BREAUX), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Michigan (Mr. LEVIN) were added as cosponsors of S. 829, a bill to establish the National Museum of African American History and Culture within the Smithsonian Institution.

S. 830

At the request of Mr. CHAFEE, the names of the Senator from Minnesota (Mr. DAYTON) and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of S. 830, a bill to amend the Public Health Service Act to authorize the Director of the National Institute of Environmental Health Sciences to make grants for the development and operation of research centers regarding environmental factors that may be related to the etiology of breast cancer.

S. 838

At the request of Mr. DEWINE, the names of the Senator from Maryland (Ms. MIKULSKI), the Senator from Tennessee (Mr. FRIST), and the Senator from Vermont (Mr. JEFFORDS) were added as cosponsors of S. 838, a bill to amend the Federal Food, Drug, and Cosmetic Act to improve the safety and efficacy of pharmaceuticals for children.

S. 839

At the request of Mrs. HUTCHISON, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 839, a bill to amend title XVIII

of the Social Security Act to increase the amount of payment for inpatient hospital services under the medicare program and to freeze the reduction in payments to hospitals for indirect costs of medical education.

S. 847

At the request of Mr. DAYTON, the names of the Senator from New York (Mr. SCHUMER), the Senator from New York (Mrs. CLINTON), and the Senator from Pennsylvania (Mr. SPECTER) were added as cosponsors of S. 847, a bill to impose tariff-rate quotas on certain casein and milk protein concentrates.

S. 853

At the request of Mr. NELSON of Florida, his name was added as a cosponsor of S. 853, a bill to amend the Internal Revenue Code of 1986 to reduce the marriage penalty by providing a nonrefundable dual-earner credit and adjustment to the earned income credit.

S. 862

At the request of Mrs. FEINSTEIN, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 862, a bill to amend the Immigration and Nationality Act to authorize appropriations for fiscal years 2002 through 2006 to carry out the State Criminal Alien Assistance Program.

S. 877

At the request of Mr. NELSON of Florida, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 877, a bill to amend the Agricultural Marketing Act of 1946 to require that a warning label be affixed to arsenic-treated wood sold in the United States.

S. 880

At the request of Mr. DEWINE, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 880, a bill to amend title XVIII of the Social Security Act to provide adequate coverage for immunosuppressive drugs furnished to beneficiaries under the medicare program that have received an organ transplant, and for other purposes.

S. 881

At the request of Mr. HATCH, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 881, a bill to amend the Taxpayer Relief Act of 1997 to provide for consistent treatment of survivor benefits for public safety officers killed in the line of duty.

S. 882

At the request of Ms. MIKULSKI, the name of the Senator from Mississippi (Mr. COCHRAN) was added as a cosponsor of S. 882, a bill to amend title II of the Social Security Act to provide that a monthly insurance benefit thereunder shall be paid for the month in which the recipient dies, subject to a reduction of 50 percent if the recipient dies during the first 15 days of such month, and for other purposes.

S. 884

At the request of Mr. DOMENICI, the name of the Senator from Arizona (Mr. KYL) was added as a cosponsor of S. 884, a bill to improve port-of-entry infrastructure along the Southwest border of the United States, to establish grants to improve port-of-entry facilities, to designate a port-of-entry as a port technology demonstration site, and for other purposes.

S. 885

At the request of Mr. HUTCHINSON, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 885, a bill to amend title XVIII of the Social Security Act to provide for national standardized payment amounts for inpatient hospital services furnished under the medicare program.

S. RES. 57

At the request of Mr. BOND, the names of the Senator from Louisiana (Ms. LANDRIEU) and the Senator from Oregon (Mr. SMITH) were added as cosponsors of S. Res. 57, a resolution to express the sense of the Senate that the Federal investment in programs that provide health care services to uninsured and low-income individuals in medically under-served areas be increased in order to double access to care over the next 5 years.

S. RES. 71

At the request of Mr. HARKIN, the names of the Senator from Maine (Ms. COLLINS) and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of S. Res. 71, a resolution expressing the sense of the Senate regarding the need to preserve six day mail delivery.

S. RES. 88

At the request of Mr. KENNEDY, the names of the Senator from Pennsylvania (Mr. SPECTER) and the Senator from Vermont (Mr. JEFFORDS) were added as cosponsors of S. Res. 88, a resolution expressing the sense of the Senate on the importance of membership of the United States on the United Nations Human Rights Commission.

S. RES. 90

At the request of Mr. GRAHAM, the names of the Senator from Maine (Ms. COLLINS), the Senator from Texas (Mrs. HUTCHISON), and the Senator from Missouri (Mrs. CARNAHAN) were added as cosponsors of S. Res. 90, a resolution designating June 3, 2001, as ''National Child's Day.''

S. CON. RES. 35

At the request of Mr. SCHUMER, the names of the Senator from Michigan (Mr. LEVIN), the Senator from Wisconsin (Mr. KOHL), and the Senator from New Jersey (Mr. CORZINE) were added as cosponsors of S. Con. Res. 35, a concurrent resolution expressing the sense of Congress that Lebanon, Syria, and Iran should allow representatives of the International Committee of the Red Cross to visit the four Israelis, Adi Avitan, Binyamin Avraham, Omar Souad, and Elchanan Tannenbaum, presently held by Hezbollah forces in Lebanon.

AMENDMENT NO. 649

At the request of Mr. ENZI, the name of the Senator from Idaho (Mr. CRAPO) was added as a cosponsor of amendment No. 649.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. ENZI:

S. 906. A bill to provide for protection of gun owner privacy and ownership rights, and for other purposes; to the Committee on the Judiciary.

Mr. ENZI. Mr. President, I rise to announce the introduction of legislation that would make a technical correction to Chapter 44 of title 18 of the United States Code which would ensure that the rights of law-abiding gun owners are not further eroded by the Federal Government when it performs background checks for the purchase of firearms.

My heart goes out to the families who have suffered harm or death at the hands of persons who have chosen to break State and Federal gun statutes. There is no excuse for violence. When one citizen suffers the effects of violence, all of America should be outraged and should demand the violation be prosecuted to the full extent of the law.

Unfortunately, many people have lost sight of the reason for these tragedies, and rather than focusing on preventing further gun violence by working to resolve the violent nature of modern society, the debate over gun control has deteriorated into an argument over ways to punish law-abiding citizens for the criminal actions of others. This leaves us far too often confronted with legislation that attempts to make people feel safer without providing any real security.

Because of the extreme seriousness that surrounds incidents of gun violence, and because of the deep grief and horror that accompanies those times when the value of a human life is taken so lightly, I cannot in good faith support any legislation that makes empty promises and then does nothing to protect America's children.

Events during the past two years clearly show that no number of laws or statutes will protect our children if those laws are not enforced. The key to curbing gun violence is stricter enforcement of existing laws and teaching our children that it is wrong to kill.

No legislative action in the world will keep anyone safe if it is not enforced. By that same token, taking away the rights of law-abiding citizens does nothing to protect America's children from the illegal ownership or use of a firearm. As in all social problems, the solution to ending gun violence lies

in addressing the cause of the disease and not in picking away at its symptoms. Moral and social changes must take place throughout the nation. People must become more involved in their communities. Parents must become more involved in the lives of their children. Our society must reinforce the importance of treating others as you would like to be treated yourself.

The legislation I am introducing today would correct a misguided oversight that has occurred in the enforcement of the background check requirements by first, prohibiting the Federal Government from imposing a tax on federally mandated background checks conducted for the transfer of a firearm; second, it would require law enforcement agencies who conduct background checks to immediately destroy the records of those firearm purchasers who, as a result of the background check, are determined to be a legal purchaser; and finally, it imposes civil penalties for Federal agencies who fail to comply with this requirement.

The United States stands out as the example of democracy and freedom for the rest of the world. We hold this position because of our unswerving dedication to the Constitution, and to a Federal court system that has diligently worked to uphold the individual rights created by that historic document. This legislation makes it possible for law enforcement agencies to prevent conflicts that have arisen between an individual's right to privacy and an enumerated right to own a firearm. These conflicts have arisen as a result of a bad policy decision that allows Federal agencies to hold onto background check records for up to 90 days for ''Internal Audit'' reasons. Because of an inability to monitor what agencies do with those records during that time, the immediate record destruction requirement is absolutely necessary to prevent abuses that could place the rights of our citizens in further conflict. Once again, this does not apply to persons whose background checks show they are attempting to illegally purchase a firearm but only applies to law-abiding citizens whose background checks demonstrate that they can legally purchase a firearm.

The underlying background check statute that this legislation amends authorizes federal agencies to conduct background searches for one reason and one reason only, to determine if the applicant can legally purchase a firearm. Once that purpose has been fulfilled there is no further authorization to retain the records of legal and law-abiding gun purchasers for any other agency actions.

I realize that the question over the rights of gun ownership is an emotional issue for many people on both sides of the debate, but until the United States Constitution is overridden and our citizens' rights to own a gun are taken away, then our Federal agencies have no authority to impede or prevent law-abiding citizens from purchasing or possessing legally-acquired firearms. This legislation would retain those rights and restore equity to the implementation of the firearm background check statute.

By Mrs. CARNAHAN:

S. 907. A bill to amend the Internal Revenue Code of 1986 to encourage the use of ethanol and the adoption of other forms of value-added agriculture, and for other purposes; to the Committee on Finance.

Mrs. CARNAHAN. Mr. President, things are happening fast in the value-added agriculture industry, and I'm pleased that Missouri is leading the way in establishing innovative, value-added enterprises that will help our farm economy prosper.

By encouraging new economic opportunities that add value to crops, we can help improve the economic stability of our family farms.

While value-added agriculture can take many forms, a prime example is ethanol production. Increased ethanol production is not only exciting because it can be farmer-owned and farmer-driven, but because it will create a cleaner-burning fuel that stands to improve air quality.

Ethanol production has become increasingly important as cities across the nation strive to fight smog and meet federal clean air standards. Hundreds of Missouri gas stations in the St. Louis area have begun dispensing reformulated gasoline, a move that will help boost demand for ethanol. With ethanol we also have greater energy security because we are replacing oil imports with domestic sources of renewable energy.

Additional ethanol production will help provide a consistent demand for corn, which should help to improve corn prices and put more money in growers' pockets. Now more than five percent of our domestic corn production, or 550 million bushels of corn, is used every year to produce ethanol. That's especially important in times such as these when our farmers are facing critically low commodity prices.

Today, I am introducing the Investment in Value-Added Agriculture that will build on the success of programs enacted during the Carnahan administration to encourage ethanol use and other forms of value-added agriculture. My legislation updates existing federal law affecting ethanol and uses Missouri law as a model for federal legislation to encourage investments in ethanol and other value-added agribusiness.

My proposal consists of three components.

First, it would extend the ethanol motor fuel excise tax. Currently, this exemption is due to expire in 2007. My legislation would extend the exemption through 2015.

Second, the legislation would expand eligibility of the federal producer tax credit to farmer-owned cooperatives. It would also increase the production capacity limit to allow plants producing up to 60 million gallons of ethanol receive the credit.

Third, the legislation would encourage private investment in new-generation cooperatives by creating a 50 percent tax credit on investments in these enterprises. New-generation cooperatives are producer owned entities designed to add a step to the production process that adds value to crops.

With this legislation I want to continue to help farmers in Missouri and to also help farmers throughout the United States by bringing proven Missouri programs to the federal level. During my husband's gubernatorial administration, Missouri made great strides to encourage ethanol production and value-added agriculture.

To encourage ethanol production in the state, Governor Carnahan provided the initial funding for the Missouri Qualified Fuel Ethanol Producer Incentive Fund. Under the incentive fund, Missouri ethanol producers are eligible for a maximum annual grant of $3.125 million for 5 years.

Two farmer-owned ethanol plants are now operating in Missouri. Both plants utilized funds from this incentive fund.

In 1997, Missouri established a value-added grant and loan programs to help farmers process and add value to their raw commodities and earn more profit on their products. As of last year this program awarded more than $1.6 million in grants.

In addition, the Value-Added Loan Guarantee Program has issued loan guarantees for more than $1.7 million. This program offers commercial lenders added security on agricultural development loans for projects that add value to Missouri farm products.

One of Governor Carnahan's top priorities was the creation of an Agriculture Innovation Center. This Center, run out of the Missouri Department of Agriculture, serves as a one-stop shop for Missouri producers seeking help to implement creative ideas for raising, processing and marketing agricultural products.

It is my sincere hope that this legislation will help encourage adoption and investment in value-added agriculture. Value-added agriculture holds the promise of invigorating the rural landscape and keeping jobs and income in local communities.

By Mr. BROWNBACK (for himself, Mr. ALLARD, Mr. HELMS, Mr. HUTCHINSON, Mr. INHOFE, Mr. SESSIONS, and Mr. SHELBY):

S. 908. A bill to require Congress and the President to fulfill their constitutional duty to take personal responsibility for Federal laws; to the Committee on Governmental Affairs.

Mr. BROWNBACK. Mr. President, today I am introducing the Congressional Responsibility Act of 2001. The underlying principle of this legislation is that the Constitution forbids the delegation of legislative powers to any other branch of government.

Following the preamble to the Constitution, Article I, Section 1 begins: ''All legislative powers herein granted shall be vested in a Congress.'' The Founders clearly believed that this included the power to regulate, as they had noted John Locke's wise admonition that, ''the legislative [branch] cannot transfer the power of making law to any other hands.'' They understood that if this transfer did occur, legislators would no longer be responsible for the laws that government imposes on the people.

Throughout the late eighteenth century and the entire nineteenth century, in fact for the first 150 years of our republic, the Supreme Court held that the transfer of legislative powers to another branch of government was unconstitutional. Unfortunately, in the late 1920's a radical break with the Constitution, and established precedent in previous Supreme Court rulings, occurred with the landmark case, J.W. Hampton, Jr. & Co. v. United States. This was, essentially, a ruling in favor of political expediency, and it started Congress down a slippery slope. Since the Hampton case, Congress has ceded its basic legislative responsibilities to executive branch agencies that craft and enforce regulations, which have the full force of law.

Consequently, our constituents can be taxed, fined, and even imprisoned without any congressional action. This is unjust. The Founders purposefully designed the Congress to be the most accountable branch of government, but Congress has grown increasingly irresponsible. The fundamental link between voter and lawmaker has been severed. A handful of broadly written laws has spawned a virtual alphabet soup of government agencies and an overwhelming regulatory burden that undermines the very idea of representative government. During the 106th Congress, 2,510 new rules and revisions of old rules went into effect. Of these, 75 were considered to be major rules—or rules with an impact of $100 million or more. The case has become so egregious that many regulatory analysts believe more consequential law is generated in the executive branch than in the legislative branch.

The bottom line is that the executive branch has assumed the law-making authority given to the Congress. This is wrong.

The Congressional Responsibility Act would restore the constitutional responsibility of the Congress over the formulation of all laws by making executive branch agencies accountable to the American people through their elected representatives in Congress. In short, it would return power to Congress, and ultimately it would return power to the people who elect us.

Under the Congressional Responsibility Act all rules and regulations would have to come before the Congress prior to being enacted into law. Congress would then be required to have an up or down vote on the proposed rule or regulation before it could take effect. The bill provides for consideration of rules and regulations in an expedited manner, unless a majority of Members vote to send it through the normal legislative process. Under the bill, if Congress did not take action on the rule, then it would die by default. This approach not only puts Congress back in control of the legislative process, it also ends the horrendous practice of delegation without representation—and it makes Congress accountable for the laws that affect the lives of every American. It is about returning power, responsibility and authority back to Congress.

This non-partisan, ideologically neutral concept was first offered by then Judge Stephen Breyer who wrote that we should end delegation as a means to satisfy ''the literal wording of the Constitution's bicameral and presentation clauses.'' The concept offered in the Congressional Responsibility Act also takes into account the Supreme Court's 1983 decision in INS v. Chadha, which held a one-house veto to be unconstitutional. Other supporters of this concept include Judge Robert Bork; David Schoenbrod, a professor at New York Law School; and numerous other constitutional scholars.

The Constitution suffered greatly in the twentieth century. Now, at the beginning of the twenty-first century, we have a tremendous opportunity to restore the Constitution to its rightful preeminence as the guarantor of our freedoms, the protector of our liberties, and the guiding force for our form of government.

Delegation of legislative powers is as wrong today as taxation without representation was in the 1700s. With enactment of this legislation, we will send a clear message to the bureaucrats in Washington and to the American people at home: Congress must not delegate its constitutionally-granted powers.

Mrs. LINCOLN. Mr. President, the Wildlife Services Division of the United States Department of Agriculture needs assistance in expediting proper bird management activities. I am here today to introduce legislation that accomplishes this goal.

Proper migratory bird management is important to the State of Arkansas for a number of reasons. We are deemed ''The Natural State'' due to the numerous outdoor recreational opportunities that exist in the State. Fishing, hunting, and bird watching opportunities abound throughout Arkansas. Maintaining proper populations of wildlife, especially migratory birds, is essential for sustaining a balanced environment.

In Arkansas, aquaculture production has taken great strides in recent years. The catfish industry in the State has grown rapidly and Arkansas currently ranks second nationally in acreage and production of catfish. The baitfish industry is not far behind, selling more than 15 million pounds of fish annually, with a cash value in excess of $43 million. I have been a great supporter of this industry since my days in the House of Representatives and I am concerned about the impact the double breasted cormorant is having on this industry. In the words of one of my constituents, ''The double-crested cormorant has become a natural disaster!'' I am pleased that the Fish and Wildlife Service has agreed to develop a national management plan for the double breasted cormorant and I am hopeful that an effective management program will be the result of these efforts.

One of my top priorities since coming to Congress in 1992 has been to work to make government more efficient and effective. To specifically address what I see as an inequity among government agencies regarding this issue, I am introducing a bill today that gives Wildlife Service employees as much authority to manage and take migratory birds as any U.S. Fish and Wildlife Service employee. After all, Wildlife Services biologists are professional wildlife managers providing the front line of defense against such problems. With this legislation I would like to recognize the excellent job that Wildlife Services has done and is doing for bird management.

Currently, USDA-Wildlife Services is required to apply for and receive a permit from the U.S. Fish and Wildlife Service before they can proceed with any bird collection or management activities. This process is redundant and unnecessary. Oftentimes, Wildlife Services finds that by the time a permit arrives, the birds for which the permit was applied for are already gone. I hope that this legislation will lead to a more streamlined effort for management purposes and I urge both agencies, USDA and the Fish and Wildlife Service, to work together to accomplish this goal.

I would like to thank my colleague from Arkansas, Senator Tim Hutchinson, for joining me in this effort and look forward to working with my colleagues to ensure that government is operating efficiently.

By Mr. ROCKEFELLER (for himself, Mr. DAYTON and Mr. WELLSTONE):

S. 910. A bill to provide certain safeguards with respect to the domestic steel industry; to the Committee on Finance.

Mr. ROCKEFELLER. Mr. President, today I introduce the Save the American Steel Industry Act of 2001. As you know, the domestic steel industry is currently faced with the most devastating crisis in its history, one that could lead to its decimation if the Administration fails to initiate action under Section 201 of our trade laws. Over two-thirds of our largest steelmakers have entered bankruptcy since 1997, and some analysts predict that almost half of existing U.S. steelmaking capacity may be idled by year's end if the President does not take immediate and decisive action to provide the industry with desperately needed relief. The surge of dumped, subsidized, and disruptive imports that was initially triggered by the onset of the Asian financial crisis has not abated, but has in fact worsened over the past few months. Steel prices have plummeted over the last 3 years, with no hopes of rebounding, and an additional five U.S. steel companies entered Chapter 11 in the first 4 months of this year, with more certain to follow absent Presidential action on Section 201.

My State has two major steel facilities, one owned by Weirton and the other by Wheeling-Pittsburgh. Wheeling-Pitt is in bankruptcy and Weirton is struggling. Thousands of jobs and two important communities in a small, relatively poor State are threatened. It is a situation that is all too common in the American steel belt, and one that demands immediate attention.

Throughout the steel belt, tens of thousands of jobs are at stake; more than 20,000 have already been lost. Hundreds of communities are endangered. Billions of dollars in wages and shareholder value are threatened. Most alarming, our national security is threatened. Unless we act decisively, the United States could soon be as dependent on foreign steel as we are on foreign oil. We are facing a permanent loss of capacity that has the potential to harm every heavy industry in this country, including automakers, defense contractors and, in my home State of West Virginia, aerospace companies.

For some time now, I have advocated consolidation as one of the best ways to ensure the survival of the domestic steel industry in the face of this massive surge of imports. Merged companies create greater economies of scale and with their enhanced capacity and purchasing power, stand a better chance of competing against their heavily subsidized foreign competitors. While consolidation by itself will not relieve the hardships of the steel crisis for our steelworkers, their families and communities, the domestic industry can really only recover with the imposition of remedies under Section 201, I believe that it is a step in the right direction.

Unfortunately, the pace of consolidation in the domestic industry has been slowed due to companies' fears of assuming the tremendous legacy and environmental compliance costs of acquired entities. Legacy costs, in particular, are a tremendous expense for companies, as there are more retired steelworkers than steelworkers currently employed. The burden of assuming such substantial costs has acted as a deterrent to industry consolidation, which I believe, gives our industry a much better chance of long-term survival.

The Save the American Steel Industry Act of 2001 attempts to address these concerns. Title I of the Act establishes a Steel Retiree Health Care Board in the Department of Labor to administer a newly-created Health Care Benefit Costs Assistance Program. Under the program, the board will contribute funds to eligible steelworker group health plans equal to 75 percent of the qualified expenditures of such plans. The funds will be allocated from a Steelworker Retiree Health Care Trust Fund in the U.S. Treasury financed by a 2 percent Federal excise tax on all steel products sold in the United States.

Title I is critical, because by some estimates, 10 percent of the cost of steel in the U.S. consists of payments to pension and retiree health care funds for workers laid off in the 70's and 80's. This new fund would be accessible to all steel companies providing health insurance to retirees and, as the pool of affected retirees declines, the tax will be reduced. In the meantime, U.S. companies will be at less of a disadvantage against competitors whose governments pick up the tab for health care and retirement costs.

Title II of the Act allows merged companies to apply for grants of up to $200 million from the Commerce Department to help cover the costs of compliance with applicable environmental regulations. The Secretary of Commerce can only provide grants after it is determined that the merger promotes maximum retention of jobs and production capacity consistent with long-term viability. Specifically, at least 80 percent of the steelworkers employed by the merging companies, including a minimum 50 percent of steelworkers employed by the acquired company, must be retained to qualify for a grant. At least 80 percent of the steelmaking facilities of each party must be retained. The Act provides for substantial penalties if a company receiving a grant subsequently violates these thresholds.

Together, these two actions could make a tremendous difference for many domestic steel mills, especially small and mid-sized operations by providing incentives for domestic steel companies to consider joining forces. The Health Care Benefit Costs Assistance Program proposed under Title I makes mergers more likely by ensuring that a large portion of legacy costs inherited in consolidation plans would be covered by the Federal Government. By providing domestic steelmakers with substantial funds to bring merged facilities into compliance with environmental laws, Title II of the bill provides further incentives for consolidation. At the same time, Title II ensures that steelworkers and their families are not sacrificed in the merger process by requiring that most jobs and production capacity are retained and by heavily penalizing companies that receive funding and subsequently do not stick to the agreement.

The American steel industry has earned the respect and consideration of this body as an industry that took some very tough medicine not so very long ago. During the first steel crisis, the U.S. steel industry got very little sympathy. As the first great wave of imports washed across our coasts, the industry was told that it was too old, too inefficient, and too unresponsive to save.

But rather than walk away, the American steel industry put itself through a wrenching, and almost miraculous revitalization, transforming century-old mills into miracles of modern production. No steel industry on earth gets more production per man hour than the U.S. industry. None has a cleaner environmental record. No one has been faster or more effective at integrating computer technology into its production.

And yet, having done that, the industry finds itself threatened again—not by better steelmakers, but by subsidized producers. Companies who have the support of their governments are taking advantage of our traditional commitment to trade, to dump steel on a saturated market. Their competitive advantage lies in their government support, and not their manufacturing skill. It is not fair. It is not just. And I don't believe that our Government should stand by idly and let the painful years and billions of dollars our steel industry invested be stolen away by companies who do not play by the rules.

The Save the American Steel Industry Act of 2001 represents the first step in the Federal Government's commitment to ensuring that the United States maintains our basic steelmaking capacity. While I do not believe that the industry can survive without a comprehensive Section 201 action on all steel products and ultimately, negotiation of a multilateral steel agreement with our trading partners to address the foreign overcapacity problem, this act provides greater incentives for domestic steel companies to consider consolidation, which, I believe, substantially enhances their chances of survival in today's increasingly turbulent steel marketplace. Failure to act now, in this Congress, would be a grave mistake.

By Mr. SMITH of Oregon (for himself and Mr. BAUCUS):

S. 911. A bill to reauthorize the Endangered Species Act of 1973; to the Committee on Environment and Public Works.

Mr. SMITH of Oregon. Mr. President, on Monday, May 7, I traveled once again to Klamath Falls, OR, to address a rally of more than 15,000 people. They came to show their support for the farmers, farm workers, small business owners and local officials in the Upper Klamath River Basin who were devastated by the April 6 Bureau of Reclamation announcement that the agency would deliver no water to most of the agricultural lands that have always received irrigation water from the federal project.

This decision is expected to cost the local economy between two hundred fifty million and three hundred million dollars. This is an area that has already been hurt economically by the significant reduction in the Federal timber sale program, and was further harmed when the Federal roadless policy precluded a proposed ski area that would have brought jobs and tourism dollars to the local community.

This crisis highlights many of the current problems with the administration of the Endangered Species Act. We are managing the water resources in this basin for two fish species, at the expense of all other wildlife, including bald eagles. We are foregoing water deliveries to refuges that are a critical component of the western flyway in order to triple the water we are sending down the river for fish. We are also forgetting our human stewardship, and to date have failed to provide assistance to the farmers and ranchers who are facing economic ruin over this water allocation decision.

You cannot look in the faces of those honest, hard-working farmers and ranchers, as I have, and believe that this situation is just or reasonable. You cannot see the anxiety on the faces of children who don't understand what is happening, or why a fish is more important than their family, and not be moved to action.

That is why, to begin a meaningful dialogue on the Endangered Species Act, I am introducing the ''Endangered Species Recovery Act of 2001.'' This bill is almost identical to legislation that was reported out of the Senate Environment and Public Works Committee in the 105th Congress by a vote of fifteen to three. Those voting in favor were Senators ALLARD, BAUCUS, BOND, Chafee, GRAHAM, HUTCHISON, INHOFE, Kempthorne, Moynihan, REID, SESSIONS, SMITH of New Hampshire, THOMAS, WARNER, and WYDEN. The bill was supported by the Western Governors' Association, and incorporates the recommendations which that Association, the National Governors' Association and the International Association of Fish and Wildlife Agencies sent to the Congress in 1995.

If enacted, this bill would do a better job of recovering species, while addressing the legitimate concerns of property owners or others affected by the Endangered Species Act. While increasing public participation, this legislation significantly strengthens the recovery planning process and creates new tools to ensure that recovery plans are implemented. The bill also streamlines the consultation process and provides significant new incentives for property owners to preserve and restore habitat for listed species.

I remain committed to enhancing our environmental stewardship. But right now, we have a situation where over 1,100 species have been listed under the existing Act, and less than two dozen have been delisted. Litigation is consuming far too much of the time and resources of federal agencies that could be better spent actually recovering species.

The time has come to admit that there must be a better way to protect wildlife. I hope that this will be the beginning of a bipartisan dialogue that results in effective improvements in the Act.

In the meantime, I will continue to press for the assistance that the residents of the Klamath Falls area need to make it through this year. It has become increasingly apparent to me over the last three weeks that existing federal disaster assistance programs and crop insurance programs are simply not geared toward the type of situation we have in the Klamath Falls area. I will continue to press the Administration for an assistance package that will provide meaningful relief to these families.

By Ms. MIKULSKI (for herself and Mrs. HUTCHISON):

S. 912. A bill to amend title 38, United States Code, to increase burial benefits for veterans; to the Committee on Veterans' Affairs.

Ms. MIKULSKI. Mr. President, I rise to introduce the Veterans Burial Benefits Improvement Act of 2001. I am pleased that my colleague, Senator HUTCHISON, joins me in introducing this legislation today.

During the upcoming Memorial Day holiday, we will honor our U.S. soldiers who died in the name of their country. These service men and women are America's true heros and on this day we pay tribute to their courage and sacrifice. Some have given their lives for our country. All have given their time and dedication to ensure our country remains the land of the free and the home of the brave. We owe a special debt of gratitude to each and every one of them.

This holiday serves as an important reminder that our nation has a sacred commitment to honor the promises made to soldiers when they signed up to serve our country. As the Ranking Member of the Senate Appropriations Subcommittee that funds veterans programs, I fight hard to make sure promises made to our service men and women are promises kept. These promises include access to quality, affordable health care and a proper burial for our veterans.

I am deeply concerned that the Federal Government has not increased veterans' burial benefits for the families of our wounded or disabled veterans in over a decade. We are losing over 1,100 World War II veterans each day, but Congress has failed to increase veterans' burial benefits to keep up with rising costs and inflation. While these benefits were never intended to cover the full costs of burial, they now pay for only a fraction of what they covered in 1973, when the Federal Government first started paying burial benefits for our veterans.

That's why I am introducing the Veterans Burial Benefits Improvement Act. This bill will increase burial benefits to cover the same percentage of funeral costs as they did in 1973. It will also provide for these benefits to be increased annually to keep up with inflation.

In 1973, the service-connected benefit payed for 72 percent of veterans' funeral costs. But this benefit has not been increased since 1988, and it now covers just 29 percent of funeral costs. My bill will increase the service-connected benefit from $1,500 to $3,713, bringing it back up to the original 72 percent level.

In 1973, the non-service connected benefit payed for 22 percent of funeral costs. It has not been increased since 1978, and today it covers just 6 percent of funeral costs. My bill will increase the non-service connected benefit from $300 to $1,135, bringing it back up to the original 22 percent level.

In 1973, the plot allowance payed for 13 percent of veterans' funeral costs. This benefit has never been increased, and it now covers just 3 percent of funeral costs. My bill will increase the plot allowance from $150 to $670, bringing it back up to the original 13 percent level.

Finally, the Veterans Burial Benefits Improvement Act will also ensure that these burial benefits are adjusted for inflation annually, so veterans won't have to fight this fight again.

This legislation is just one way to honor our nation's service men and women. I want to thank the millions of veterans, Marylanders, and people across the Nation for their patriotism, devotion, and commitment to honoring the true meaning of Memorial Day. U.S. soldiers from every generation have shared in the duty of defending America and protecting our freedom. For these sacrifices, America is eternally grateful.

I ask unanimous consent that the text of the bill and a letter from several veterans advocacy groups supporting it, be printed in the RECORD.

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

S. 912

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 ''Veterans Burial Benefits Improvement Act of 2001''.

SEC. 2. INCREASE IN BURIAL BENEFITS FOR VETERANS.

(a) BURIAL AND FUNERAL EXPENSES.—(1) Section 2302(a) of title 38, United States Code, is amended by striking ''$300'' and inserting ''$1,135 (as increased from time to time under section 2309 of this title)''.

(2) Section 2303(a)(1)(A) of that title is amended by striking ''$300'' and inserting ''$1,135 (as increased from time to time under section 2309 of this title)''.

(3) Section 2307 of that title is amended by striking ''$1,500,'' and inserting ''$3,713 (as increased from time to time under section 2309 of this title),''.

(b) PLOT ALLOWANCE.—Section 2303(b) of that title is amended—

(1) by striking ''$150'' the first place it and inserting ''$670 (as increased from time to time under section 2309 of this title)''; and

(2) by striking ''$150'' the second place it appears and inserting ''$670 (as so increased)''.

(c) ANNUAL ADJUSTMENT.—(1) Chapter 23 of that title is amended by adding at the end the following new section:

''§ 2309. Annual adjustment of amounts of burial benefits

''With respect to any fiscal year, the Secretary shall provide a percentage increase (rounded to the nearest dollar) in the burial and funeral expenses under sections 2302(a), 2303(a), and 2307 of this title, and in the plot allowance under section 2303(b) of this title, equal to the percentage by which—

''(1) the Consumer Price Index (all items, United States city average) for the 12-month period ending on the June 30 preceding the beginning of the fiscal year for which the increase is made, exceeds

''(2) the Consumer Price Index for the 12-month period preceding the 12-month period described in paragraph (1).''.

(2) The table of sections at the beginning of that chapter is amended by adding at the end the following new item:

''2309. Annual adjustment of amounts of burial benefits.''.

(d) EFFECTIVE DATE.—(1) Except as provided in paragraph (2), the amendments made by this section shall apply to deaths occurring on or after the date of the enactment of this Act.

(2) No adjustments shall be made under section 2309 of title 38, United States Code, as added by subsection (c), for fiscal year 2002.

THE INDEPENDENT BUDGET,
A BUDGET FOR VETERANS BY VETERANS,
Washington, DC, May 14, 2001.

Hon. BARBARA MIKULSKI,
U.S. Senate,
Washington, DC.

DEAR SENATOR MIKULSKI: We are pleased to support your proposed legislation, the Veterans Burial Benefits Improvement Act, to increase burial benefits for veterans. A meaningful increase in benefits provided by our Government to cover veterans' burial and funeral expenses is long overdue.

This proposed legislation would increase burial allowances to reflect the increasing costs of burial for veterans. Benefits would be increased to cover the same percentage of veterans' burial costs as in 1973. It would also provide for these benefits to be adjusted to cover the costs of inflation.

The Independent Budget (IB) produced by AMVETS, Disabled American Veterans, Paralyzed Veterans of America, and the Veterans of Foreign Wars fully supports an adjustment of burial allowances to reflect the increases in burial costs. The allowance for service-connected deaths was last adjusted in 1988, and the allowance for other deaths was last adjusted in 1978. Over these several years without adjustment, the value of the burial allowance has eroded. Clearly, it is time these allowances are raised to make them a more meaningful contribution to the costs of burial for our veterans.

We greatly appreciate your efforts to increase veterans burial allowances to a level that reflects the intended benefit. This proposed legislation would help ensure that our Nation's military veterans will be buried with the dignity they deserve.

DAVID E. WOODBURY,
Executive Director, AMVETS.

KEITH W. WINGFIELD,
Executive Director, Paralyzed Veterans of America.

ROBERT E. WALLACE,
Executive Director, Veterans of Foreign War.

DAVID W. GORMAN,
Executive Director, Disabled American Veterans.

By Ms. SNOWE (for herself, Mr. ROCKEFELLER, Mr. SMITH of Oregon, and Mrs. FEINSTEIN):

S. 913. A bill to amend title XVIII, of the Social Security Act to provide for coverage under the medicare program of all oral anticancer drugs; to the Committee on Finance.

Ms. SNOWE. Mr. President, I rise today to introduce a small bill, but one with important consequences. My measure, the Access to Cancer Therapies Act, would provide coverage of all oral anticancer drugs under the Medicare program. I am pleased to be joined by Senators ROCKEFELLER, GORDON SMITH, and FEINSTEIN in introducing this measure.

As my colleagues know, there is no Medicare outpatient prescription drug benefit today. If there was, we would not need this legislation. There should be and there must be a Medicare prescription drug benefit this year. Seniors are reeling from the burden of their prescription drug expenses, and they can't defer their illnesses or their costs.

This legislation also reminds us of how crucial prescription drugs are, not only now but even more so in the future. Eight years ago, Congress created a unique Medicare drug benefit for oral anti-cancer drugs, but only if the drug is equivalent to drugs provided ''incident'' to a physician visit; for example, drugs that must be injected. At present, upwards of 95 percent of cancer drug therapy is covered by Medicare either in a physician office or in a reimbursed oral form. But in the near future as much as 25 percent of cancer drug therapy will be in the form of oral drugs that are not currently covered.

In fact, this is already happening. Today, there are about 40 oral anti-cancer drugs, but less than 10 are reimbursed by Medicare. For example, one of the most common drugs used in the treatment of breast cancer, tamoxifen, is among the drugs not currently reimbursed by Medicare.

As cancer therapy moves more toward reliance on oral drugs, Medicare coverage policy must be updated to cover the new therapies, or else even the intent of this very limited policy will be meaningless and Medicare beneficiaries will increasingly lose access to the best cancer therapies. And without this legislative change, beneficiaries will increasingly bear the burden of buying these drugs from their own pockets, which most seniors can ill afford.

Let me provide one very exciting example of an oral anti-cancer drug that illustrates both the urgency of this policy change and of enacting a Medicare prescription drug bill. Last week, the Food and Drug Administration approved a compound known as STI–571. Also known by its brand name Gleevec, this medication was approved in a record setting two and one-half months. Gleevec is used to treat one kind of leukemia and may also be effective against a rare but lethal stomach cancer.

Gleevec is the first, let me repeat, first, cancer drug to specifically address a molecular target which is not only in the cancer, but actually the cause of the cancer, according to the National Cancer Institute. More precisely, Gleevec knocks out a specific enzyme needed for the cancer to thrive. By contrast, most current cancer therapies act like a shotgun, killing both cancer and normal cells. Moreover, Gleevec is among the first fruits of three decades of research into the basic biology of cancer.

But Gleevec is not a cure, it simply arrests the cancer and returns most lab tests to normal. Patients may need to take the drug for life. And treatment is not cheap—a month's supply of Gleevec costs upwards of $2,400.

While biomedical research is providing new, more targeted, and less toxic methods of treatment through new oral anti-cancer drugs that patients can safely take in the comfort of their own homes, Medicare policy is currently unable to provide reliable access to these medications for beneficiaries with cancer.

At the very least, we must ensure all oral anti-cancer drugs are available to

our seniors. The Access to Cancer Therapies Act will build on current Medicare policy by ensuring coverage of all anti-cancer drugs, whether oral or injectable, are available to Medicare beneficiaries. The Act will provide beneficiaries with access to innovative new therapies that are less toxic and more convenient, more clinically effective and more cost-effective than many currently covered treatment options. I urge my colleague to support this bill.

Mr. SMITH of Oregon. Mr. President, I have spoken many times about the importance of adding a prescription drug benefit to Medicare. There are other ways in which the Medicare program could be strengthened, for example, by upgrading for innovative medical technologies not covered under the old structure of Medicare. One example of advanced technologies that should be in use are oral anti-cancer drugs. I rise today in support of the Access to Cancer Therapies Act.

Most people would be surprised to know that all cancer therapies are covered under Medicare. This situation is due to an accident of fate. When Medicare was created in 1965, orally administered cancer drugs were completely unknown. While 90 to 95 percent of anti-cancer drug therapy is covered under Medicare Part B, this coverage is largely limited to injectable drugs that are administered incident to covered physician services. Orally administered anti-cancer drugs are only covered if they have an injectable equivalent. Currently there are only seven of these pharmaceuticals available. Researchers fully expect that in the near future, cancer care will be much more heavily based on oral drugs; while oral drugs currently make up around 5 percent of the oncology market, it is projected that they will become 25 percent or more within a decade. Continuing to exclude coverage of oral cancer medications will impose significant unnecessary cost burdens on Medicare beneficiaries, and could influence treatment decisions more on the basis of cost than quality.

The cure for cancer has long been the golden ring of medical research, eluding the grasp of even the most intrepid scientists. But today, in Oregon, we are one step close to a cure. At Oregon Health & Science University, or OHSU, in Portland, Dr. Brian Druker has discovered a treatment for a specific form of leukema—a treatment that offers hope to cancer patients everywhere. Dr. Druker's treatment, known as Gleevec, offers hope to cancer patients everywhere because it shows us how to fight cancer: at the molecular level. As Dr. Peter Kohler, President of OHSU, said: ''People have won the Nobel Prize for lesser work.''

For Dr. Druker, this was a dream that began over twenty years ago, as a medical student. He sat through a lecture on chemotherapy and thought the practice barbaric. He dreamt of the day that chemotherapy could be replaced with a more humane treatment that killed cancerous cells, but didn't ravage the body. In his research, he developed an interest in the proteins responsible for signaling cell growth. He believed these proteins were perfect targets for new therapies. In particular, he felt that BCR–ABL, an abnormal protein responsible for overproduction of white blood cells in a certain type of leukemia, was the best bet for targeted therapy.

In 1993, he came to Oregon to head up his own leukemia research lab at OHSU. It was at that point that his research really started to blossom. He began to experiment with potential treatments for chronic myelogenous leukemia, or CML. One chemical compound, STI 571, immediately showed the most promise. Clinical testing began in June 1998 and the results were nothing less than astonishing. In every case, white blood cell counts returned to normal within six weeks. ''I thought it was too good to be true,'' Druker says.

In fact, further clinical trials have shown that STI 571, now known as Gleevec, is, if anything, more effective than Dr. Druker originally thought. Trials have been extended to 30 countries and nearly 3000 patients. Over 90 percent of those in the disease's acute, or blast, phase have seen their white blood cell counts return to normal, and one-third in the same phase have no remaining traces of leukemia. In other words, not only did Gleevec treat the leukemia symptoms, it began to eliminate the molecular basis of the disease altogether. Not surprisingly, the Food and Drug Administration last week approved Gleevec for the treatment of CML, the fastest ever approval by the FDA for an anti-cancer treatment.

Further clinical trials have shown that Gleevec is effective for a rare form of cancer known as gastrointestinal stromal tumor, or GIST. Similar to the way Gleevec inhibits the BCR–ABL protein that is found in nearly all CML sufferers, Gleevec also appears to inhibit the so-called KIT protein that is prevalent in most gastrointestinal tumor patients. Trials are also planned or already underway to test Gleevec on brain tumors and soft tissue sarcoma. As Dr. Druker says, Gleevec is unlikely to be a cure for every form of cancer. Nevertheless, it does provide a road map. The important step is to find the molecular defect that underlies each form of cancer and target it for therapy. And with the completion of the Human Genome Project, the information to help find those molecular defects is now available.

The discovery of Gleevec secures Dr. Druker's reputation as one of the foremost scientists of his generation, and may well put him in line for that Nobel Prize mentioned by Dr. Kohler. But it also symbolizes the growing strength of the Oregon Cancer Institute at OHSU. The institute is relatively new, but that hasn't hindered it from having a large impact on the field. That's a testament to the high intellectual caliber of the staff there. As Dr. Grover Bagby, director, points out: the Oregon Cancer Institute was founded on the principle of fighting cancer at the molecular level. And thanks to Dr. Druker, fighting cancer at the molecular level is now the guiding principle for cancer researchers everywhere.

As I said at the beginning of my remarks, the cure for cancer has long been the golden ring of medical research. Yet today, thanks to the work of Dr. Druker and others at OHSU, cures for cancer are at hand. This is a proud day for medical research, and a proud day for Oregon.

Passage of the Access to Cancer Therapies Act would give hope to Oregonians such as Jim Underwood, a Medicare beneficiary in Oregon in the last stages of leukemia. Because Medicare does not currently cover oral cancer treatments, many patients like Jim Greenwood may not benefit from the most innovative, appropriate cancer fighting technologies. I urge my colleagues on both sides of the aisle to move quickly to pass the Access to Cancer Therapies Act so that all Medicare beneficiaries can have access to the most technologically advanced medications available and appropriate for their conditions.

Mrs. FEINSTEIN. Mr. President. I am pleased today to join as an original sponsor with Senators SNOWE, SMITH and ROCKEFELLER, a bill to provide Medicare coverage of cancer drugs.

More than 8 million Americans require some form of cancer care: 1.2 million of these are newly diagnosed patients; some are already on treatment; some need follow-up care. Over half a million people will die from cancer this year.

Medicare, generally, does not cover cancer drugs. This bill will provide that coverage.

Providing Medicare coverage of cancer drugs is particularly important in light of a promising new class of drugs that are becoming available. One of those drugs is Gleevec, formerly known as STI 571.

I am greatly heartened by the news that on May 10 the Food and Drug Administration approved Gleevec for the treatment of chronic myelogenous leukemia. Gleevec is revolutionary because it can precisely target the dysfunctional proteins that cause this cancer and it can disable cancer cells to the point that they are metabolically inactivated with 12 hours of administering the drug.

Furthermore, Gleevec does not destroy the ''good'' cells, as other treatments do. It helped over 90 percent of patients in clinical trials and holds

great promise for other cancers. Scientists say this drug is the wave of the future.

Not only is this drug highly medically effective, it is cost-effective. Gleevec is expected initially to cost around $25,000 annually. While that is a high price, in my view, the other alternative, or standard treatment for this kind of leukemia, is a bone marrow transplant. Bone marrow transplants cost on average $250,000 per procedure. So this drug will be cheaper than the conventional treatment.

Sixty percent of cancer cases occur among people over age 65, a number that will grow as the American population ages, so Medicare is a major payer of cancer care. Cancer therapies have evolved to the point where most cancer care is delivered on an outpatient basis, not in a hospital.

In terms of Medicare, oral, outpatient, prescription cancer drugs are currently covered by Medicare only if the drugs have the same active ingredient as the equivalent injectable cancer drug. This means that very few cancer drugs are covered.

No one really knows how much Medicare patients pay out-of-pocket for cancer drugs, but according to the Institute of Medicine, ''available evidence suggests that it is substantial.'' One study found that Medicare covered 83 percent of typical charges for lung cancer and 65 percent of typical charges for breast cancer. Out-of-pocket expenses ranged from less than $100 to near $4,000. One-third of Medicare beneficiaries have private insurance that covers the prescription drugs that Medicare does not cover. Even if beneficiaries have private drug coverage, that coverage often has high deductibles and other limits so that beneficiaries still have high out of pocket expenses.

The bill we are introducing today addresses just part of the problem. Clearly, we must work for a comprehensive Medicare drug benefit for all illnesses and we must work to improve private health insurance coverage.

The cost of delivering cancer care is $50 billion a year, says the National Cancer Institute. These are costs that we can reduce and this bill is one step.

I hope that by expanding Medicare coverage to cover cancer drugs we can garner support for broader coverage, we can encourage drug companies to make many more new drugs and we can give hope to millions who suffer from cancer.

I urge my colleagues to support this bill.

By Mrs. BOXER (for herself, Mr. REID, and Mr. BAUCUS):

S. 914. A bill to designate the United States courthouse located at 95 Seventh Street in San Francisco, California, as the ''James R. Browning United States Courthouse''; to the Committee on Environment and Public Works.

Mrs. BOXER. Mr. President, I am introducing legislation today to name the courthouse at 95 Seventh Street in San Francisco, CA as the ''James R. Browning United States Courthouse.''

Judge Browning was appointed to the court by President Kennedy and has spent 40 years as a circuit judge on the Court of Appeals for the Ninth Circuit. For twelve of those years, he served as Chief Judge. As chief judge, Judge Browning reorganized and modernized the administration of the Ninth Circuit. Now, he is on Senior Status.

He is originally from Montana and graduated from Montana State University in 1938 and from Montana University Law School in 1941, achieving the highest scholastic record in his class and serving as editor-in-chief of the law review. Before being appointed to the Court, Judge Browning served in the U.S. Army and worked for Department of Justice and in private practice.

I can think of no more appropriate honor for Judge Browning than to place his name on the courthouse building where he has worked for 40 years.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE CONCURRENT RESOLUTION 38—RECOGNIZING THE FOUNDING OF THE ALLIANCE FOR REFORM AND DEMOCRACY IN ASIA, AND FOR OTHER PURPOSES

Mr. MCCONNELL (for himself, Mr. HELMS, Mrs. FEINSTEIN, and Mr. LEAHY) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 38

Whereas authoritarian governments in Asia deny their citizens basic freedoms of belief, speech, and association, and engage in intimidation and other human rights abuses designed to ensure that political opposition to those governments is nonexistent or weak;

Whereas established and emerging democracies in Asia offer hope and inspiration to democrats and reformers across the region;

Whereas democracy activists in Asia are firmly committed to advancing democracy, human rights, good governance, and the rule of law, often at great personal risk;

Whereas leading democrats and reformers created the Alliance for Reform and Democracy in Asia (referred to in this Resolution as ARDA) in Bangkok, Thailand, on October 8, 2000, as a broad-based, nonviolent movement to encourage and accelerate the march of democracy in Asia;

Whereas the members of the ARDA have rejected as false any definition of ''Asian values'' that does not include respect for human rights, democracy, freedom, and good governance;

Whereas the members of the ARDA have pledged in a declaration of unity to promote democracy, human rights, and the rule of law in Asia;

Whereas the members of the ARDA support each other through words and deeds in times of political crisis;

Whereas the members of the ARDA have frequently met to reaffirm their collective commitment to democracy, the rule of law, and human rights, most recently in Taiwan and Mongolia; and

Whereas Congress recognizes that the establishment of democratic governments in Asia is vital to the United States national security interests: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) recognizes and commends the members of the Alliance for Reform and Democracy in Asia for joining forces in a common struggle for freedom and the rule of law;

(2) calls upon governments in Asia to heed the calls by the ARDA for political and legal reforms, and to engage members of the ARDA in dialog; and

(3) calls for an immediate end to human rights violations committed against Asian democracy activists and reformers.

SENATE CONCURRENT RESOLUTION 39—EXPRESSING THE SENSE OF CONGRESS THAT THE MORATORIUM ON NEW OIL AND NATURAL GAS LEASING ACTIVITY ON SUBMERGED LAND OF THE OUTER CONTINENTAL SHELF SHOULD BE MAINTAINED

Mrs. FEINSTEIN (for herself and Mrs. BOXER) submitted the following concurrent resolution; which was referred to the Committee on Energy and Natural Resources:

S. CON. RES. 39

Whereas during the last 8 years, the Federal Government has operated robust offshore and onshore oil, gas, and coal leasing programs that matched or exceeded production levels during the administrations of former President Reagan and former President Bush;

Whereas offshore, the United States has leased and currently manages more than 44,000,000 acres of outer Continental Shelf land;

Whereas proposals to provide more access to currently protected Federal land for development by the oil, gas, and coal industries ignore the quantity of land that is already available for that purpose;

Whereas it is not necessary to drill in sensitive areas to meet the energy needs of the United States;

Whereas since 1982, there has been in effect a statutory moratorium on new leasing, preleasing, and related activities on submerged land of the outer Continental Shelf;

Whereas in 1990, former President Bush used his authority to declare areas of the outer Continental Shelf along the coastlines of Washington, Oregon, California, Bristol Bay, Alaska, and the eastern Gulf of Mexico, and more than 100 miles off the Florida coast, off limits to new drilling through calendar year 2000;

Whereas in 1998, former President Clinton extended the Bush limitation through June 2012;

Whereas citizens of California, Florida, and other States affected by the outer Continental Shelf drilling moratorium are overwhelmingly opposed to new oil drilling off their coastlines and are concerned about plans to open the Florida Gulf Coast to new leasing;

Whereas a majority of people of the United States are growing increasingly concerned about the environment and believe that protecting the environment should take precedence over economic development;

Whereas the people of the United States have made a decision to protect the coastlines of the United States from oil development, because the people know that far better alternatives exist; and

Whereas there are many other worthy options before Congress that could increase energy independence and reduce reliance on foreign oil, such as reauthorization of the Strategic Petroleum Reserve, incentives to improve energy efficiency, research into renewable energy and alternative fuels, and full funding of energy conservation and efficiency programs (including programs for solar and renewable energy, weatherization, and other initiatives): Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that the moratorium in effect as of the date of adoption of this Resolution on new oil and natural gas leasing, pre-leasing, and related activities on submerged land of the outer Continental Shelf should be maintained.

Mrs. FEINSTEIN. Mr. President, today I am pleased to submit a resolution to maintain the moratorium on new oil and natural gas leasing activity on submerged lands of the Outer Continental Shelf. I am happy to be joined by Senator BOXER.

With this resolution, we are urging President Bush to continue the existing executive order that places coastline areas of several States, including California, off limits to new drilling. This moratoria was initiated by former President George H. Bush in 1990, and extended through 2012 by President Clinton in 1998.

The timing of this resolution is important, as the impending President's energy plan will focus on drilling for new oil and gas reserves. With this focus, many of us in Congress fear that the Administration may pave the way for new exploration of the Outer Continental Shelf. This would be a tragic mistake that endangers the coastlines of many States, including California, which is one of the greatest environmental treasures in the world.

One oil spill from offshore oil wells almost did destroy the beautiful California coastline. In 1969 an oil spill in Federal waters off the coast of Santa Barbara killed thousands of birds, as well as dolphins, seals, and other animals. Estimates of the amount of oil released range up to 200,000 barrels. Within days, oil spread from California's Channel Islands to the Mexican border, an area of approximately 800 square miles. The people of California were so concerned that shortly thereafter they voted to create the California Coastal Commission.

Since the 1969 spill, there have been more than thirty additional significant oil spills off the California coast. Each spill has imperiled the environment, the economy, and the beautiful landscape of California.

We can try to measure the economic cost of oil spills. For example, the value of our coast as ocean-dependent industry is estimated to contribute $17 million per year to our state economy. But we cannot measure the value placed on our quality of life. In 1991, the California Department of Parks and Recreation found that almost 70 percent of Californians had participated in beach activities, and that 25 percent of Californians had participated in saltwater fishing. We simply cannot endanger this resource for limited production.

There is widespread and bipartisan agreement that oil drilling presents serious environmental dangers, and I urge the President to maintain the moratorium on new oil and gas leasing activity on the Outer Continental Shelf.

SENATE CONCURRENT RESOLUTION 40—EXPRESSING THE SENSE OF CONGRESS REGARDING THE DESIGNATION OF THE WEEK OF MAY 20, 2001, AS ''NATIONAL EMERGENCY MEDICAL SERVICES WEEK''

Mr. HATCH (for himself, Mr. BAUCUS, Mr. ALLEN, Mr. BAYH, Mr. BENNETT, Mr. BINGAMAN, Mr. BOND, Mr. BREAUX, Mr. BROWNBACK, Ms. CANTWELL, Mrs. CARNAHAN, Mr. CHAFEE, Mrs. CLINTON, Ms. COLLINS, Mr. CRAIG, Mr. DASCHLE, Mr. DAYTON, Mr. DEWINE, Mr. DODD, Mr. DORGAN, Mr. DURBIN, Mr. ENSIGN, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. FITZGERALD, Mr. FRIST, Mr. GRAHAM, Mr. GRASSLEY, Mr. HELMS, Mr. INHOFE, Mr. INOUYE, Mr. JEFFORDS, Mr. JOHNSON, Mr. KERRY, Ms. LANDRIEU, Mrs. LINCOLN, Ms. MIKULSKI, Mr. MILLER, Mr. MURKOWSKI, Mrs. MURRAY, Mr. REID, Mr. ROCKEFELLER, Mr. SANTORUM, Mr. SARBANES, Mr. SMITH of Oregon, Ms. SNOWE, Mr. SPECTER, Mr. STEVENS, Mr. THOMAS, Mr. THURMOND, Mr. TORRICELLI, Mr. VOINOVICH, and Mr. WELLSTONE) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

S. CON. RES 40

Whereas emergency medical services are a vital public service;

Whereas the members of emergency medical services teams are ready to provide lifesaving care to those in need 24 hours a day, 7 days a week;

Whereas access to quality emergency care dramatically improves the survival and recovery rate of those who experience sudden illness or injury;

Whereas providers of emergency medical services have traditionally served as the safety net of America's health care system;

Whereas emergency medical services teams consist of emergency physicians, emergency nurses, emergency medical technicians, paramedics, firefighters, educators, administrators, and others;

Whereas approximately two-thirds of all emergency medical services providers are volunteers;

Whereas the members of emergency medical services teams, whether career or volunteer, undergo thousands of hours of specialized training and continuing education to enhance their lifesaving skills;

Whereas Americans benefit daily from the knowledge and skills of these highly trained individuals;

Whereas injury prevention and the appropriate use of the emergency medical services system will help reduce health care costs: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That—

(1) the week of May 20, 2001, is designated as ''National Emergency Medical Services Week''; and

(2) the President should issue a proclamation calling upon the people of the United States to observe such week with appropriate programs and activities.

Mr. HATCH. Mr. President, I am rising to introduce a bipartisan resolution to designate May 20–26, 2001 as National Emergency Medical Services Week in honor of the 750,000 Emergency Medical Services, EMS, personnel who are on the front lines every day saving the lives of countless Americans. I am delighted that my esteemed colleague, Senator BAUCUS, is joining me as the primary cosponsor, in addition to 50 other original cosponsors.

The theme of this year's week is ''EMS: Answering the Call,'' emphasizing the responsiveness of emergency medical services around the country, while underscoring the importance of the national 9–1–1 emergency number system. This observance also honors the passion and commitment of those serving the system including emergency physicians, emergency nurses, emergency medical technicians, paramedics, firefighters, and many other dedicated individuals who provide lifesaving care 24 hours a day, seven days a week.

The continued strength and growth of our Emergency Medical Services System has been an important issue to me. In 1984, Senator INOUYE and I worked closely with several of our colleagues to enact legislation to establish the Nation's first Emergency Medical Services for Children program, EMSC.

Over the past decade, this pediatric EMS program has improved the availability of child-size equipment in ambulances and emergency departments. It has fostered literally hundreds of state and local programs to prevent injuries, and has supported thousands of hours of training for Emergency Medical Technicians, EMTs, paramedics, and other emergency medical care providers. EMSC efforts have led to legislation mandating programs in several States, and to the development of educational materials covering every aspect of pediatric emergency care. However, most importantly, EMSC efforts are saving kids' lives.

EMS providers, be they career or volunteer, which the majority are, engage in thousands of hours of specialized

training and continuing education to enhance their lifesaving skills. It is well known that access to quality emergency care dramatically improves the survival and recovery rate of those who experience sudden illness or injury. In fact, emergency medical services providers have traditionally served as the safety net of America's health care system.

However, this healthcare safety net today is in crisis. On the front lines, emergency medical service providers are faced with crowded emergency departments and dwindling resources. These, and many other complex issues are threatening the ability of health professionals to deliver quality care.

A solution to the overcrowding of our nation's emergency departments requires a national commitment. This will mean allocating significant financial resources and convening Federal and State policymakers, local hospitals, community leaders and public and private health plan payers to develop workable solutions. We will also need adequate monitoring and data collection efforts to understand the scope of these problems and to uncover the best methods for resolving this crisis.

To continue to deliver quality healthcare in this country, we must not only recognize those individuals who have dedicated their careers to caring for the very sickest Americans, but also the undue stress and burden this system in crisis places on them each and every day. We must work toward resolving this crisis so we can continue to attract quality healthcare professionals to the EMS field and to give them the resources they need to continue to save lives.

It is appropriate to recognize the value and the accomplishments of emergency medical service providers by designating this May 20–26, Emergency Medical Services Week.

I ask my colleagues to join with me in supporting this resolution.

AMENDMENTS SUBMITTED AND PROPOSED

SA 650. Mr. GRASSLEY (for himself and Mr. BAUCUS) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.

SA 651. Ms. LANDRIEU (for herself and Mr. CRAIG) submitted an amendment intended to be proposed by her to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 652. Mr. LEAHY (for himself and Mr. BENNETT) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 653. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 654. Mr. CONRAD (for himself and Mr. KENNEDY) proposed an amendment to the bill H.R. 1836, supra.

SA 655. Mr. SANTORUM submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 656. Mr. GREGG (for himself, Mr. ENSIGN, Mr. ALLARD, Mr. KYL, Mr. BUNNING, and Mr. ALLEN) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra.

SA 657. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 658. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 659. Mrs. HUTCHISON (for herself and Mr. BROWNBACK) proposed an amendment to the bill H.R. 1836, supra.

SA 660. Mr. McCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 661. Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 662. Mr. INOUYE (for himself and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 663. Mr. INOUYE (for himself and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 664. Mr. SCHUMER submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 665. Mr. TORRICELLI submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 666. Mr. TORRICELLI submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 667. Mr. TORRICELLI submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 668. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 669. Mr. SCHUMER (for himself, Mr. BIDEN, Mr. BAYH, Mr. LIEBERMAN, Mr. DURBIN, Mr. TORRICELLI, Mrs. CLINTON, Mr. DASCHLE, Ms. STABENOW, and Mr. DAYTON) proposed an amendment to the bill H.R. 1836, supra.

SA 670. Mr. FITZGERALD (for himself, Mr. SCHUMER, Mr. JEFFORDS, Mrs. CLINTON, Mr. McCAIN, Mr. TORRICELLI, Mr. DOMENICI, Mr. ALLEN, Mr. DURBIN, Mr. SMITH, of Oregon, Mr. SPECTER, and Mr. NELSON, of Florida) proposed an amendment to the bill H.R. 1836, supra.

SA 671. Mr. ALLARD (for himself, Mr. GREGG, and Mr. BUNNING) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 672. Mr. ALLEN submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 673. Mr. ALLEN submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 674. Mrs. CARNAHAN (for herself and Mr. DASCHLE) proposed an amendment to the bill H.R. 1836, supra.

SA 675. Ms. COLLINS (for herself, Mr. WARNER, Mr. COCHRAN, Ms. LANDRIEU, Mr. ALLEN, Mr. SMITH, of Oregon, Mr. HARKIN, Ms. MIKULSKI, Mr. REED, Mr. HUTCHINSON, Mr. DODD, and Mr. ENZI) proposed an amendment to the bill H.R. 1836, supra.

SA 676. Mr. BIDEN (for himself, Mr. TORRICELLI, Mr. KERRY, Mr. SCHUMER, Mr. BAUCUS, Mr. ALLEN, Mrs. BOXER, Mr. CARPER, Mr. CHAFEE, Mrs. CLINTON, Mr. CORZINE, Mr. DAYTON, Mr. DODD, Mr. DURBIN, Mr. LEAHY, Ms. MIKULSKI, Mrs. MURRAY, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SPECTER, and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 677. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 678. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 679. Mr. ROCKEFELLER (for himself, Mr. GRAHAM, Mr. WELLSTONE, Mr. KENNEDY, Mr. HARKIN, Mr. JOHNSON, Mr. KERRY, Mrs. CLINTON, Mr. DAYTON, and Ms. STABENOW) proposed an amendment to the bill H.R. 1836, supra.

SA 680. Mr. SMITH, of New Hampshire submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 681. Mr. SMITH, of New Hampshire submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 682. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 683. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 684. Mr. KENNEDY (for himself, Mr. DODD, and Mr. JOHNSON) submitted an amendment intended to be proposed by him to the bill H.R. 1836, supra; which was ordered to lie on the table.

SA 685. Mr. BAYH (for himself, Ms. SNOWE, Mr. CHAFEE, Ms. LANDRIEU, Mrs. FEINSTEIN, Ms. COLLINS, Ms. STABENOW, Mr. JEFFORDS, Mr. KOHL, Mr. CARPER, Mr. NELSON, of Florida, and Mrs. CLINTON) proposed an amendment to the bill H.R. 1836, supra.

SA 686. Ms. LANDRIEU (for herself, Mr. CRAIG, and Mrs. LINCOLN) proposed an amendment to the bill H.R. 1836, supra.

SA 687. Mr. GRAHAM (for himself, Mr. CORZINE, and Mr. DAYTON) proposed an amendment to the bill H.R. 1836, supra.

SA 688. Mr. GRAHAM proposed an amendment to the bill H.R. 1836, supra.

TEXT OF AMENDMENTS

SA 650. Mr. GRASSLEY (for himself and Mr. BAUCUS) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Restoring Earnings To Lift Individuals and Empower Families (RELIEF) Act of 2001''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a

section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

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

Sec. 1. Short title; etc.

TITLE I—INDIVIDUAL INCOME TAX RATE REDUCTIONS

Subtitle A—In General

Sec. 101. Reduction in income tax rates for individuals.
Sec. 102. Increase in amount of income required before phaseout of itemized deductions begins.
Sec. 103. Repeal of phaseout of deduction for personal exemptions.

Subtitle B—Compliance With Congressional Budget Act

Sec. 111. Sunset of provisions of title.
Sec. 112. Restoration of provisions of title.

TITLE II—CHILD TAX CREDIT

Subtitle A—In General

Sec. 201. Modifications to child tax credit.

Subtitle B—Compliance With Congressional Budget Act

Sec. 211. Sunset of provisions of title.
Sec. 212. Restoration of provisions of title.

TITLE III—MARRIAGE PENALTY RELIEF

Subtitle A—In General

Sec. 301. Elimination of marriage penalty in standard deduction.
Sec. 302. Phaseout of marriage penalty in 15-percent bracket.
Sec. 303. Marriage penalty relief for earned income credit; earned income to include only amounts includible in gross income; simplification of earned income credit.

Subtitle B—Compliance With Congressional Budget Act

Sec. 311. Sunset of provisions of title.
Sec. 312. Restoration of provisions of title.

TITLE IV—AFFORDABLE EDUCATION PROVISIONS

Subtitle A—Education Savings Incentives

Sec. 401. Modifications to education individual retirement accounts.
Sec. 402. Modifications to qualified tuition programs.

Subtitle B—Educational Assistance

Sec. 411. Permanent extension of exclusion for employer-provided educational assistance.
Sec. 412. Elimination of 60-month limit and increase in income limitation on student loan interest deduction.
Sec. 413. Exclusion of certain amounts received under the national health service corps scholarship program and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program.

Subtitle C—Liberalization of Tax-Exempt Financing Rules for Public School Construction

Sec. 421. Additional increase in arbitrage rebate exception for governmental bonds used to finance educational facilities.
Sec. 422. Treatment of qualified public educational facility bonds as exempt facility bonds.

Subtitle D—Other Provisions

Sec. 431. Deduction for higher education expenses.
Sec. 432. Credit for interest on higher education loans.

Subtitle E—Compliance With Congressional Budget Act

Sec. 441. Sunset of provisions of title.
Sec. 442. Restoration of provisions of title.

TITLE V—ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAX PROVISIONS

Subtitle A—Repeal of Estate and Generation-Skipping Transfer Taxes

Sec. 501. Repeal of estate and generation-skipping transfer taxes.

Subtitle B—Reductions of Estate and Gift Tax Rates

Sec. 511. Additional reductions of estate and gift tax rates.

Subtitle C—Increase in Exemption Amounts

Sec. 521. Increase in exemption equivalent of unified credit, lifetime gifts exemption, and GST exemption amounts.

Subtitle D—Credit for State Death Taxes

Sec. 531. Reduction of credit for State death taxes.
Sec. 532. Credit for State death taxes replaced with deduction for such taxes.

Subtitle E—Carryover Basis at Death; Other Changes Taking Effect With Repeal

Sec. 541. Termination of step-up in basis at death.
Sec. 542. Treatment of property acquired from a decedent dying after December 31, 2010.

Subtitle F—Conservation Easements

Sec. 551. Expansion of estate tax rule for conservation easements.

Subtitle G—Modifications of Generation-Skipping Transfer Tax

Sec. 561. Deemed allocation of GST exemption to lifetime transfers to trusts; retroactive allocations.
Sec. 562. Severing of trusts.
Sec. 563. Modification of certain valuation rules.
Sec. 564. Relief provisions.

Subtitle H—Extension of Time for Payment of Estate Tax

Sec. 571. Expansion of availability of installment payment for estates with interests qualifying lending and finance businesses.
Sec. 572. Clarification of availability of installment payment.

Subtitle I—Compliance With Congressional Budget Act

Sec. 581. Sunset of provisions of title.
Sec. 582. Restoration of provisions of title.

TITLE VI—PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS

Subtitle A—Individual Retirement Accounts

Sec. 601. Modification of IRA contribution limits.
Sec. 602. Deemed IRAs under employer plans.
Sec. 603. Tax-free distributions from individual retirement accounts for charitable purposes.

Subtitle B—Expanding Coverage

Sec. 611. Increase in benefit and contribution limits.
Sec. 612. Plan loans for subchapter S owners, partners, and sole proprietors.
Sec. 613. Modification of top-heavy rules.
Sec. 614. Elective deferrals not taken into account for purposes of deduction limits.
Sec. 615. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations.
Sec. 616. Deduction limits.
Sec. 617. Option to treat elective deferrals as after-tax Roth contributions.
Sec. 618. Nonrefundable credit to certain individuals for elective deferrals and IRA contributions.
Sec. 619. Credit for qualified pension plan contributions of small employers.
Sec. 620. Credit for pension plan startup costs of small employers.
Sec. 621. Elimination of user fee for requests to IRS regarding new pension plans.
Sec. 622. Treatment of nonresident aliens engaged in international transportation services.

Subtitle C—Enhancing Fairness for Women

Sec. 631. Catch-up contributions for individuals age 50 or over.
Sec. 632. Equitable treatment for contributions of employees to defined contribution plans.
Sec. 633. Faster vesting of certain employer matching contributions.
Sec. 634. Modifications to minimum distribution rules.
Sec. 635. Clarification of tax treatment of division of section 457 plan benefits upon divorce.
Sec. 636. Provisions relating to hardship distributions.
Sec. 637. Waiver of tax on nondeductible contributions for domestic or similar workers.

Subtitle D—Increasing Portability for Participants

Sec. 641. Rollovers allowed among various types of plans.
Sec. 642. Rollovers of IRAs into workplace retirement plans.
Sec. 643. Rollovers of after-tax contributions.
Sec. 644. Hardship exception to 60-day rule.
Sec. 645. Treatment of forms of distribution.
Sec. 646. Rationalization of restrictions on distributions.
Sec. 647. Purchase of service credit in governmental defined benefit plans.
Sec. 648. Employers may disregard rollovers for purposes of cash-out amounts.
Sec. 649. Minimum distribution and inclusion requirements for section 457 plans.

Subtitle E—Strengthening Pension Security and Enforcement

PART I—GENERAL PROVISIONS

Sec. 651. Repeal of 160 percent of current liability funding limit.
Sec. 652. Maximum contribution deduction rules modified and applied to all defined benefit plans.
Sec. 653. Excise tax relief for sound pension funding.
Sec. 654. Treatment of multiemployer plans under section 415.
Sec. 655. Protection of investment of employee contributions to 401(k) plans.
Sec. 656. Prohibited allocations of stock in S corporation ESOP.
Sec. 657. Automatic rollovers of certain mandatory distributions.
Sec. 658. Clarification of treatment of contributions to multiemployer plan.

PART II—TREATMENT OF PLAN AMENDMENTS REDUCING FUTURE BENEFIT ACCRUALS

Sec. 659. Notice required for pension plan amendments having the effect of significantly reducing future benefit accruals.

Subtitle F—Reducing Regulatory Burdens

Sec. 661. Modification of timing of plan valuations.
Sec. 662. ESOP dividends may be reinvested without loss of dividend deduction.
Sec. 663. Repeal of transition rule relating to certain highly compensated employees.
Sec. 664. Employees of tax-exempt entities.
Sec. 665. Clarification of treatment of employer-provided retirement advice.
Sec. 666. Reporting simplification.
Sec. 667. Improvement of employee plans compliance resolution system.
Sec. 668. Repeal of the multiple use test.
Sec. 669. Flexibility in nondiscrimination, coverage, and line of business rules.
Sec. 670. Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to State and local plans.

Subtitle G—Other ERISA Provisions

Sec. 681. Missing participants.
Sec. 682. Reduced PBGC premium for new plans of small employers.
Sec. 683. Reduction of additional PBGC premium for new and small plans.
Sec. 684. Authorization for PBGC to pay interest on premium overpayment refunds.
Sec. 685. Substantial owner benefits in terminated plans.

Subtitle H—Miscellaneous Provisions

Sec. 691. Tax treatment and information requirements of Alaska Native Settlement Trusts.

Subtitle I—Compliance With Congressional Budget Act

Sec. 695. Sunset of provisions of title.
Sec. 696. Restoration of provisions of title.

TITLE VII—ALTERNATIVE MINIMUM TAX

Subtitle A—In General

Sec. 701. Increase in alternative minimum tax exemption.

Subtitle B—Compliance With Congressional Budget Act

Sec. 711. Sunset of provisions of title.
Sec. 712. Restoration of provisions of title.

TITLE VIII—OTHER PROVISIONS

Subtitle A—In General

Sec. 801. Time for payment of corporate estimated taxes.
Sec. 802. Expansion of authority to postpone certain tax-related deadlines by reason of presidentially declared disaster.

Subtitle B—Compliance With Congressional Budget Act

Sec. 811. Sunset of provisions of title.
Sec. 812. Restoration of provisions of title.

TITLE I—INDIVIDUAL INCOME TAX RATE REDUCTIONS

Subtitle A—In General

SEC. 101. REDUCTION IN INCOME TAX RATES FOR INDIVIDUALS.

(a) IN GENERAL.—Section 1 is amended by adding at the end the following new subsection:

''(i) RATE REDUCTIONS AFTER 2000.—

''(1) 10-PERCENT RATE BRACKET.—

''(A) IN GENERAL.—In the case of taxable years beginning after December 31, 2000—

''(i) the rate of tax under subsections (a), (b), (c), and (d) on taxable income not over the initial bracket amount shall be 10 percent, and

''(ii) the 15 percent rate of tax shall apply only to taxable income over the initial bracket amount but not over the maximum dollar amount for the 15-percent rate bracket.

''(B) INITIAL BRACKET AMOUNT.—For purposes of this subsection, the initial bracket amount is—

''(i) $12,000 in the case of subsection (a),

''(ii) $10,000 in the case of subsection (b), and

''(iii) ½ the amount applicable under clause (i) (after adjustment, if any, under subparagraph (C)) in the case of subsections (c) and (d).

''(C) INFLATION ADJUSTMENT.—In prescribing the tables under subsection (f) which apply with respect to taxable years beginning in calendar years after 2001—

''(i) the Secretary shall make no adjustment to the initial bracket amount for any taxable year beginning before January 1, 2007,

''(ii) the cost-of-living adjustment used in making adjustments to the initial bracket amount for any taxable year beginning after December 31, 2006, shall be determined under subsection (f)(3) by substituting '2005' for '1992' in subparagraph (B) thereof, and

''(iii) such adjustment shall not apply to the amount referred to in subparagraph (B)(iii).

If any amount after adjustment under the preceding sentence is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.

''(2) REDUCTIONS IN RATES AFTER 2001.—In the case of taxable years beginning in a calendar year after 2001, the corresponding percentage specified for such calendar year in the following table shall be substituted for the otherwise applicable tax rate in the tables under subsections (a), (b), (c), (d), and (e).

''In the case of taxable years beginning during calendar year:	The corresponding percentages shall be substituted for the following percentages:			
	28%	31%	36%	39.6%
2002, 2003, and 2004 ..	27%	30%	35%	38.6%
2005 and 2006	26%	29%	34%	37.6%
2007 and thereafter	25%	28%	33%	36%

''(3) ADJUSTMENT OF TABLES.—The Secretary shall adjust the tables prescribed under subsection (f) to carry out this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 1(g)(7) is amended by striking ''15 percent'' in clause (ii)(II) and inserting ''10 percent.''.

(2) Section 1(h) is amended—

(A) by striking ''28 percent'' both places it appears in paragraphs (1)(A)(ii)(I) and (1)(B)(i) and inserting ''25 percent'', and

(B) by striking paragraph (13).

(3) Section 531 is amended by striking ''equal to'' and all that follows and inserting ''equal to the product of the highest rate of tax under section 1(c) and the accumulated taxable income.''.

(4) Section 541 is amended by striking ''equal to'' and all that follows and inserting ''equal to the product of the highest rate of tax under section 1(c) and the undistributed personal holding company income.''.

(5) Section 3402(p)(1)(B) is amended by striking ''7, 15, 28, or 31 percent'' and inserting ''7 percent, any percentage applicable to any of the 3 lowest income brackets in the table under section 1(c),''.

(6) Section 3402(p)(2) is amended by striking ''15 percent'' and inserting ''10 percent''.

(7) Section 3402(q)(1) is amended by striking ''equal to 28 percent of such payment'' and inserting ''equal to the product of the third lowest rate of tax under section 1(c) and such payment''.

(8) Section 3402(r)(3) is amended by striking ''31 percent'' and inserting ''the fourth lowest rate of tax under section 1(c)''.

(9) Section 3406(a)(1) is amended by striking ''equal to 31 percent of such payment'' and inserting ''equal to the product of the fourth lowest rate of tax under section 1(c) and such payment''.

(10) Section 13273 of the Revenue Reconciliation Act of 1993 is amended by striking ''28 percent'' and inserting ''the third lowest rate of tax under section 1(c) of the Internal Revenue Code of 1986''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) AMENDMENTS TO WITHHOLDING PROVISIONS.—The amendments made by paragraphs (6), (7), (8), (9), (10), and (11) of subsection (b) shall apply to amounts paid after the 60th day after the date of the enactment of this Act.

SEC. 102. INCREASE IN AMOUNT OF INCOME REQUIRED BEFORE PHASEOUT OF ITEMIZED DEDUCTIONS BEGINS.

(a) IN GENERAL.—Section 68(b)(1) (defining applicable amount) is amended—

(1) by striking ''$100,000'' and inserting ''$150,000'', and

(2) by striking ''$50,000'' and inserting ''$75,000''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 103. REPEAL OF PHASEOUT OF DEDUCTION FOR PERSONAL EXEMPTIONS.

(a) IN GENERAL.—Subsection (d) of section 151 (relating to exemption amount) is amended by striking paragraph (3).

(b) TECHNICAL AMENDMENTS.—

(1) Paragraph (6) of section 1(f) is amended—

(A) by striking ''section 151(d)(4)'' in subparagraph (A) and inserting ''section 151(d)(3)'', and

(B) by striking ''section 151(d)(4)(A)'' in subparagraph (B) and inserting ''section 151(d)(3)''.

(2) Paragraph (4) of section 151(d) is amended to read as follows:

''(3) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 1989, the dollar amount contained in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting 'calendar year 1988' for 'calendar year 1992' in subparagraph (B) thereof.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

Subtitle B—Compliance With Congressional Budget Act

SEC. 111. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE II—CHILD TAX CREDIT

Subtitle A—In General

SEC. 201. MODIFICATIONS TO CHILD TAX CREDIT.

(a) INCREASE IN PER CHILD AMOUNT.—Subsection (a) of section 24 (relating to child tax credit) is amended to read as follows:

''(a) ALLOWANCE OF CREDIT.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year with respect to each qualifying child of the taxpayer an amount equal to the per child amount.

''(2) PER CHILD AMOUNT.—For purposes of paragraph (1), the per child amount shall be determined as follows:

"In the case of any taxable year beginning in—	The per child amount is—
2001, 2002, or 2003	$600
2004, 2005, or 2006	700
2007, 2008, or 2009	800
2010	900
2011 or thereafter	1,000.''.

(b) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subsection (b) of section 24 (relating to child tax credit) is amended by adding at the end the following new paragraph:

''(3) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) The heading for section 24(b) is amended to read as follows: ''LIMITATIONS.—''.

(B) The heading for section 24(b)(1) is amended to read as follows: ''LIMITATION BASED ON ADJUSTED GROSS INCOME.—''.

(C) Section 24(d) is amended—

(i) by striking ''section 26(a)'' each place it appears and inserting ''subsection (b)(3)'', and

(ii) in paragraph (1)(B) by striking ''aggregate amount of credits allowed by this subpart'' and inserting ''amount of credit allowed by this section''.

(D) Paragraph (1) of section 26(a) is amended by inserting ''(other than section 24)'' after ''this subpart''.

(E) Subsection (c) of section 23 is amended by striking ''and section 1400C'' and inserting ''and sections 24 and 1400C''.

(F) Subparagraph (C) of section 25(e)(1) is amended by inserting '', 24,'' after ''sections 23''.

(G) Section 904(h) is amended by inserting ''(other than section 24)'' after ''chapter''.

(H) Subsection (d) of section 1400C is amended by inserting ''and section 24'' after ''this section''.

(c) REFUNDABLE CHILD CREDIT.—

(1) IN GENERAL.—So much of section 24(d) (relating to additional credit for families with 3 or more children) as precedes paragraph (2) is amended to read as follows:

''(d) PORTION OF CREDIT REFUNDABLE.—

''(1) IN GENERAL.—The aggregate credits allowed to a taxpayer under subpart C shall be increased by the lesser of—

''(A) the credit which would be allowed under this section without regard to this subsection and the limitation under subsection (b)(3), or

''(B) the amount by which the amount of credit allowed by this section (determined without regard to this subsection) would increase if the limitation imposed by subsection (b)(3) were increased by the greater of—

''(i) 15 percent of so much of the taxpayer's earned income (within the meaning of section 32) for the taxable year as exceeds $10,000, or

''(ii) in the case of a taxpayer with 3 or more qualifying children, the excess (if any) of—

''(I) the taxpayer's social security taxes for the taxable year, over

''(II) the credit allowed under section 32 for the taxable year.

The amount of the credit allowed under this subsection shall not be treated as a credit allowed under this subpart and shall reduce the amount of credit otherwise allowable under subsection (a) without regard to subsection (b)(3).''.

(2) CONFORMING AMENDMENT.—Section 32 is amended by striking subsection (n).

(d) ELIMINATION OF REDUCTION OF CREDIT TO TAXPAYER SUBJECT TO ALTERNATIVE MINIMUM TAX PROVISION.—Section 24(d) is amended—

(1) by striking paragraph (2), and

(2) by redesignating paragraph (3) as paragraph (2).

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to taxable years beginning after December 31, 2001.

Subtitle B—Compliance With Congressional Budget Act

SEC. 211. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

SEC. 212. RESTORATION OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which were terminated under section 211 shall begin to apply again as of October 1, 2011, as provided in each such provision or amendment.

TITLE III—MARRIAGE PENALTY RELIEF

Subtitle A—In General

SEC. 301. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''the applicable percentage of the dollar amount in effect under subparagraph (C) for the taxable year'';

(2) by adding ''or'' at the end of subparagraph (B);

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.''; and

(4) by striking subparagraph (D).

(b) APPLICABLE PERCENTAGE.—Section 63(c) (relating to standard deduction) is amended by adding at the end the following new paragraph:

''(7) APPLICABLE PERCENTAGE.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2005	174
2006	180
2007	187
2008	193
2009 and thereafter	200.''

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6), as amended by section 103(b), is amended by striking ''(other than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(3)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 302. PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.

(a) IN GENERAL.—Section 1(f) (relating to adjustments in tax tables so that inflation will not result in tax increases) is amended by adding at the end the following new paragraph:

''(8) PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.—

''(A) IN GENERAL.—With respect to taxable years beginning after December 31, 2005, in prescribing the tables under paragraph (1)—

''(i) the maximum taxable income in the 15-percent rate bracket in the table contained in subsection (a) (and the minimum taxable income in the next higher taxable income bracket in such table) shall be the applicable percentage of the maximum taxable income in the 15-percent rate bracket in the table contained in subsection (c) (after any other adjustment under this subsection), and

''(ii) the comparable taxable income amounts in the table contained in subsection (d) shall be ½ of the amounts determined under clause (i).

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2005	180
2006	187
2007	193
2008 and thereafter	200.

''(C) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (A) of section 1(f)(2) is amended by inserting ''except as provided in paragraph (8),'' before ''by increasing''.

(2) The heading for subsection (f) of section 1 is amended by inserting ''PHASEOUT OF MARRIAGE PENALTY IN 15-PERCENT BRACKET;'' before ''ADJUSTMENTS''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 303. MARRIAGE PENALTY RELIEF FOR EARNED INCOME CREDIT; EARNED INCOME TO INCLUDE ONLY AMOUNTS INCLUDIBLE IN GROSS INCOME; SIMPLIFICATION OF EARNED INCOME CREDIT.

(a) INCREASED PHASEOUT AMOUNT.—

(1) IN GENERAL.—Section 32(b)(2) (relating to amounts) is amended—

(A) by striking ''AMOUNTS.—The earned'' and inserting ''AMOUNTS.—

''(A) IN GENERAL.—Subject to subparagraph (B), the earned'', and

(B) by adding at the end the following new subparagraph:

''(B) JOINT RETURNS.—In the case of a joint return filed by an eligible individual and such individual's spouse, the phaseout amount determined under subparagraph (A) shall be increased by $3,000.''.

(2) INFLATION ADJUSTMENT.—Paragraph (1)(B) of section 32(j) (relating to inflation adjustments) is amended to read as follows:

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined—

''(i) in the case of amounts in subsections (b)(2)(A) and (i)(1), by substituting 'calendar year 1995' for 'calendar year 1992' in subparagraph (B) thereof, and

''(ii) in the case of the $3,000 amount in subsection (b)(2)(B), by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) of such section 1.''.

(3) ROUNDING.—Section 32(j)(2)(A) (relating to rounding) is amended by striking ''subsection (b)(2)'' and inserting ''subsection (b)(2)(A) (after being increased under subparagraph (B) thereof)''.

(b) EARNED INCOME TO INCLUDE ONLY AMOUNTS INCLUDIBLE IN GROSS INCOME.—Clause (i) of section 32(c)(2)(A) (defining earned income) is amended by inserting '', but only if such amounts are includible in gross income for the taxable year'' after ''other employee compensation''.

(c) REPEAL OF REDUCTION OF CREDIT TO TAXPAYERS SUBJECT TO ALTERNATIVE MINIMUM TAX.—Section 32(h) is repealed.

(d) REPLACEMENT OF MODIFIED ADJUSTED GROSS INCOME WITH ADJUSTED GROSS INCOME.—

(1) IN GENERAL.—Section 32(a)(2)(B) is amended by striking ''modified''.

(2) CONFORMING AMENDMENTS.—

(A) Section 32(c) is amended by striking paragraph (5).

(B) Section 32(f)(2)(B) is amended by striking ''modified'' each place it appears.

(e) RELATIONSHIP TEST.—

(1) IN GENERAL.—Clause (i) of section 32(c)(3)(B) (relating to relationship test) is amended to read as follows:

''(i) IN GENERAL.—An individual bears a relationship to the taxpayer described in this subparagraph if such individual is—

''(I) a son, daughter, stepson, or stepdaughter, or a descendant of any such individual,

''(II) a brother, sister, stepbrother, or stepsister, or a descendant of any such individual, who the taxpayer cares for as the taxpayer's own child, or

''(III) an eligible foster child of the taxpayer.''.

(2) ELIGIBLE FOSTER CHILD.—

(A) IN GENERAL.—Clause (iii) of section 32(c)(3)(B) is amended to read as follows:

''(iii) ELIGIBLE FOSTER CHILD.—For purposes of clause (i), the term 'eligible foster child' means an individual not described in subclause (I) or (II) of clause (i) who—

''(I) is placed with the taxpayer by an authorized placement agency, and

''(II) the taxpayer cares for as the taxpayer's own child.''.

(B) CONFORMING AMENDMENT.—Section 32(c)(3)(A)(ii) is amended by striking ''except as provided in subparagraph (B)(iii),''.

(f) 2 OR MORE CLAIMING QUALIFYING CHILD.—Section 32(c)(1)(C) is amended to read as follows:

''(C) 2 OR MORE CLAIMING QUALIFYING CHILD.—

''(i) IN GENERAL.—Except as provided in clause (ii), if (but for this paragraph) an individual may be claimed, and is claimed, as a qualifying child by 2 or more taxpayers for a taxable year beginning in the same calendar year, such individual shall be treated as the qualifying child of the taxpayer who is—

''(I) a parent of the individual, or

''(II) if subclause (I) does not apply, the taxpayer with the highest adjusted gross income for such taxable year.

''(ii) MORE THAN 1 CLAIMING CREDIT.—If the parents claiming the credit with respect to any qualifying child do not file a joint return together, such child shall be treated as the qualifying child of—

''(I) the parent with whom the child resided for the longest period of time during the taxable year, or

''(II) if the child resides with both parents for the same amount of time during such taxable year, the parent with the highest adjusted gross income.''.

(g) EXPANSION OF MATHEMATICAL ERROR AUTHORITY.—Paragraph (2) of section 6213(g) is amended by striking ''and'' at the end of subparagraph (K), by striking the period at the end of subparagraph (L) and inserting '', and'', and by inserting after subparagraph (L) the following new subparagraph:

''(M) the entry on the return claiming the credit under section 32 with respect to a child if, according to the Federal Case Registry of Child Support Orders established under section 453(h) of the Social Security Act, the taxpayer is a noncustodial parent of such child.''

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (g).—The amendment made by subsection (g) shall take effect on January 1, 2004.

Subtitle B—Compliance With Congressional Budget Act

SEC. 311. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE IV—AFFORDABLE EDUCATION PROVISIONS

Subtitle A—Education Savings Incentives

SEC. 401. MODIFICATIONS TO EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.

(a) MAXIMUM ANNUAL CONTRIBUTIONS.—

(1) IN GENERAL.—Section 530(b)(1)(A)(iii) (defining education individual retirement account) is amended by striking ''$500'' and inserting ''$2,000''.

(2) CONFORMING AMENDMENT.—Section 4973(e)(1)(A) is amended by striking ''$500'' and inserting ''$2,000''.

(b) MODIFICATION OF AGI LIMITS TO REMOVE MARRIAGE PENALTY.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended—

(1) by striking ''$150,000'' in subparagraph (A)(ii) and inserting ''$190,000'', and

(2) by striking ''$10,000'' in subparagraph (B) and inserting ''$30,000''.

(c) TAX-FREE EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOL EXPENSES.—

(1) IN GENERAL.—Section 530(b)(2) (defining qualified higher education expenses) is amended to read as follows:

''(2) QUALIFIED EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified education expenses' means—

''(i) qualified higher education expenses (as defined in section 529(e)(3)), and

''(ii) qualified elementary and secondary education expenses (as defined in paragraph (4)).

''(B) QUALIFIED STATE TUITION PROGRAMS.—Such term shall include any contribution to a qualified State tuition program (as defined in section 529(b)) on behalf of the designated beneficiary (as defined in section 529(e)(1)); but there shall be no increase in the investment in the contract for purposes of applying section 72 by reason of any portion of such contribution which is not includible in gross income by reason of subsection (d)(2).''.

(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—Section 530(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(4) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—

''(A) IN GENERAL.—The term 'qualified elementary and secondary education expenses' means—

''(i) expenses for tuition, fees, academic tutoring, special needs services, books, supplies, computer equipment (including related software and services), and other equipment which are incurred in connection with the enrollment or attendance of the designated beneficiary of the trust as an elementary or secondary school student at a public, private, or religious school, and

''(ii) expenses for room and board, uniforms, transportation, and supplementary items and services (including extended day programs) which are required or provided by a public, private, or religious school in connection with such enrollment or attendance.

''(B) SCHOOL.—The term 'school' means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.''.

(3) CONFORMING AMENDMENTS.—Section 530 is amended—

(A) by striking ''higher'' each place it appears in subsections (b)(1) and (d)(2), and

(B) by striking ''HIGHER'' in the heading for subsection (d)(2).

(d) WAIVER OF AGE LIMITATIONS FOR CHILDREN WITH SPECIAL NEEDS.—Section 530(b)(1) (defining education individual retirement account) is amended by adding at the end the following flush sentence:

''The age limitations in subparagraphs (A)(ii) and (E), and paragraphs (5) and (6) of subsection (d), shall not apply to any designated beneficiary with special needs (as determined under regulations prescribed by the Secretary).''.

(e) ENTITIES PERMITTED TO CONTRIBUTE TO ACCOUNTS.—Section 530(c)(1) (relating to reduction in permitted contributions based on adjusted gross income) is amended by striking ''The maximum amount which a contributor'' and inserting ''In the case of a contributor who is an individual, the maximum amount the contributor''.

(f) TIME WHEN CONTRIBUTIONS DEEMED MADE.—

(1) IN GENERAL.—Section 530(b) (relating to definitions and special rules), as amended by subsection (c)(2), is amended by adding at the end the following new paragraph:

''(5) TIME WHEN CONTRIBUTIONS DEEMED MADE.—An individual shall be deemed to have made a contribution to an education individual retirement account on the last day of the preceding taxable year if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).''.

(2) EXTENSION OF TIME TO RETURN EXCESS CONTRIBUTIONS.—Subparagraph (C) of section 530(d)(4) (relating to additional tax for distributions not used for educational expenses) is amended—

(A) by striking clause (i) and inserting the following new clause:

''(i) such distribution is made before the first day of the sixth month of the taxable year following the taxable year, and'', and

(B) by striking ''DUE DATE OF RETURN'' in the heading and inserting ''CERTAIN DATE''.

(g) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 530(d)(2)(C) is amended to read as follows:

''(C) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS AND QUALIFIED TUITION PROGRAMS.—For purposes of subparagraph (A)—

''(i) CREDIT COORDINATION.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

''(I) as provided in section 25A(g)(2), and

''(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

''(ii) COORDINATION WITH QUALIFIED TUITION PROGRAMS.—If, with respect to an individual for any taxable year—

''(I) the aggregate distributions during such year to which subparagraph (A) and section 529(c)(3)(B) apply, exceed

''(II) the total amount of qualified education expenses (after the application of clause (i)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under subparagraph (A) and section 529(c)(3)(B).''.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (e) of section 25A is amended to read as follows:

''(e) ELECTION NOT TO HAVE SECTION APPLY.—A taxpayer may elect not to have this section apply with respect to the qualified tuition and related expenses of an individual for any taxable year.''.

(B) Section 135(d)(2)(A) is amended by striking ''allowable'' and inserting ''allowed''.

(C) Section 530(d)(2)(D) is amended—

(i) by striking ''or credit'', and

(ii) by striking ''CREDIT OR'' in the heading.

(D) Section 4973(e)(1) is amended by adding ''and'' at the end of subparagraph (A), by striking subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B).

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

SEC. 402. MODIFICATIONS TO QUALIFIED TUITION PROGRAMS.

(a) ELIGIBLE EDUCATIONAL INSTITUTIONS PERMITTED TO MAINTAIN QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(b)(1) (defining qualified State tuition program) is amended—

(A) by inserting ''or by 1 or more eligible educational institutions'' after ''maintained by a State or agency or instrumentality thereof'' in the matter preceding subparagraph (A), and

(B) by adding at the end the following new flush sentence:

''Except to the extent provided in regulations, a program established and maintained by 1 or more eligible educational institutions shall not be treated as a qualified tuition program unless such program has received a ruling or determination that such program meets the applicable requirements for a qualified tuition program.''.

(2) PRIVATE QUALIFIED TUITION PROGRAMS LIMITED TO BENEFIT PLANS.—Clause (ii) of section 529(b)(1)(A) is amended by inserting ''in the case of a program established and maintained by a State or agency or instrumentality thereof,'' before ''may make''.

(3) CONFORMING AMENDMENTS.—

(A) Sections 72(e)(9), 135(c)(2)(C), 135(d)(1)(D), 529, 530(b)(2)(B), 4973(e), and 6693(a)(2)(C) are amended by striking ''qualified State tuition'' each place it appears and inserting ''qualified tuition''.

(B) The headings for sections 72(e)(9) and 135(c)(2)(C) are amended by striking ''QUALIFIED STATE TUITION'' each place it appears and inserting ''QUALIFIED TUITION''.

(C) The headings for sections 529(b) and 530(b)(2)(B) are amended by striking ''QUALIFIED STATE TUITION'' each place it appears and inserting ''QUALIFIED TUITION''.

(D) The heading for section 529 is amended by striking ''**STATE**''.

(E) The item relating to section 529 in the table of sections for part VIII of subchapter F of chapter 1 is amended by striking ''State''.

(b) EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED TUITION PROGRAMS.—

(1) IN GENERAL.—Section 529(c)(3)(B) (relating to distributions) is amended to read as follows:

''(B) DISTRIBUTIONS FOR QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of this paragraph—

''(i) IN-KIND DISTRIBUTIONS.—No amount shall be includible in gross income under subparagraph (A) by reason of a distribution which consists of providing a benefit to the distributee which, if paid for by the distributee, would constitute payment of a qualified higher education expense.

''(ii) CASH DISTRIBUTIONS.—In the case of distributions not described in clause (i), if—

''(I) such distributions do not exceed the qualified higher education expenses (reduced by expenses described in clause (i)), no amount shall be includible in gross income, and

''(II) in any other case, the amount otherwise includible in gross income shall be reduced by an amount which bears the same ratio to such amount as such expenses bear to such distributions.

''(iii) EXCEPTION FOR INSTITUTIONAL PROGRAMS.—In the case of any taxable year beginning before January 1, 2004, clauses (i) and (ii) shall not apply with respect to any distribution during such taxable year under a qualified tuition program established and maintained by 1 or more eligible educational institutions.

''(iv) TREATMENT AS DISTRIBUTIONS.—Any benefit furnished to a designated beneficiary under a qualified tuition program shall be treated as a distribution to the beneficiary for purposes of this paragraph.

''(v) COORDINATION WITH HOPE AND LIFETIME LEARNING CREDITS.—The total amount of qualified higher education expenses with respect to an individual for the taxable year shall be reduced—

''(I) as provided in section 25A(g)(2), and

''(II) by the amount of such expenses which were taken into account in determining the credit allowed to the taxpayer or any other person under section 25A.

''(vi) COORDINATION WITH EDUCATION INDIVIDUAL RETIREMENT ACCOUNTS.—If, with respect to an individual for any taxable year—

''(I) the aggregate distributions to which clauses (i) and (ii) and section 530(d)(2)(A) apply, exceed

''(II) the total amount of qualified higher education expenses otherwise taken into account under clauses (i) and (ii) (after the application of clause (v)) for such year,

the taxpayer shall allocate such expenses among such distributions for purposes of determining the amount of the exclusion under clauses (i) and (ii) and section 530(d)(2)(A).''.

(2) CONFORMING AMENDMENTS.—

(A) Section 135(d)(2)(B) is amended by striking ''the exclusion under section 530(d)(2)'' and inserting ''the exclusions under sections 529(c)(3)(B) and 530(d)(2)''.

(B) Section 221(e)(2)(A) is amended by inserting ''529,'' after ''135,''.

(c) ROLLOVER TO DIFFERENT PROGRAM FOR BENEFIT OF SAME DESIGNATED BENEFICIARY.—Section 529(c)(3)(C) (relating to change in beneficiaries) is amended—

(1) by striking ''transferred to the credit'' in clause (i) and inserting ''transferred—

''(I) to another qualified tuition program for the benefit of the designated beneficiary, or

''(II) to the credit'',

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

''(iii) LIMITATION ON CERTAIN ROLLOVERS.—Clause (i)(I) shall only apply to the first 3 transfers with respect to a designated beneficiary.'', and

(3) by inserting ''OR PROGRAMS'' after ''BENEFICIARIES'' in the heading.

(d) MEMBER OF FAMILY INCLUDES FIRST COUSIN.—Section 529(e)(2) (defining member of family) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and by inserting ''; and'', and by adding at the end the following new subparagraph:

''(D) any first cousin of such beneficiary.''.

(e) ADJUSTMENT OF LIMITATION ON ROOM AND BOARD DISTRIBUTIONS.—Section 529(e)(3)(B)(ii) is amended to read as follows:

''(ii) LIMITATION.—The amount treated as qualified higher education expenses by reason of clause (i) shall not exceed—

''(I) the allowance (applicable to the student) for room and board included in the cost of attendance (as defined in section 472 of the Higher Education Act of 1965 (20 U.S.C. 1087ll), as in effect on the date of the enactment of the Restoring Earnings To Lift Individuals and Empower Families (RELIEF) Act of 2001) as determined by the eligible educational institution for such period, or

''(II) if greater, the actual invoice amount the student residing in housing owned or operated by the eligible educational institution is charged by such institution for room and board costs for such period.''.

(f) TECHNICAL AMENDMENTS.—Section 529(c)(3)(D) is amended—

(1) by inserting ''except to the extent provided by the Secretary,'' before ''all distributions'' in clause (ii), and

(2) by inserting ''except to the extent provided by the Secretary,'' before ''the value'' in clause (iii).

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

Subtitle B—Educational Assistance

SEC. 411. PERMANENT EXTENSION OF EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE.

(a) IN GENERAL.—Section 127 (relating to exclusion for educational assistance programs) is amended by striking subsection (d) and by redesignating subsection (e) as subsection (d).

(b) REPEAL OF LIMITATION ON GRADUATE EDUCATION.—The last sentence of section 127(c)(1) is amended by striking '', and such term also does not include any payment for, or the provision of any benefits with respect to, any graduate level course of a kind normally taken by an individual pursuing a program leading to a law, business, medical, or other advanced academic or professional degree''.

(c) CONFORMING AMENDMENT.—Section 51A(b)(5)(B)(iii) is amended by striking ''or would be so excludable but for section 127(d)''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to expenses relating to courses beginning after December 31, 2001.

SEC. 412. ELIMINATION OF 60-MONTH LIMIT AND INCREASE IN INCOME LIMITATION ON STUDENT LOAN INTEREST DEDUCTION.

(a) ELIMINATION OF 60-MONTH LIMIT.—

(1) IN GENERAL.—Section 221 (relating to interest on education loans), as amended by section 402(b)(2)(B), is amended by striking subsection (d) and by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

(2) CONFORMING AMENDMENT.—Section 6050S(e) is amended by striking ''section 221(e)(1)'' and inserting ''section 221(d)(1)''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to any loan interest paid after December 31, 2001, in taxable years ending after such date.

(b) INCREASE IN INCOME LIMITATION.—

(1) IN GENERAL.—Section 221(b)(2)(B) (relating to amount of reduction) is amended by striking clauses (i) and (ii) and inserting the following:

''(i) the excess of—

''(I) the taxpayer's modified adjusted gross income for such taxable year, over

''(II) $50,000 ($100,000 in the case of a joint return), bears to

''(ii) $15,000 ($30,000 in the case of a joint return).''.

(2) CONFORMING AMENDMENT.—Section 221(g)(1) is amended by striking ''$40,000 and $60,000 amounts'' and inserting ''$50,000 and $100,000 amounts''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after December 31, 2001.

SEC. 413. EXCLUSION OF CERTAIN AMOUNTS RECEIVED UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM AND THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 117(c) (relating to the exclusion from gross income amounts received as a qualified scholarship) is amended—

(1) by striking ''Subsections (a)'' and inserting the following:

''(1) IN GENERAL.—Except as provided in paragraph (2), subsections (a)'', and

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

''(2) EXCEPTIONS.—Paragraph (1) shall not apply to any amount received by an individual under—

''(A) the National Health Service Corps Scholarship Program under section 338A(g)(1)(A) of the Public Health Service Act, or

''(B) the Armed Forces Health Professions Scholarship and Financial Assistance program under subchapter I of chapter 105 of title 10, United States Code.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to amounts received in taxable years beginning after December 31, 2001.

Subtitle C—Liberalization of Tax-Exempt Financing Rules for Public School Construction

SEC. 421. ADDITIONAL INCREASE IN ARBITRAGE REBATE EXCEPTION FOR GOVERNMENTAL BONDS USED TO FINANCE EDUCATIONAL FACILITIES.

(a) IN GENERAL.—Section 148(f)(4)(D)(vii) (relating to increase in exception for bonds financing public school capital expenditures) is amended by striking ''$5,000,000'' the second place it appears and inserting ''$10,000,000''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued in calendar years beginning after December 31, 2001.

SEC. 422. TREATMENT OF QUALIFIED PUBLIC EDUCATIONAL FACILITY BONDS AS EXEMPT FACILITY BONDS.

(a) TREATMENT AS EXEMPT FACILITY BOND.—Subsection (a) of section 142 (relating to exempt facility bond) is amended by striking ''or'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', or'', and by adding at the end the following new paragraph:

''(13) qualified public educational facilities.''.

(b) QUALIFIED PUBLIC EDUCATIONAL FACILITIES.—Section 142 (relating to exempt facility bond) is amended by adding at the end the following new subsection:

''(k) QUALIFIED PUBLIC EDUCATIONAL FACILITIES.—

''(1) IN GENERAL.—For purposes of subsection (a)(13), the term 'qualified public educational facility' means any school facility which is—

''(A) part of a public elementary school or a public secondary school, and

''(B) owned by a private, for-profit corporation pursuant to a public-private partnership agreement with a State or local educational agency described in paragraph (2).

''(2) PUBLIC-PRIVATE PARTNERSHIP AGREEMENT DESCRIBED.—A public-private partnership agreement is described in this paragraph if it is an agreement—

''(A) under which the corporation agrees—

''(i) to do 1 or more of the following: construct, rehabilitate, refurbish, or equip a school facility, and

''(ii) at the end of the term of the agreement, to transfer the school facility to such agency for no additional consideration, and

''(B) the term of which does not exceed the term of the issue to be used to provide the school facility.

''(3) SCHOOL FACILITY.—For purposes of this subsection, the term 'school facility' means—

''(A) any school building,

''(B) any functionally related and subordinate facility and land with respect to such building, including any stadium or other facility primarily used for school events, and

''(C) any property, to which section 168 applies (or would apply but for section 179), for use in a facility described in subparagraph (A) or (B).

''(4) PUBLIC SCHOOLS.—For purposes of this subsection, the terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as in effect on the date of the enactment of this subsection.

''(5) ANNUAL AGGREGATE FACE AMOUNT OF TAX-EXEMPT FINANCING.—

''(A) IN GENERAL.—An issue shall not be treated as an issue described in subsection (a)(13) if the aggregate face amount of bonds issued by the State pursuant thereto (when added to the aggregate face amount of bonds previously so issued during the calendar year) exceeds an amount equal to the greater of—

''(i) $10 multiplied by the State population, or

''(ii) $5,000,000.

''(B) ALLOCATION RULES.—

''(i) IN GENERAL.—Except as otherwise provided in this subparagraph, the State may allocate the amount described in subparagraph (A) for any calendar year in such manner as the State determines appropriate.

''(ii) RULES FOR CARRYFORWARD OF UNUSED LIMITATION.—A State may elect to carry forward an unused limitation for any calendar year for 3 calendar years following the calendar year in which the unused limitation arose under rules similar to the rules of section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13).''.

(c) EXEMPTION FROM GENERAL STATE VOLUME CAPS.—Paragraph (3) of section 146(g) (relating to exception for certain bonds) is amended—

(1) by striking ''or (12)'' and inserting ''(12), or (13)'', and

(2) by striking ''and environmental enhancements of hydroelectric generating facilities'' and inserting ''environmental enhancements of hydroelectric generating facilities, and qualified public educational facilities''.

(d) EXEMPTION FROM LIMITATION ON USE FOR LAND ACQUISITION.—Section 147(h) (relating to certain rules not to apply to mortgage revenue bonds, qualified student loan bonds, and qualified 501(c)(3) bonds) is amended by adding at the end the following new paragraph:

''(3) EXEMPT FACILITY BONDS FOR QUALIFIED PUBLIC-PRIVATE SCHOOLS.—Subsection (c) shall not apply to any exempt facility bond issued as part of an issue described in section 142(a)(13) (relating to qualified public educational facilities).''.

(e) CONFORMING AMENDMENT.—The heading for section 147(h) is amended by striking ''MORTGAGE REVENUE BONDS, QUALIFIED STUDENT LOAN BONDS, AND QUALIFIED 501(c)(3) BONDS'' and inserting ''CERTAIN BONDS''.

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

Subtitle D—Other Provisions

SEC. 431. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

''SEC. 222. QUALIFIED TUITION AND RELATED EXPENSES.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction an amount equal to the qualified tuition and related expenses paid by the taxpayer during the taxable year.

''(b) DOLLAR LIMITATIONS.—

''(1) IN GENERAL.—The amount allowed as a deduction under subsection (a) with respect to the taxpayer for any taxable year shall not exceed the applicable dollar limit.

''(2) APPLICABLE DOLLAR LIMIT.—

''(A) 2002 AND 2003.—In the case of a taxable year beginning in 2002 or 2003, the applicable dollar limit shall be equal to—

''(i) in the case of a taxpayer whose adjusted gross income for the taxable year does

not exceed $65,000 ($130,000 in the case of a joint return), $3,000, and—

''(ii) in the case of any other taxpayer, zero.

''(B) 2004 AND 2005.—In the case of a taxable year beginning in 2004 or 2005, the applicable dollar amount shall be equal to—

''(i) in the case of a taxpayer whose adjusted gross income for the taxable year does not exceed $65,000 ($130,000 in the case of a joint return), $5,000,

''(ii) in the case of a taxpayer not described in clause (i) whose adjusted gross income for the taxable year does not exceed $80,000 ($160,000 in the case of a joint return), $2,000, and

''(iii) in the case of any other taxpayer, zero.

''(C) ADJUSTED GROSS INCOME.—For purposes of this paragraph, adjusted gross income shall be determined—

''(i) without regard to this section and sections 911, 931, and 933, and

''(ii) after application of sections 86, 135, 137, 219, 221, and 469.

''(c) NO DOUBLE BENEFIT.—

''(1) IN GENERAL.—No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowed to the taxpayer under any other provision of this chapter.

''(2) COORDINATION WITH OTHER EDUCATION INCENTIVES.—

''(A) DENIAL OF DEDUCTION IF CREDIT ELECTED.—No deduction shall be allowed under subsection (a) for a taxable year with respect to the qualified tuition and related expenses with respect to an individual if the taxpayer or any other person elects to have section 25A apply with respect to such individual for such year.

''(B) COORDINATION WITH EXCLUSIONS.—The total amount of qualified tuition and related expenses shall be reduced by the amount of such expenses taken into account in determining any amount excluded under section 135, 529(c)(1), or 530(d)(2).

''(3) DEPENDENTS.—No deduction shall be allowed under subsection (a) to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) QUALIFIED TUITION AND RELATED EXPENSES.—The term 'qualified tuition and related expenses' has the meaning given such term by section 25A(f). Such expenses shall be reduced in the same manner as under section 25A(g)(2).

''(2) IDENTIFICATION REQUIREMENT.—No deduction shall be allowed under subsection (a) to a taxpayer with respect to the qualified tuition and related expenses of an individual unless the taxpayer includes the name and taxpayer identification number of the individual on the return of tax for the taxable year.

''(3) LIMITATION ON TAXABLE YEAR OF DEDUCTION.—

''(A) IN GENERAL.—A deduction shall be allowed under subsection (a) for qualified tuition and related expenses for any taxable year only to the extent such expenses are in connection with enrollment at an institution of higher education during the taxable year.

''(B) CERTAIN PREPAYMENTS ALLOWED.—Subparagraph (A) shall not apply to qualified tuition and related expenses paid during a taxable year if such expenses are in connection with an academic term beginning during such taxable year or during the first 3 months of the next taxable year.

''(4) NO DEDUCTION FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

''(5) NONRESIDENT ALIENS.—If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

''(6) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring recordkeeping and information reporting.

''(e) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2005.''.

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) is amended by inserting after paragraph (17) the following:

''(18) HIGHER EDUCATION EXPENSES.—The deduction allowed by section 222.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 86(b)(2), 135(c)(4), 137(b)(3), and 219(g)(3) are each amended by inserting ''222,'' after ''221,''.

(2) Section 221(b)(2)(C) is amended by inserting ''222,'' before ''911''.

(3) Section 469(i)(3)(E) is amended by striking ''and 221'' and inserting '', 221, and 222''.

(4) The table of sections for part VII of subchapter B of chapter 1 is amended by striking the item relating to section 222 and inserting the following:

''Sec. 222. Qualified tuition and related expenses.

''Sec. 223. Cross reference.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made in taxable years beginning after December 31, 2001.

SEC. 432. CREDIT FOR INTEREST ON HIGHER EDUCATION LOANS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits) is amended by inserting after section 25A the following new section:

''SEC. 25B. INTEREST ON HIGHER EDUCATION LOANS.

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the interest paid by the taxpayer during the taxable year on any qualified education loan.

''(b) MAXIMUM CREDIT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowed by subsection (a) for the taxable year shall not exceed $500.

''(2) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(A) IN GENERAL.—If the modified adjusted gross income of the taxpayer for the taxable year exceeds $35,000 ($70,000 in the case of a joint return), the amount which would (but for this paragraph) be allowable as a credit under this section shall be reduced (but not below zero) by the amount which bears the same ratio to the amount which would be so allowable as such excess bears to $10,000 ($20,000 in the case of a joint return).

''(B) MODIFIED ADJUSTED GROSS INCOME.—The term 'modified adjusted gross income' means adjusted gross income determined without regard to sections 911, 931, and 933.

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2009, the $35,000 and $70,000 amounts referred to 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 '2008' for '1992'.

''(D) ROUNDING.—If any amount as adjusted under subparagraph (C) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

''(c) DEPENDENTS NOT ELIGIBLE FOR CREDIT.—No credit shall be allowed by this section to an individual for the taxable year if a deduction under section 151 with respect to such individual is allowed to another taxpayer for the taxable year beginning in the calendar year in which such individual's taxable year begins.

''(d) LIMIT ON PERIOD CREDIT ALLOWED.—A credit shall be allowed under this section only with respect to interest paid on any qualified education loan during the first 60 months (whether or not consecutive) in which interest payments are required. For purposes of this subsection, any loan and all refinancings of such loan shall be treated as 1 loan. Such 60 months shall be determined in the manner prescribed by the Secretary in the case of multiple loans which are refinanced by, or serviced as, a single loan and in the case of loans incurred before January 1, 2009.

''(e) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED EDUCATION LOAN.—The term 'qualified education loan' has the meaning given such term by section 221(e)(1).

''(2) DEPENDENT.—The term 'dependent' has the meaning given such term by section 152.

''(f) SPECIAL RULES.—

''(1) DENIAL OF DOUBLE BENEFIT.—No credit shall be allowed under this section if any amount of interest on a qualified education loan is taken into account for any deduction under any other provision of this chapter for the taxable year.

''(2) MARRIED COUPLES MUST FILE JOINT RETURN.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

''(3) MARITAL STATUS.—Marital status shall be determined in accordance with section 7703.''.

(b) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 25A the following new item:

''Sec. 25B. Interest on higher education loans.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any qualified education loan (as defined in section 25B(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after December 31, 2008, but only with respect to any loan interest payment due in taxable years beginning after December 31, 2008.

Subtitle E—Compliance With Congressional Budget Act

SEC. 441. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE V—ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAX PROVISIONS

Subtitle A—Repeal of Estate and Generation-Skipping Transfer Taxes

SEC. 501. REPEAL OF ESTATE AND GENERATION-SKIPPING TRANSFER TAXES.

(a) ESTATE TAX REPEAL.—Subchapter C of chapter 11 of subtitle B (relating to miscellaneous) is amended by adding at the end the following new section:

"SEC. 2210. TERMINATION.

"(a) IN GENERAL.—Except as provided in subsection (b), this chapter shall not apply to the estates of decedents dying after December 31, 2010.

"(b) CERTAIN DISTRIBUTIONS FROM QUALIFIED DOMESTIC TRUSTS.—In applying section 2056A with respect to the surviving spouse of a decedent dying before January 1, 2011—

"(1) section 2056A(b)(1)(A) shall not apply to distributions made after December 31, 2021, and

"(2) section 2056A(b)(1)(B) shall not apply after December 31, 2010.".

(b) GENERATION-SKIPPING TRANSFER TAX REPEAL.—Subchapter G of chapter 13 of subtitle B (relating to administration) is amended by adding at the end the following new section:

"SEC. 2664. TERMINATION.

"This chapter shall not apply to generation-skipping transfers made after December 31, 2010.".

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subchapter C of chapter 11 is amended by adding at the end the following new item:

"Sec. 2210. Termination.".

(2) The table of sections for subchapter G of chapter 13 is amended by adding at the end the following new item:

"Sec. 2664. Termination.".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying, and generation-skipping transfers made, after December 31, 2010.

Subtitle B—Reductions of Estate and Gift Tax Rates

SEC. 511. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

"Over $2,500,000	$1,025,800, plus 50% of the excess over $2,500,000.".

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

(c) ADDITIONAL REDUCTIONS OF MAXIMUM RATE OF TAX.—Subsection (c) of section 2001, as amended by subsection (b), is amended by adding at the end the following new paragraph:

"(2) PHASEDOWN OF MAXIMUM RATE OF TAX.—

"(A) IN GENERAL.—In the case of estates of decedents dying, and gifts made, in calendar years after 2002 and before 2011, the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

"(i) the maximum rate of tax for any calendar year shall be determined in the table under subparagraph (B), and

"(ii) the brackets and the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under subparagraph (A).

"(B) MAXIMUM RATE.—

"Calendar year:	Maximum Rate:
2003	49 percent
2004	48 percent
2005	47 percent
2006	46 percent
2007	45 percent
2008	45 percent
2009	45 percent
2010	45 percent

(d) MAXIMUM GIFT TAX RATE REDUCED TO 40 PERCENT AFTER 2010.—Subsection (a) of section 2502 (relating to rate of tax) is amended to read as follows:

"(a) COMPUTATION OF TAX.—

"(1) IN GENERAL.—The tax imposed by section 2501 for each calendar year shall be an amount equal to the excess of—

"(A) a tentative tax, computed under paragraph (2), on the aggregate sum of the taxable gifts for such calendar year and for each of the preceding calendar periods, over

"(B) a tentative tax, computed under paragraph (2), on the aggregate sum of the taxable gifts for each of the preceding calendar periods.

"(2) RATE SCHEDULE.—

"If the amount with respect to which the tentative tax to be computed is:	The tentative tax is:
Not over $10,000	18% of such amount.
Over $10,000 but not over $20,000.	$1,800, plus 20% of the excess over $10,000.
Over $20,000 but not over $40,000.	$3,800, plus 22% of the excess over $20,000.
Over $40,000 but not over $60,000.	$8,200, plus 24% of the excess over $40,000.
Over $60,000 but not over $80,000.	$13,000, plus 26% of the excess over $60,000.
Over $80,000 but not over $100,000.	$18,200, plus 28% of the excess over $80,000.
Over $100,000 but not over $150,000.	$23,800, plus 30% of the excess over $100,000.
Over $150,000 but not over $250,000.	$38,800, plus 32% of the excess over $150,000.
Over $250,000 but not over $500,000.	$70,800, plus 34% of the excess over $250,000.
Over $500,000 but not over $750,000.	$155,800, plus 37% of the excess over $500,000.
Over $750,000 but not over $1,000,000.	$248,300, plus 39% of the excess over $750,000.
Over $1,000,000	$345,800, plus 40% of the excess over $1,000,000.".

(e) TREATMENT OF CERTAIN TRANSFERS IN TRUST.—Section 2511 (relating to transfers in general) is amended by adding at the end the following new subsection:

"(c) TREATMENT OF CERTAIN TRANSFERS IN TRUST.—Notwithstanding any other provision of this section and except as provided in regulations, a transfer in trust shall be treated as a taxable gift under section 2503, unless the trust is treated as wholly owned by the donor or the donor's spouse under subpart E of part I of subchapter J of chapter 1.".

(f) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2001.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2002.

(3) SUBSECTIONS (d) AND (e).—The amendments made by subsections (d) and (e) shall apply to gifts made after December 31, 2010.

Subtitle C—Increase in Exemption Amounts

SEC. 521. INCREASE IN EXEMPTION EQUIVALENT OF UNIFIED CREDIT, LIFETIME GIFTS EXEMPTION, AND GST EXEMPTION AMOUNTS.

(a) IN GENERAL.—Subsection (c) of section 2010 (relating to applicable credit amount) is amended by striking the table and inserting the following new table:

"In the case of estates of decedents dying during:	The applicable exclusion amount is:
2002 and 2003	$1,000,000
2004	$2,000,000
2005, 2006, 2007, and 2008	$3,000,000
2009	$3,500,000
2010	$4,000,000.".

(b) LIFETIME GIFT EXEMPTION INCREASED TO $1,000,000.—

(1) FOR PERIODS BEFORE ESTATE TAX REPEAL.—Paragraph (1) of section 2505(a) (relating to unified credit against gift tax) is amended by inserting "(determined as if the applicable exclusion amount were $1,000,000)" after "calendar year".

(2) FOR PERIODS AFTER ESTATE TAX REPEAL.—Paragraph (1) of section 2505(a) (relating to unified credit against gift tax), as amended by paragraph (1), is amended to read as follows:

"(1) the amount of the tentative tax which would be determined under the rate schedule set forth in section 2502(a)(2) if the amount with respect to which such tentative tax is to be computed were $1,000,000, reduced by".

(c) GST EXEMPTION.—

(1) IN GENERAL.—Subsection (a) of 2631 (relating to GST exemption) is amended by striking "of $1,000,000" and inserting "amount".

(2) EXEMPTION AMOUNT.—Subsection (c) of section 2631 is amended to read as follows:

"(c) GST EXEMPTION AMOUNT.—For purposes of subsection (a), the GST exemption amount for any calendar year shall be equal to the applicable exclusion amount under section 2010(c) for such calendar year.".

(d) REPEAL OF SPECIAL BENEFIT FOR FAMILY-OWNED BUSINESS INTERESTS.—

(1) IN GENERAL.—Section 2057 is hereby repealed.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (10) of section 2031(c) is amended by inserting "(as in effect on the day before the date of the enactment of this parenthetical)" before the period.

(B) The table of sections for part IV of subchapter A of chapter 11 is amended by striking the item relating to section 2057.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2001.

(2) SUBSECTION (b)(2).—The amendments made by subsection (b)(2) shall apply to gifts made after December 31, 2010.

(3) SUBSECTIONS (c) AND (d).—The amendments made by subsections (c) and (d) shall apply to estates of decedents dying, and generation-skipping transfers made, after December 31, 2003.

Subtitle D—Credit for State Death Taxes

SEC. 531. REDUCTION OF CREDIT FOR STATE DEATH TAXES.

(a) MAXIMUM CREDIT REDUCED TO 8 PERCENT.—

(1) IN GENERAL.—The table contained in section 2011(b) is amended by striking the ten highest brackets and inserting the following:

"Over $2,040,000	$106,800, plus 8% of the excess over $2,040,000.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 2001.

(b) MAXIMUM CREDIT REDUCED TO 7.2 PERCENT.—

(1) IN GENERAL.—The table contained in section 2011(b), as amended by subsection (a), is amended by striking the two highest brackets and inserting the following:

''Over $1,540,000 ..... $70,800, plus 7.2% of the excess over $1,540,000.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 2002.

(c) MAXIMUM CREDIT REDUCED TO 7.04 PERCENT.—

(1) IN GENERAL.—The table contained in section 2011(b), as amended by subsections (a) and (b), is amended by striking the highest bracket and inserting the following:

''Over $1,540,000 ..... $70,800, plus 7.04% of the excess over $1,540,000.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 2003.

SEC. 522. CREDIT FOR STATE DEATH TAXES REPLACED WITH DEDUCTION FOR SUCH TAXES.

(a) REPEAL OF CREDIT.—Section 2011 (relating to credit for State death taxes) is repealed.

(b) DEDUCTION FOR STATE DEATH TAXES.—Part IV of subchapter A of chapter 11 is amended by adding at the end the following new section:

''SEC. 2058. STATE DEATH TAXES.

''(a) ALLOWANCE OF DEDUCTION.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate the amount of any estate, inheritance, legacy, or succession taxes actually paid to any State or the District of Columbia, in respect of any property included in the gross estate (not including any such taxes paid with respect to the estate of a person other than the decedent).

''(b) PERIOD OF LIMITATIONS.—The deduction allowed by this section shall include only such taxes as were actually paid and deduction therefor claimed before the later of—

''(1) 4 years after the filing of the return required by section 6018, or

''(2) if—

''(A) a petition for redetermination of a deficiency has been filed with the Tax Court within the time prescribed in section 6213(a), the expiration of 60 days after the decision of the Tax Court becomes final,

''(B) an extension of time has been granted under section 6161 or 6166 for payment of the tax shown on the return, or of a deficiency, the date of the expiration of the period of the extension, or

''(C) a claim for refund or credit of an overpayment of tax imposed by this chapter has been filed within the time prescribed in section 6511, the latest of the expiration of—

''(i) 60 days from the date of mailing by certified mail or registered mail by the Secretary to the taxpayer of a notice of the disallowance of any part of such claim,

''(ii) 60 days after a decision by any court of competent jurisdiction becomes final with respect to a timely suit instituted upon such claim, or

''(iii) 2 years after a notice of the waiver of disallowance is filed under section 6532(a)(3).

Notwithstanding sections 6511 and 6512, refund based on the deduction may be made if the claim for refund is filed within the period provided in the preceding sentence. Any such refund shall be made without interest.''.

(c) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 2012 is amended by striking ''the credit for State death taxes provided by section 2011 and''.

(2) Subparagraph (A) of section 2013(c)(1) is amended by striking ''2011,''.

(3) Paragraph (2) of section 2014(b) is amended by striking '', 2011,''.

(4) Sections 2015 and 2016 are each amended by striking ''2011 or''.

(5) Subsection (d) of section 2053 is amended to read as follows:

''(d) CERTAIN FOREIGN DEATH TAXES.—

''(1) IN GENERAL.—Notwithstanding the provisions of subsection (c)(1)(B), for purposes of the tax imposed by section 2001, the value of the taxable estate may be determined, if the executor so elects before the expiration of the period of limitation for assessment provided in section 6501, by deducting from the value of the gross estate the amount (as determined in accordance with regulations prescribed by the Secretary) of any estate, succession, legacy, or inheritance tax imposed by and actually paid to any foreign country, in respect of any property situated within such foreign country and included in the gross estate of a citizen or resident of the United States, upon a transfer by the decedent for public, charitable, or religious uses described in section 2055. The determination under this paragraph of the country within which property is situated shall be made in accordance with the rules applicable under subchapter B (sec. 2101 and following) in determining whether property is situated within or without the United States. Any election under this paragraph shall be exercised in accordance with regulations prescribed by the Secretary.

''(2) CONDITION FOR ALLOWANCE OF DEDUCTION.—No deduction shall be allowed under paragraph (1) for a foreign death tax specified therein unless the decrease in the tax imposed by section 2001 which results from the deduction provided in paragraph (1) will inure solely for the benefit of the public, charitable, or religious transferees described in section 2055 or section 2106(a)(2). In any case where the tax imposed by section 2001 is equitably apportioned among all the transferees of property included in the gross estate, including those described in sections 2055 and 2106(a)(2) (taking into account any exemptions, credits, or deductions allowed by this chapter), in determining such decrease, there shall be disregarded any decrease in the Federal estate tax which any transferees other than those described in sections 2055 and 2106(a)(2) are required to pay.

''(3) EFFECT ON CREDIT FOR FOREIGN DEATH TAXES OF DEDUCTION UNDER THIS SUBSECTION.—

''(A) ELECTION.—An election under this subsection shall be deemed a waiver of the right to claim a credit, against the Federal estate tax, under a death tax convention with any foreign country for any tax or portion thereof in respect of which a deduction is taken under this subsection.

''(B) CROSS REFERENCE.—

''See section 2014(f) for the effect of a deduction taken under this paragraph on the credit for foreign death taxes.''.

(6) Subparagraph (A) of section 2056A(b)(10) is amended—

(A) by striking ''2011,'', and

(B) by inserting ''2058,'' after ''2056,''.

(7)(A) Subsection (a) of section 2102 is amended to read as follows:

''(a) IN GENERAL.—The tax imposed by section 2101 shall be credited with the amounts determined in accordance with sections 2012 and 2013 (relating to gift tax and tax on prior transfers).''.

(B) Section 2102 is amended by striking subsection (b) and by redesignating subsection (c) as subsection (b).

(C) Section 2102(b)(5) (as redesignated by subparagraph (B)) and section 2107(c)(3) are each amended by striking ''2011 to 2013, inclusive,'' and inserting ''2012 and 2013''.

(8) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

''(4) STATE DEATH TAXES.—The amount which bears the same ratio to the State death taxes as the value of the property, as determined for purposes of this chapter, upon which State death taxes were paid and which is included in the gross estate under section 2103 bears to the value of the total gross estate under section 2103. For purposes of this paragraph, the term 'State death taxes' means the taxes described in section 2011(a).''.

(9) Section 2201 is amended—

(A) by striking ''as defined in section 2011(d)'', and

(B) by adding at the end the following new flush sentence:

''For purposes of this section, the additional estate tax is the difference between the tax imposed by section 2001 or 2101 and the amount equal to 125 percent of the maximum credit provided by section 2011(b), as in effect before its repeal by the Restoring Earnings To Lift Individuals and Empower Families (RELIEF) Act of 2001.''.

(10) Section 2604 is repealed.

(11) Paragraph (2) of section 6511(i) is amended by striking ''2011(c), 2014(b),'' and inserting ''2014(b)''.

(12) Subsection (c) of section 6612 is amended by striking ''section 2011(c) (relating to refunds due to credit for State taxes),''.

(13) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2011.

(14) The table of sections for part IV of subchapter A of chapter 11 is amended by adding at the end the following new item:

''Sec. 2058. State death taxes.''.

(15) The table of sections for subchapter A of chapter 13 is amended by striking the item relating to section 2604.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2004.

Subtitle E—Carryover Basis at Death; Other Changes Taking Effect With Repeal

SEC. 541. TERMINATION OF STEP-UP IN BASIS AT DEATH.

Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following new subsection:

''(f) TERMINATION.—This section shall not apply with respect to decedents dying after December 31, 2010.''.

SEC. 542. TREATMENT OF PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2010.

(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:

''SEC. 1022. TREATMENT OF PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2010.

''(a) IN GENERAL.—Except as otherwise provided in this section—

''(1) property acquired from a decedent dying after December 31, 2010, shall be treated for purposes of this subtitle as transferred by gift, and

''(2) the basis of the person acquiring property from such a decedent shall be the lesser of—

''(A) the adjusted basis of the decedent, or

''(B) the fair market value of the property at the date of the decedent's death.

''(b) BASIS INCREASE FOR CERTAIN PROPERTY.—

''(1) IN GENERAL.—In the case of property to which this subsection applies, the basis of such property under subsection (a) shall be increased by its basis increase under this subsection.

''(2) BASIS INCREASE.—For purposes of this subsection—

''(A) IN GENERAL.—The basis increase under this subsection for any property is the portion of the aggregate basis increase which is allocated to the property pursuant to this section.

''(B) AGGREGATE BASIS INCREASE.—In the case of any estate, the aggregate basis increase under this subsection is $1,300,000.

''(C) LIMIT INCREASED BY UNUSED BUILT-IN LOSSES AND LOSS CARRYOVERS.—The limitation under subparagraph (B) shall be increased by—

''(i) the sum of the amount of any capital loss carryover under section 1212(b), and the amount of any net operating loss carryover under section 172, which would (but for the decedent's death) be carried from the decedent's last taxable year to a later taxable year of the decedent, plus

''(ii) the sum of the amount of any losses that would have been allowable under section 165 if the property acquired from the decedent had been sold at fair market value immediately before the decedent's death.

''(3) DECEDENT NONRESIDENTS WHO ARE NOT CITIZENS OF THE UNITED STATES.—In the case of a decedent nonresident not a citizen of the United States—

''(A) paragraph (2)(B) shall be applied by substituting '$60,000' for '$1,300,000', and

''(B) paragraph (2)(C) shall not apply.

''(c) ADDITIONAL BASIS INCREASE FOR PROPERTY ACQUIRED BY SURVIVING SPOUSE.—

''(1) IN GENERAL.—In the case of property to which this subsection applies and which is qualified spousal property, the basis of such property under subsection (a) (as increased under subsection (b)) shall be increased by its spousal property basis increase.

''(2) SPOUSAL PROPERTY BASIS INCREASE.—For purposes of this subsection—

''(A) IN GENERAL.—The spousal property basis increase for property referred to in paragraph (1) is the portion of the aggregate spousal property basis increase which is allocated to the property pursuant to this section.

''(B) AGGREGATE SPOUSAL PROPERTY BASIS INCREASE.—In the case of any estate, the aggregate spousal property basis increase is $3,000,000.

''(3) QUALIFIED SPOUSAL PROPERTY.—For purposes of this subsection, the term 'qualified spousal property' means—

''(A) outright transfer property, and

''(B) qualified terminable interest property.

''(4) OUTRIGHT TRANSFER PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'outright transfer property' means any interest in property acquired from the decedent by the decedent's surviving spouse.

''(B) EXCEPTION.—Subparagraph (A) shall not apply where, on the lapse of time, on the occurrence of an event or contingency, or on the failure of an event or contingency to occur, an interest passing to the surviving spouse will terminate or fail—

''(i)(I) if an interest in such property passes or has passed (for less than an adequate and full consideration in money or money's worth) from the decedent to any person other than such surviving spouse (or the estate of such spouse), and

''(II) if by reason of such passing such person (or his heirs or assigns) may possess or enjoy any part of such property after such termination or failure of the interest so passing to the surviving spouse, or

''(ii) if such interest is to be acquired for the surviving spouse, pursuant to directions of the decedent, by his executor or by the trustee of a trust.

For purposes of this subparagraph, an interest shall not be considered as an interest which will terminate or fail merely because it is the ownership of a bond, note, or similar contractual obligation, the discharge of which would not have the effect of an annuity for life or for a term.

''(C) INTEREST OF SPOUSE CONDITIONAL ON SURVIVAL FOR LIMITED PERIOD.—For purposes of this paragraph, an interest passing to the surviving spouse shall not be considered as an interest which will terminate or fail on the death of such spouse if—

''(i) such death will cause a termination or failure of such interest only if it occurs within a period not exceeding 6 months after the decedent's death, or only if it occurs as a result of a common disaster resulting in the death of the decedent and the surviving spouse, or only if it occurs in the case of either such event, and

''(ii) such termination or failure does not in fact occur.

''(5) QUALIFIED TERMINABLE INTEREST PROPERTY.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified terminable interest property' means property—

''(i) which passes from the decedent, and

''(ii) in which the surviving spouse has a qualifying income interest for life.

''(B) QUALIFYING INCOME INTEREST FOR LIFE.—The surviving spouse has a qualifying income interest for life if—

''(i) the surviving spouse is entitled to all the income from the property, payable annually or at more frequent intervals, or has a usufruct interest for life in the property, and

''(ii) no person has a power to appoint any part of the property to any person other than the surviving spouse.

Clause (ii) shall not apply to a power exercisable only at or after the death of the surviving spouse. To the extent provided in regulations, an annuity shall be treated in a manner similar to an income interest in property (regardless of whether the property from which the annuity is payable can be separately identified).

''(C) PROPERTY INCLUDES INTEREST THEREIN.—The term 'property' includes an interest in property.

''(D) SPECIFIC PORTION TREATED AS SEPARATE PROPERTY.—A specific portion of property shall be treated as separate property. For purposes of the preceding sentence, the term 'specific portion' only includes a portion determined on a fractional or percentage basis.

''(d) DEFINITIONS AND SPECIAL RULES FOR APPLICATION OF SUBSECTIONS (b) AND (c).—

''(1) PROPERTY TO WHICH SUBSECTIONS (b) AND (c) APPLY.—

''(A) IN GENERAL.—The basis of property acquired from a decedent may be increased under subsection (b) or (c) only if the property was owned by the decedent at the time of death.

''(B) RULES RELATING TO OWNERSHIP.—

''(i) JOINTLY HELD PROPERTY.—In the case of property which was owned by the decedent and another person as joint tenants with right of survivorship or tenants by the entirety—

''(I) if the only such other person is the surviving spouse, the decedent shall be treated as the owner of only 50 percent of the property,

''(II) in any case (to which subclause (I) does not apply) in which the decedent furnished consideration for the acquisition of the property, the decedent shall be treated as the owner to the extent of the portion of the property which is proportionate to such consideration, and

''(III) in any case (to which subclause (I) does not apply) in which the property has been acquired by gift, bequest, devise, or inheritance by the decedent and any other person as joint tenants with right of survivorship and their interests are not otherwise specified or fixed by law, the decedent shall be treated as the owner to the extent of the value of a fractional part to be determined by dividing the value of the property by the number of joint tenants with right of survivorship.

''(ii) REVOCABLE TRUSTS.—The decedent shall be treated as owning property transferred by the decedent during life to a qualified revocable trust (as defined in section 645(b)(1)).

''(iii) POWERS OF APPOINTMENT.—The decedent shall not be treated as owning any property by reason of holding a power of appointment with respect to such property.

''(iv) COMMUNITY PROPERTY.—Property which represents the surviving spouse's one-half share of community property held by the decedent and the surviving spouse under the community property laws of any State or possession of the United States or any foreign country shall be treated for purposes of this section as owned by, and acquired from, the decedent if at least one-half of the whole of the community interest in such property is treated as owned by, and acquired from, the decedent without regard to this clause.

''(C) PROPERTY ACQUIRED BY DECEDENT BY GIFT WITHIN 3 YEARS OF DEATH.—

''(i) IN GENERAL.—Subsections (b) and (c) shall not apply to property acquired by the decedent by gift or by inter vivos transfer for less than adequate and full consideration in money or money's worth during the 3-year period ending on the date of the decedent's death.

''(ii) EXCEPTION FOR CERTAIN GIFTS FROM SPOUSE.—Clause (i) shall not apply to property acquired by the decedent from the decedent's spouse unless, during such 3-year period, such spouse acquired the property in whole or in part by gift or by inter vivos transfer for less than adequate and full consideration in money or money's worth.

''(D) STOCK OF CERTAIN ENTITIES.—Subsections (b) and (c) shall not apply to—

''(i) stock or securities of a foreign personal holding company,

''(ii) stock of a DISC or former DISC,

''(iii) stock of a foreign investment company, or

''(iv) stock of a passive foreign investment company unless such company is a qualified electing fund (as defined in section 1295) with respect to the decedent.

''(2) FAIR MARKET VALUE LIMITATION.—The adjustments under subsections (b) and (c) shall not increase the basis of any interest in property acquired from the decedent above its fair market value in the hands of the decedent as of the date of the decedent's death.

''(3) ALLOCATION RULES.—

''(A) IN GENERAL.—The executor shall allocate the adjustments under subsections (b) and (c) on the return required by section 6018.

''(B) CHANGES IN ALLOCATION.—Any allocation made pursuant to subparagraph (A) may be changed only as provided by the Secretary.

''(4) INFLATION ADJUSTMENT OF BASIS ADJUSTMENT AMOUNTS.—

''(A) IN GENERAL.—In the case of decedents dying in a calendar year after 2011, the $1,300,000, $60,000, and $3,000,000 dollar amounts in subsections (b) and (c)(2)(B) shall each be increased by an amount equal to the product of—

''(i) such dollar amount, and

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting '2010' for '1992' in subparagraph (B) thereof.

''(B) ROUNDING.—If any increase determined under subparagraph (A) is not a multiple of—

''(i) $100,000 in the case of the $1,300,000 amount,

''(ii) $5,000 in the case of the $60,000 amount, and

''(iii) $250,000 in the case of the $3,000,000 amount,

such increase shall be rounded to the next lowest multiple thereof.

''(e) PROPERTY ACQUIRED FROM THE DECEDENT.—For purposes of this section, the following property shall be considered to have been acquired from the decedent:

''(1) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent.

''(2) Property transferred by the decedent during his lifetime—

''(A) to a qualified revocable trust (as defined in section 645(b)(1)), or

''(B) to any other trust with respect to which the decedent reserved the right to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust.

''(3) Any other property passing from the decedent by reason of death to the extent that such property passed without consideration.

''(f) COORDINATION WITH SECTION 691.—This section shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 691.

''(g) CERTAIN LIABILITIES DISREGARDED.—

''(1) IN GENERAL.—In determining whether gain is recognized on the acquisition of property—

''(A) from a decedent by a decedent's estate or any beneficiary other than a tax-exempt beneficiary, and

''(B) from the decedent's estate by any beneficiary other than a tax-exempt beneficiary, and in determining the adjusted basis of such property, liabilities in excess of basis shall be disregarded.

''(2) TAX-EXEMPT BENEFICIARY.—For purposes of paragraph (1)(B)—

''(A) IN GENERAL.—The term 'tax-exempt beneficiary' means—

''(i) the United States, any State or political subdivision thereof, any possession of the United States, any Indian tribal government (within the meaning of section 7871), or any agency or instrumentality of any of the foregoing,

''(ii) an organization (other than a cooperative described in section 521) which is exempt from tax imposed by chapter 1, and

''(iii) any foreign person or entity (within the meaning of section 168(h)(2)).

''(h) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.''.

(b) INFORMATION RETURNS, ETC.—

(1) LARGE TRANSFERS AT DEATH.—So much of subpart C of part II of subchapter A of chapter 61 as precedes section 6019 is amended to read as follows:

"Subpart C—Returns Relating to Transfers During Life or at Death

''Sec. 6018. Returns relating to large transfers at death.

''Sec. 6019. Gift tax returns.

"SEC. 6018. RETURNS RELATING TO LARGE TRANSFERS AT DEATH.

''(a) IN GENERAL.—If this section applies to property acquired from a decedent, the executor of the estate of such decedent shall make a return containing the information specified in subsection (c) with respect to such property.

''(b) PROPERTY TO WHICH SECTION APPLIES.—

''(1) LARGE TRANSFERS.—This section shall apply to all property (other than cash) acquired from a decedent if the fair market value of such property acquired from the decedent exceeds the dollar amount applicable under section 1022(b)(2)(B) (without regard to section 1022(b)(2)(C)).

''(2) TRANSFERS OF CERTAIN GIFTS RECEIVED BY DECEDENT WITHIN 3 YEARS OF DEATH.—This section shall apply to any appreciated property acquired from the decedent if—

''(A) subsections (b) and (c) of section 1022 do not apply to such property by reason of section 1022(d)(1)(C), and

''(B) such property was required to be included on a return required to be filed under section 6019.

''(3) NONRESIDENTS NOT CITIZENS OF THE UNITED STATES.—In the case of a decedent who is a nonresident not a citizen of the United States, paragraphs (1) and (2) shall be applied—

''(A) by taking into account only—

''(i) tangible property situated in the United States, and

''(ii) other property acquired from the decedent by a United States person, and

''(B) by substituting the dollar amount applicable under section 1022(b)(3) for the dollar amount referred to in paragraph (1).

''(4) RETURNS BY TRUSTEES OR BENEFICIARIES.—If the executor is unable to make a complete return as to any property acquired from or passing from the decedent, the executor shall include in the return a description of such property and the name of every person holding a legal or beneficial interest therein. Upon notice from the Secretary, such person shall in like manner make a return as to such property.

''(c) INFORMATION REQUIRED TO BE FURNISHED.—The information specified in this subsection with respect to any property acquired from the decedent is—

''(1) the name and TIN of the recipient of such property,

''(2) an accurate description of such property,

''(3) the adjusted basis of such property in the hands of the decedent and its fair market value at the time of death,

''(4) the decedent's holding period for such property,

''(5) sufficient information to determine whether any gain on the sale of the property would be treated as ordinary income,

''(6) the amount of basis increase allocated to the property under subsection (b) or (c) of section 1022, and

''(7) such other information as the Secretary may by regulations prescribe.

''(d) PROPERTY ACQUIRED FROM DECEDENT.—For purposes of this section, section 1022 shall apply for purposes of determining the property acquired from a decedent.

''(e) STATEMENTS TO BE FURNISHED TO CERTAIN PERSONS.—Every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return (other than the person required to make such return) a written statement showing—

''(1) the name, address, and phone number of the person required to make such return, and

''(2) the information specified in subsection (c) with respect to property acquired from, or passing from, the decedent to the person required to receive such statement.

The written statement required under the preceding sentence shall be furnished not later than 30 days after the date that the return required by subsection (a) is filed.''.

(2) GIFTS.—Section 6019 (relating to gift tax returns) is amended—

(A) by striking ''Any individual'' and inserting ''(a) IN GENERAL.—Any individual'', and

(B) by adding at the end the following new subsection:

''(b) STATEMENTS TO BE FURNISHED TO CERTAIN PERSONS.—Every person required to make a return under subsection (a) shall furnish to each person whose name is required to be set forth in such return (other than the person required to make such return) a written statement showing—

''(1) the name, address, and phone number of the person required to make such return, and

''(2) the information specified in such return with respect to property received by the person required to receive such statement.

The written statement required under the preceding sentence shall be furnished not later than 30 days after the date that the return required by subsection (a) is filed.''.

(3) TIME FOR FILING SECTION 6018 RETURNS.—

(A) RETURNS RELATING TO LARGE TRANSFERS AT DEATH.—Subsection (a) of section 6075 is amended to read as follows:

''(a) RETURNS RELATING TO LARGE TRANSFERS AT DEATH.—The return required by section 6018 with respect to a decedent shall be filed with the return of the tax imposed by chapter 1 for the decedent's last taxable year or such later date specified in regulations prescribed by the Secretary.''.

(B) CONFORMING AMENDMENTS.—Paragraph (3) of section 6075(b) is amended—

(I) by striking ''ESTATE TAX RETURN'' in the heading and inserting ''SECTION 6018 RETURN'', and

(II) by striking ''(relating to estate tax returns)'' and inserting ''(relating to returns relating to large transfers at death)''.

(4) PENALTIES.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end the following new section:

"SEC. 6716. FAILURE TO FILE INFORMATION WITH RESPECT TO CERTAIN TRANSFERS AT DEATH AND GIFTS.

''(a) INFORMATION REQUIRED TO BE FURNISHED TO THE SECRETARY.—Any person required to furnish any information under section 6018 who fails to furnish such information on the date prescribed therefor (determined with regard to any extension of time for filing) shall pay a penalty of $10,000 ($500 in the case of information required to be furnished under section 6018(b)(2)) for each such failure.

''(b) INFORMATION REQUIRED TO BE FURNISHED TO BENEFICIARIES.—Any person required to furnish in writing to each person described in section 6018(e) or 6019(b) the information required under such section who fails to furnish such information shall pay a penalty of $50 for each such failure.

''(c) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under subsection (a) or (b) with respect to any failure if it is

shown that such failure is due to reasonable cause.

''(d) INTENTIONAL DISREGARD.—If any failure under subsection (a) or (b) is due to intentional disregard of the requirements under sections 6018 and 6019(b), the penalty under such subsection shall be 5 percent of the fair market value (as of the date of death or, in the case of section 6019(b), the date of the gift) of the property with respect to which the information is required.

''(e) DEFICIENCY PROCEDURES NOT TO APPLY.—Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.''.

(5) CLERICAL AMENDMENTS.—

(A) The table of sections for part I of subchapter B of chapter 68 is amended by adding at the end the following new item:

''Sec. 6716. Failure to file information with respect to certain transfers at death and gifts.''.

(B) The item relating to subpart C in the table of subparts for part II of subchapter A of chapter 61 is amended to read as follows:

''Subpart C. Returns relating to transfers during life or at death.''.

(c) EXCLUSION OF GAIN ON SALE OF PRINCIPAL RESIDENCE MADE AVAILABLE TO HEIR OF DECEDENT IN CERTAIN CASES.—Subsection (d) of section 121 (relating to exclusion of gain from sale of principal residence) is amended by adding at the end the following new paragraph:

''(9) PROPERTY ACQUIRED FROM A DECEDENT.—The exclusion under this section shall apply to property sold by—

''(A) the estate of a decedent, and

''(B) any individual who acquired such property from the decedent (within the meaning of section 1022),

determined by taking into account the ownership and use by the decedent.''.

(d) TRANSFERS OF APPRECIATED CARRYOVER BASIS PROPERTY TO SATISFY PECUNIARY BEQUEST.—

(1) IN GENERAL.—Section 1040 (relating to transfer of certain farm, etc., real property) is amended to read as follows:

''SEC. 1040. USE OF APPRECIATED CARRYOVER BASIS PROPERTY TO SATISFY PECUNIARY BEQUEST.

''(a) IN GENERAL.—If the executor of the estate of any decedent satisfies the right of any person to receive a pecuniary bequest with appreciated property, then gain on such exchange shall be recognized to the estate only to the extent that, on the date of such exchange, the fair market value of such property exceeds such value on the date of death.

''(b) SIMILAR RULE FOR CERTAIN TRUSTS.—To the extent provided in regulations prescribed by the Secretary, a rule similar to the rule provided in subsection (a) shall apply where—

''(1) by reason of the death of the decedent, a person has a right to receive from a trust a specific dollar amount which is the equivalent of a pecuniary bequest, and

''(2) the trustee of a trust satisfies such right with property.

''(c) BASIS OF PROPERTY ACQUIRED IN EXCHANGE DESCRIBED IN SUBSECTION (a) OR (b).—The basis of property acquired in an exchange with respect to which gain realized is not recognized by reason of subsection (a) or (b) shall be the basis of such property immediately before the exchange increased by the amount of the gain recognized to the estate or trust on the exchange.''.

(2) The item relating to section 1040 in the table of sections for part III of subchapter O of chapter 1 is amended to read as follows:

''Sec. 1040. Use of appreciated carryover basis property to satisfy pecuniary bequest.''.

(e) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—

(1) RECOGNITION OF GAIN ON TRANSFERS TO NONRESIDENTS.—

(A) Subsection (a) of section 684 is amended by inserting ''or to a nonresident alien'' after ''or trust''.

(B) Subsection (b) of section 684 is amended by striking ''any person'' and inserting ''any United States person''.

(C) The section heading for section 684 is amended by inserting ''and nonresident aliens'' after ''estates''.

(D) The item relating to section 684 in the table of sections for subpart F of part I of subchapter J of chapter 1 is amended by inserting ''and nonresident aliens'' after ''estates''.

(2) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—

(A) IN GENERAL.—Subparagraph (C) of section 1221(a)(3) (defining capital asset) is amended by inserting ''(other than by reason of section 1022)'' after ''is determined''.

(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: ''For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(a)(3)(C) for basis determined under section 1022.''.

(3) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:

''(47) EXECUTOR.—The term 'executor' means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent.''.

(4) CERTAIN TRUSTS.—Subparagraph (A) of section 4947(a)(2) is amended by inserting ''642(c),'' after ''170(f)(2)(B),''.

(5) OTHER AMENDMENTS.—

(A) Section 1246 is amended by striking subsection (e).

(B) Subsection (e) of section 1291 is amended—

(i) by striking ''(e),''; and

(ii) by striking ''; except that'' and all that follows and inserting a period.

(C) Section 1296 is amended by striking subsection (i).

(6) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by inserting after the item relating to section 1021 the following new item:

''Sec. 1022. Treatment of property acquired from a decedent dying after December 31, 2010.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to estates of decedents dying after December 31, 2010.

(2) TRANSFERS TO NONRESIDENTS.—The amendments made by subsection (e)(1) shall apply to transfers after December 31, 2010.

(3) SECTION 4947.—The amendment made by subsection (e)(4) shall apply to deductions for taxable years beginning after December 31, 2010.

Subtitle F—Conservation Easements

SEC. 551. EXPANSION OF ESTATE TAX RULE FOR CONSERVATION EASEMENTS.

(a) REPEAL OF CERTAIN RESTRICTIONS ON WHERE LAND IS LOCATED.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a qualified conservation easement) is amended to read as follows:

''(i) which is located in the United States or any possession of the United States,''.

(b) CLARIFICATION OF DATE FOR DETERMINING VALUE OF LAND AND EASEMENT.—Section 2031(c)(2) (defining applicable percentage) is amended by adding at the end the following new sentence: ''The values taken into account under the preceding sentence shall be such values as of the date of the contribution referred to in paragraph (8)(B).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

Subtitle G—Modifications of Generation-Skipping Transfer Tax

SEC. 561. DEEMED ALLOCATION OF GST EXEMPTION TO LIFETIME TRANSFERS TO TRUSTS; RETROACTIVE ALLOCATIONS.

(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) DEEMED ALLOCATION TO CERTAIN LIFETIME TRANSFERS TO GST TRUSTS.—

''(1) IN GENERAL.—If any individual makes an indirect skip during such individual's lifetime, any unused portion of such individual's GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.

''(2) UNUSED PORTION.—For purposes of paragraph (1), the unused portion of an individual's GST exemption is that portion of such exemption which has not previously been—

''(A) allocated by such individual,

''(B) treated as allocated under subsection (b) with respect to a direct skip occurring during or before the calendar year in which the indirect skip is made, or

''(C) treated as allocated under paragraph (1) with respect to a prior indirect skip.

''(3) DEFINITIONS.—

''(A) INDIRECT SKIP.—For purposes of this subsection, the term 'indirect skip' means any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust.

''(B) GST TRUST.—The term 'GST trust' means a trust that could have a generation-skipping transfer with respect to the transferor unless—

''(i) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by one or more individuals who are non-skip persons—

''(I) before the date that the individual attains age 46,

''(II) on or before one or more dates specified in the trust instrument that will occur before the date that such individual attains age 46, or

''(III) upon the occurrence of an event that, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 46,

''(ii) the trust instrument provides that more than 25 percent of the trust corpus

must be distributed to or may be withdrawn by one or more individuals who are non-skip persons and who are living on the date of death of another person identified in the instrument (by name or by class) who is more than 10 years older than such individuals,

''(iii) the trust instrument provides that, if one or more individuals who are non-skip persons die on or before a date or event described in clause (i) or (ii), more than 25 percent of the trust corpus either must be distributed to the estate or estates of one or more of such individuals or is subject to a general power of appointment exercisable by one or more of such individuals,

''(iv) the trust is a trust any portion of which would be included in the gross estate of a non-skip person (other than the transferor) if such person died immediately after the transfer,

''(v) the trust is a charitable lead annuity trust (within the meaning of section 2642(e)(3)(A)) or a charitable remainder annuity trust or a charitable remainder unitrust (within the meaning of section 664(d)), or

''(vi) the trust is a trust with respect to which a deduction was allowed under section 2522 for the amount of an interest in the form of the right to receive annual payments of a fixed percentage of the net fair market value of the trust property (determined yearly) and which is required to pay principal to a non-skip person if such person is alive when the yearly payments for which the deduction was allowed terminate.

For purposes of this subparagraph, the value of transferred property shall not be considered to be includible in the gross estate of a non-skip person or subject to a right of withdrawal by reason of such person holding a right to withdraw so much of such property as does not exceed the amount referred to in section 2503(b) with respect to any transferor, and it shall be assumed that powers of appointment held by non-skip persons will not be exercised.

''(4) AUTOMATIC ALLOCATIONS TO CERTAIN GST TRUSTS.—For purposes of this subsection, an indirect skip to which section 2642(f) applies shall be deemed to have been made only at the close of the estate tax inclusion period. The fair market value of such transfer shall be the fair market value of the trust property at the close of the estate tax inclusion period.

''(5) APPLICABILITY AND EFFECT.—

''(A) IN GENERAL.—An individual—

''(i) may elect to have this subsection not apply to—

''(I) an indirect skip, or

''(II) any or all transfers made by such individual to a particular trust, and

''(ii) may elect to treat any trust as a GST trust for purposes of this subsection with respect to any or all transfers made by such individual to such trust.

''(B) ELECTIONS.—

''(i) ELECTIONS WITH RESPECT TO INDIRECT SKIPS.—An election under subparagraph (A)(i)(I) shall be deemed to be timely if filed on a timely filed gift tax return for the calendar year in which the transfer was made or deemed to have been made pursuant to paragraph (4) or on such later date or dates as may be prescribed by the Secretary.

''(ii) OTHER ELECTIONS.—An election under clause (i)(II) or (ii) of subparagraph (A) may be made on a timely filed gift tax return for the calendar year for which the election is to become effective.

''(d) RETROACTIVE ALLOCATIONS.—

''(1) IN GENERAL.—If—

''(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,

''(B) such person—

''(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse or former spouse, and

''(ii) is assigned to a generation below the generation assignment of the transferor, and

''(C) such person predeceases the transferor,

then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.

''(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—

''(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,

''(B) such allocation shall be effective immediately before such death, and

''(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.

''(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.''.

(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2632(b) is amended by striking ''with respect to a prior direct skip'' and inserting ''or subsection (c)(1)''.

(c) EFFECTIVE DATES.—

(1) DEEMED ALLOCATION.—Section 2632(c) of the Internal Revenue Code of 1986 (as added by subsection (a)), and the amendment made by subsection (b), shall apply to transfers subject to chapter 11 or 12 made after December 31, 2000, and to estate tax inclusion periods ending after December 31, 2000.

(2) RETROACTIVE ALLOCATIONS.—Section 2632(d) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to deaths of non-skip persons occurring after December 31, 2000.

SEC. 562. SEVERING OF TRUSTS.

(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:

''(3) SEVERING OF TRUSTS.—

''(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from such severance shall be treated as separate trusts thereafter for purposes of this chapter.

''(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of two or more trusts if—

''(I) the single trust was divided on a fractional basis, and

''(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.

''(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into two trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.

''(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.

''(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after December 31, 2000.

SEC. 563. MODIFICATION OF CERTAIN VALUATION RULES.

(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:

''(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632 (b)(1) or (c)(1)—

''(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and

''(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.''.

(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:

''(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not met, the value of such property shall be determined as of the time of the distribution concerned.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers subject to chapter 11 or 12 of the Internal Revenue Code of 1986 made after December 31, 2000.

SEC. 564. RELIEF PROVISIONS.

(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:

''(g) RELIEF PROVISIONS.—

''(1) RELIEF FROM LATE ELECTIONS.—

''(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—

''(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and

''(ii) an election under subsection (b)(3) or (c)(5) of section 2632.

Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of the enactment of this paragraph.

''(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this

paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.

''(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.''.

(b) EFFECTIVE DATES.—

(1) RELIEF FROM LATE ELECTIONS.—Section 2642(g)(1) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to requests pending on, or filed after, December 31, 2000.

(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) of such Code (as so added) shall apply to transfers subject to chapter 11 or 12 of the Internal Revenue Code of 1986 made after December 31, 2000. No implication is intended with respect to the availability of relief from late elections or the application of a rule of substantial compliance on or before such date.

Subtitle H—Extension of Time for Payment of Estate Tax

SEC. 571. EXPANSION OF AVAILABILITY OF INSTALLMENT PAYMENT FOR ESTATES WITH INTERESTS QUALIFYING LENDING AND FINANCE BUSINESSES.

(a) IN GENERAL.—Section 6166(b) (relating to definitions and special rules) is amended by adding at the end the following new paragraph:

''(10) STOCK IN QUALIFYING LENDING AND FINANCE BUSINESS TREATED AS STOCK IN AN ACTIVE TRADE OR BUSINESS COMPANY.—

''(A) IN GENERAL.—If the executor elects the benefits of this paragraph, then—

''(i) STOCK IN QUALIFYING LENDING AND FINANCE BUSINESS TREATED AS STOCK IN AN ACTIVE TRADE OR BUSINESS COMPANY.—For purposes of this section, any asset used in a qualifying lending and finance business shall be treated as an asset which is used in carrying on a trade or business.

''(ii) 5-YEAR DEFERRAL FOR PRINCIPAL NOT TO APPLY.—The executor shall be treated as having selected under subsection (a)(3) the date prescribed by section 6151(a).

''(iii) 5 EQUAL INSTALLMENTS ALLOWED.—For purposes of applying subsection (a)(1), '5' shall be substituted for '10'.

''(B) DEFINITIONS.—For purposes of this paragraph—

''(i) QUALIFYING LENDING AND FINANCE BUSINESS.—The term 'qualifying lending and finance business' means a lending and finance business, if—

''(I) based on all the facts and circumstances immediately before the date of the decedent's death, there was substantial activity with respect to the lending and finance business, or

''(II) during at least 3 of the 5 taxable years ending before the date of the decedent's death, such business had at least 1 full-time employee substantially all of the services of whom were in the active management of such business, 10 full-time, nonowner employees substantially all of the services of whom were directly related to such business, and $5,000,000 in gross receipts from activities described in clause (ii).

''(ii) LENDING AND FINANCE BUSINESS.—The term 'lending and finance business' means a trade or business of—

''(I) making loans,

''(II) purchasing or discounting accounts receivable, notes, or installment obligations,

''(III) engaging in rental and leasing of real and tangible personal property, including entering into leases and purchasing, servicing, and disposing of leases and leased assets,

''(IV) rendering services or making facilities available in the ordinary course of a lending or finance business, and

''(V) rendering services or making facilities available in connection with activities described in subclauses (I) through (IV) carried on by the corporation rendering services or making facilities available, or another corporation which is a member of the same affiliated group (as defined in section 1504 without regard to section 1504(b)(3)).

''(iii) LIMITATION.—The term 'qualifying lending and finance business' shall not include any interest in an entity, if the stock or debt of such entity or a controlled group (as defined in section 267(f)(1)) of which such entity was a member was readily tradable on an established securities market or secondary market (as defined by the Secretary) at any time within 3 years before the date of the decedent's death.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after December 31, 2001.

SEC. 572. CLARIFICATION OF AVAILABILITY OF INSTALLMENT PAYMENT.

(a) IN GENERAL.—Subparagraph (B) of section 6166(b)(8) (relating to all stock must be non-readily-tradable stock) is amended to read as follows:

''(B) ALL STOCK MUST BE NON-READILY-TRADABLE STOCK.—

''(i) IN GENERAL.—No stock shall be taken into account for purposes of applying this paragraph unless it is non-readily-tradable stock (within the meaning of paragraph (7)(B)).

''(ii) SPECIAL APPLICATION WHERE ONLY HOLDING COMPANY STOCK IS NON-READILY-TRADABLE STOCK.—If the requirements of clause (i) are not met, but all of the stock of any holding company taken into account is non-readily-tradable, then this paragraph shall apply, but subsection (a)(1) shall be applied by substituting '5' for '10'.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying after December 31, 2001.

Subtitle I—Compliance With Congressional Budget Act

SEC. 581. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE VI—PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS

Subtitle A—Individual Retirement Accounts

SEC. 601. MODIFICATION OF IRA CONTRIBUTION LIMITS.

(a) INCREASE IN CONTRIBUTION LIMIT.—

(1) IN GENERAL.—Paragraph (1)(A) of section 219(b) (relating to maximum amount of deduction) is amended by striking ''$2,000'' and inserting ''the deductible amount''.

(2) DEDUCTIBLE AMOUNT.—Section 219(b) is amended by adding at the end the following new paragraph:

''(5) DEDUCTIBLE AMOUNT.—For purposes of paragraph (1)(A)—

''(A) IN GENERAL.—The deductible amount shall be determined in accordance with the following table:

"For taxable years beginning in:	The deductible amount is:
2002 through 2005	$2,500
2006 and 2007	$3,000
2008 and 2009	$3,500
2010	$4,000
2011 and thereafter	$5,000.

''(B) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS 50 OR OLDER.—

''(i) IN GENERAL.—In the case of an individual who has attained the age of 50 before the close of the taxable year, the deductible amount for such taxable year shall be increased by the applicable amount.

''(ii) APPLICABLE AMOUNT.—For purposes of clause (i), the applicable amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in:	The applicable amount is:
2002 through 2005	$500
2006 through 2009	$1,000
2010	$1,500
2011 and thereafter	$2,000.

''(C) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2011, the $5,000 amount under 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, determined by substituting 'calendar year 2010' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $500, such amount shall be rounded to the next lower multiple of $500.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 408(a)(1) is amended by striking ''in excess of $2,000 on behalf of any individual'' and inserting ''on behalf of any individual in excess of the amount in effect for such taxable year under section 219(b)(1)(A)''.

(2) Section 408(b)(2)(B) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(3) Section 408(b) is amended by striking ''$2,000'' in the matter following paragraph (4) and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

(4) Section 408(j) is amended by striking ''$2,000''.

(5) Section 408(p)(8) is amended by striking ''$2,000'' and inserting ''the dollar amount in effect under section 219(b)(1)(A)''.

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

SEC. 602. DEEMED IRAS UNDER EMPLOYER PLANS.

(a) IN GENERAL.—Section 408 (relating to individual retirement accounts) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) DEEMED IRAS UNDER QUALIFIED EMPLOYER PLANS.—

''(1) GENERAL RULE.—If—

''(A) a qualified employer plan elects to allow employees to make voluntary employee contributions to a separate account or annuity established under the plan, and

''(B) under the terms of the qualified employer plan, such account or annuity meets the applicable requirements of this section

or section 408A for an individual retirement account or annuity,

then such account or annuity shall be treated for purposes of this title in the same manner as an individual retirement plan and not as a qualified employer plan (and contributions to such account or annuity as contributions to an individual retirement plan and not to the qualified employer plan). For purposes of subparagraph (B), the requirements of subsection (a)(5) shall not apply.

''(2) SPECIAL RULES FOR QUALIFIED EMPLOYER PLANS.—For purposes of this title, a qualified employer plan shall not fail to meet any requirement of this title solely by reason of establishing and maintaining a program described in paragraph (1).

''(3) DEFINITIONS.—For purposes of this subsection—

''(A) QUALIFIED EMPLOYER PLAN.—The term 'qualified employer plan' has the meaning given such term by section 72(p)(4); except such term shall only include an eligible deferred compensation plan (as defined in section 457(b)) which is maintained by an eligible employer described in section 457(e)(1)(A).

''(B) VOLUNTARY EMPLOYEE CONTRIBUTION.—The term 'voluntary employee contribution' means any contribution (other than a mandatory contribution within the meaning of section 411(c)(2)(C))—

''(i) which is made by an individual as an employee under a qualified employer plan which allows employees to elect to make contributions described in paragraph (1), and

''(ii) with respect to which the individual has designated the contribution as a contribution to which this subsection applies.''.

(b) AMENDMENT OF ERISA.—

(1) IN GENERAL.—Section 4 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1003) is amended by adding at the end the following new subsection:

''(c) If a pension plan allows an employee to elect to make voluntary employee contributions to accounts and annuities as provided in section 408(q) of the Internal Revenue Code of 1986, such accounts and annuities (and contributions thereto) shall not be treated as part of such plan (or as a separate pension plan) for purposes of any provision of this title other than section 403(c), 404, or 405 (relating to exclusive benefit, and fiduciary and co-fiduciary responsibilities).''.

(2) CONFORMING AMENDMENT.—Section 4(a) of such Act (29 U.S.C. 1003(a)) is amended by inserting ''or (c)'' after ''subsection (b)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2002.

SEC. 603. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c), no amount shall be includible in the gross income of the account holder or beneficiary.

''(B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES.—

''(i) IN GENERAL.—In the case of a qualified charitable distribution from an individual retirement account—

''(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

''(II) to a pooled income fund (as defined in section 642(c)(5)), or

''(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)),

no amount shall be includible in gross income of the account holder or beneficiary. The preceding sentence shall apply only if no person holds any interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

''(ii) DETERMINATION OF INCLUSION OF AMOUNTS DISTRIBUTED.—In determining the amount includible in the gross income of the distributee of a distribution from a trust described in clause (i)(I) or an annuity described in clause (i)(III), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income—

''(I) in the case of any such trust, shall be treated as income described in section 664(b)(1), or

''(II) in the case of any such annuity, shall not be treated as an investment in the contract.

''(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

''(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 70½, and

''(ii) which is a charitable contribution (as defined in section 170(c)) made directly from the account to—

''(I) an organization described in section 170(c), or

''(II) a trust, fund, or annuity described in subparagraph (B).

''(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction to the taxpayer for the taxable year under section 170 (before the application of section 170(b)) for qualified charitable distributions shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which (but for this paragraph) would have been includible in the gross income of the taxpayer for such year.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2009.

Subtitle B—Expanding Coverage

SEC. 611. INCREASE IN BENEFIT AND CONTRIBUTION LIMITS.

(a) DEFINED BENEFIT PLANS.—

(1) DOLLAR LIMIT.—

(A) Subparagraph (A) of section 415(b)(1) (relating to limitation for defined benefit plans) is amended by striking ''$90,000'' and inserting ''the applicable limit''.

(B) Section 415(b) is amended by adding at the end the following new paragraph:

''(12) APPLICABLE LIMIT.—For purposes of paragraph (1)(A), the applicable limit shall be determined in accordance with the following table:

''For taxable years beginning in:	**The applicable limit is:**
2002, 2003, and 2004	$150,000
2005 and thereafter	$160,000.''.

(C) Subparagraphs (C) and (D) of section 415(b)(2) are each amended—

(i) in the headings, by striking ''$90,000'' and inserting ''APPLICABLE'',

(ii) by striking ''$90,000 limitation'' each place it appears and inserting ''limitation'', and

(iii) by striking ''a $90,000 annual benefit'' each place it appears and inserting ''an annual benefit equal to the applicable limit''.

(D) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for such year under paragraph (1)(A) for 'the applicable limit' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62'' and by striking the second sentence.

(3) LIMIT INCREASED WHEN BENEFIT BEGINS AFTER AGE 65.—Subparagraph (D) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 65''.

(4) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) by striking ''$90,000'' in paragraph (1)(A) and inserting ''applicable limit''; and

(B) in paragraph (3)(A)—

(i) by striking ''$90,000'' in the heading and inserting ''applicable limit''; and

(ii) by striking ''October 1, 1986'' and inserting ''July 1, 2004''.

(5) CONFORMING AMENDMENTS.—

(A) Section 415(b)(2) is amended by striking subparagraph (F).

(B) Section 415(b)(9) is amended to read as follows:

''(9) SPECIAL RULE FOR COMMERCIAL AIRLINE PILOTS.—In the case of any participant who is a commercial airline pilot, if, as of the time of the participant's retirement, regulations prescribed by the Federal Aviation Administration require an individual to separate from service as a commercial airline pilot after attaining any age occurring on or after age 60 and before age 62, paragraph (2)(C) shall be applied by substituting such age for age 62.''.

(C) Section 415(b)(10)(C)(i) is amended by striking ''applied without regard to paragraph (2)(F)''.

(b) QUALIFIED TRUSTS.—

(1) COMPENSATION LIMIT.—

(A) Section 401(a)(17) is amended—

(i) in subparagraph (A), by striking ''$150,000'' and inserting ''the applicable dollar amount'',

(ii) in subparagraph (B), by striking ''$150,000'' and inserting ''the applicable dollar'', and

(iii) by adding at the end the following:

''(C) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph, the applicable dollar amount shall be determined in accordance with the following table:

''For taxable years beginning in calendar year:	**The applicable dollar amount:**
2002	$180,000
2003	$190,000
2004 or thereafter	$200,000.''.

(B) Section 404(l) is amended—

(i) by striking the second sentence,

(ii) by striking ''$150,000'' and inserting ''the applicable dollar amount in effect under section 401(a)(17)(A)'', and

(iii) by striking ''the preceding sentence'' and inserting ''section 401(a)(17)(B)''.

(C) Section 408(k) is amended—

(i) in each of paragraphs (3)(C) and (6)(D)(ii), by striking ''$150,000'' each place it appears and inserting ''amount of compensation equal to the applicable dollar amount in effect under section 401(a)(17)(A)'', and

(ii) in paragraph (8), by striking ''and shall adjust'' and all that follows through ''section 401(a)(17)(B)''.

(D) Section 505(b)(7) is amended—

(i) by striking ''$150,000'' and inserting ''the applicable dollar amount in effect under section 401(a)(17)(A)'', and

(ii) by striking the second sentence.

(2) BASE PERIOD AND ROUNDING OF COST-OF-LIVING ADJUSTMENT.—Subparagraph (B) of section 401(a)(17) is amended—

(A) by striking ''The Secretary'' and inserting ''In calendar years beginning after 2005, the Secretary'',

(B) by striking ''October 1, 1993'' and inserting ''July 1, 2005''; and

(C) by striking ''$10,000'' both places it appears and inserting ''$5,000''.

(c) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

''(1) IN GENERAL.—

''(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

''For taxable years beginning in calendar year:	The applicable dollar amount:
2002	$11,000
2003	$11,500
2004	$12,000
2005	$12,500
2006	$13,000
2007	$13,500
2008	$14,000
2009	$14,500
2010 or thereafter	$15,000.''.

(2) COST-OF-LIVING ADJUSTMENT.—Paragraph (5) of section 402(g) is amended to read as follows:

''(5) COST-OF-LIVING ADJUSTMENT.—In the case of taxable years beginning after December 31, 2010, the Secretary shall adjust the $15,000 amount under paragraph (1)(B) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2009, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking ''402(g)(8)(A)(iii)'' and inserting ''402(g)(7)(A)(iii)''.

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking ''(other than paragraph (4) thereof)''.

(d) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) in subsections (b)(2)(A) and (c)(1) by striking ''$7,500'' each place it appears and inserting ''the applicable dollar amount''; and

(B) in subsection (b)(3)(A) by striking ''$15,000'' and inserting ''twice the dollar amount in effect under subsection (b)(2)(A)''.

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

''(15) APPLICABLE DOLLAR AMOUNT.—

''(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

''For taxable years beginning in calendar year:	The applicable dollar amount:
2002	$9,000
2003	$9,500
2004	$10,000
2005	$10,500
2006	$11,000
2007	$12,000
2008	$13,000
2009	$14,000
2010 or thereafter	$15,000.

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2010, the Secretary shall adjust the $15,000 amount under subparagraph (A) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning July 1, 2009, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(e) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking ''$6,000'' and inserting ''the applicable dollar amount''.

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

''(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

''For taxable years beginning in calendar year:	The applicable dollar amount:
2002 and 2003	$7,000
2004 and 2005	$8,000
2006 and 2007	$9,000
2008 or thereafter	$10,000.

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2008, the Secretary shall adjust the $10,000 amount under clause (i) at the same time and in the same manner as under section 415(d), except that the base period taken into account shall be the calendar quarter beginning July 1, 2007, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Subclause (I) of section 401(k)(11)(B)(i) is amended by striking ''$6,000'' and inserting ''the amount in effect under section 408(p)(2)(A)(ii)''.

(B) Section 401(k)(11) is amended by striking subparagraph (E).

(f) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) APPLICABLE LIMIT AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $30,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

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

SEC. 612. PLAN LOANS FOR SUBCHAPTER S OWNERS, PARTNERS, AND SOLE PROPRIETORS.

(a) IN GENERAL.—Subparagraph (B) of section 4975(f)(6) (relating to exemptions not to apply to certain transactions) is amended by adding at the end the following new clause:

''(iii) LOAN EXCEPTION.—For purposes of subparagraph (A)(i), the term 'owner-employee' shall only include a person described in subclause (II) or (III) of clause (i).''.

(b) AMENDMENT OF ERISA.—Section 408(d)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(d)(2)) is amended by adding at the end the following new subparagraph:

''(C) For purposes of paragraph (1)(A), the term 'owner-employee' shall only include a person described in clause (ii) or (iii) of subparagraph (A).''.

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

SEC. 613. MODIFICATION OF TOP-HEAVY RULES.

(a) SIMPLIFICATION OF DEFINITION OF KEY EMPLOYEE.—

(1) IN GENERAL.—Section 416(i)(1)(A) (defining key employee) is amended—

(A) by striking ''or any of the 4 preceding plan years'' in the matter preceding clause (i);

(B) by striking clause (i) and inserting the following:

''(i) an officer of the employer having an annual compensation greater than the amount in effect under section 414(q)(1)(B)(i) for such plan year,'';

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively;

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C); and

(E) by adding at the end the following: ''For purposes of this subparagraph, in the case of an employee who is not employed during the preceding plan year or is employed for a portion of such year, such employee shall be treated as a key employee if it can be reasonably anticipated that such employee will be described in 1 of the preceding clauses for the current plan year.''.

(2) CONFORMING AMENDMENT.—Section 416(i)(1)(B)(iii) is amended by striking ''and subparagraph (A)(ii)''.

(b) MATCHING CONTRIBUTIONS TAKEN INTO ACCOUNT FOR MINIMUM CONTRIBUTION REQUIREMENTS.—Section 416(c)(2)(A) (relating to defined contribution plans) is amended by adding at the end the following: ''Employer matching contributions (as defined in section 401(m)(4)(A)) shall be taken into account for purposes of this subparagraph.''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE''; and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) by striking ''clause (ii)'' in clause (i) and inserting ''clause (ii) or (iii)''; and

(B) by adding at the end the following:

''(iii) EXCEPTION FOR FROZEN PLAN.—For purposes of determining an employee's years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b)) no key employee or former key employee.''.

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

SEC. 614. ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.

(a) IN GENERAL.—Section 404 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred payment plan) is amended by adding at the end the following new subsection:

''(n) ELECTIVE DEFERRALS NOT TAKEN INTO ACCOUNT FOR PURPOSES OF DEDUCTION LIMITS.—

''(1) IN GENERAL.—The applicable percentage of the amount of any elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraph (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	The applicable percentage is:
2002 through 2010	25 percent
2011 and thereafter	100 percent

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

SEC. 615. REPEAL OF COORDINATION REQUIREMENTS FOR DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (c) of section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations), as amended by section 611, is amended to read as follows:

''(c) LIMITATION.—The maximum amount of the compensation of any one individual which may be deferred under subsection (a) during any taxable year shall not exceed the amount in effect under subsection (b)(2)(A) (as modified by any adjustment provided under subsection (b)(3)).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2001.

SEC. 616. DEDUCTION LIMITS.

(a) MODIFICATION OF LIMITS.—

(1) STOCK BONUS AND PROFIT SHARING TRUSTS.—

(A) IN GENERAL.—Subclause (I) of section 404(a)(3)(A)(i) (relating to stock bonus and profit sharing trusts) is amended by striking ''15 percent'' and inserting ''25 percent''.

(B) CONFORMING AMENDMENT.—Subparagraph (C) of section 404(h)(1) is amended by striking ''15 percent'' each place it appears and inserting ''25 percent''.

(2) DEFINED CONTRIBUTION PLANS.—

(A) IN GENERAL.—Clause (v) of section 404(a)(3)(A) (relating to stock bonus and profit sharing trusts) is amended to read as follows:

''(v) DEFINED CONTRIBUTION PLANS SUBJECT TO THE FUNDING STANDARDS.—Except as provided by the Secretary, a defined contribution plan which is subject to the funding standards of section 412 shall be treated in the same manner as a stock bonus or profit-sharing plan for purposes of this subparagraph.''

(B) CONFORMING AMENDMENTS.—

(i) Section 404(a)(1)(A) is amended by inserting ''(other than a trust to which paragraph (3) applies)'' after ''pension trust''.

(ii) Section 404(h)(2) is amended by striking ''stock bonus or profit-sharing trust'' and inserting ''trust subject to subsection (a)(3)(A)''.

(iii) The heading of section 404(h)(2) is amended by striking ''STOCK BONUS AND PROFIT-SHARING TRUST'' and inserting ''CERTAIN TRUSTS''.

(b) COMPENSATION.—

(1) IN GENERAL.—Section 404(a) (relating to general rule) is amended by adding at the end the following:

''(12) DEFINITION OF COMPENSATION.—For purposes of paragraphs (3), (7), (8), and (9), the term 'compensation' shall include amounts treated as 'participant's compensation' under subparagraph (C) or (D) of section 415(c)(3).''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (B) of section 404(a)(3) is amended by striking the last sentence thereof.

(B) Clause (i) of section 4972(c)(6)(B) is amended by striking ''(within the meaning of section 404(a))'' and inserting ''(within the meaning of section 404(a) and as adjusted under section 404(a)(12))''.

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

SEC. 617. OPTION TO TREAT ELECTIVE DEFERRALS AS AFTER-TAX ROTH CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part I of subchapter D of chapter 1 (relating to deferred compensation, etc.) is amended by inserting after section 402 the following new section:

''SEC. 402A. OPTIONAL TREATMENT OF ELECTIVE DEFERRALS AS ROTH CONTRIBUTIONS.

''(a) GENERAL RULE.—If an applicable retirement plan includes a qualified Roth contribution program—

''(1) any designated Roth contribution made by an employee pursuant to the program shall be treated as an elective deferral for purposes of this chapter, except that such contribution shall not be excludable from gross income, and

''(2) such plan (and any arrangement which is part of such plan) shall not be treated as failing to meet any requirement of this chapter solely by reason of including such program.

''(b) QUALIFIED ROTH CONTRIBUTION PROGRAM.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified Roth contribution program' means a program under which an employee may elect to make designated Roth contributions in lieu of all or a portion of elective deferrals the employee is otherwise eligible to make under the applicable retirement plan.

''(2) SEPARATE ACCOUNTING REQUIRED.—A program shall not be treated as a qualified Roth contribution program unless the applicable retirement plan—

''(A) establishes separate accounts ('designated Roth accounts') for the designated Roth contributions of each employee and any earnings properly allocable to the contributions, and

''(B) maintains separate recordkeeping with respect to each account.

''(c) DEFINITIONS AND RULES RELATING TO DESIGNATED ROTH CONTRIBUTIONS.—For purposes of this section—

''(1) DESIGNATED ROTH CONTRIBUTION.—The term 'designated Roth contribution' means any elective deferral which—

''(A) is excludable from gross income of an employee without regard to this section, and

''(B) the employee designates (at such time and in such manner as the Secretary may prescribe) as not being so excludable.

''(2) DESIGNATION LIMITS.—The amount of elective deferrals which an employee may designate under paragraph (1) shall not exceed the excess (if any) of—

''(A) the maximum amount of elective deferrals excludable from gross income of the employee for the taxable year (without regard to this section), over

''(B) the aggregate amount of elective deferrals of the employee for the taxable year which the employee does not designate under paragraph (1).

''(3) ROLLOVER CONTRIBUTIONS.—

''(A) IN GENERAL.—A rollover contribution of any payment or distribution from a designated Roth account which is otherwise allowable under this chapter may be made only if the contribution is to—

''(i) another designated Roth account of the individual from whose account the payment or distribution was made, or

''(ii) a Roth IRA of such individual.

''(B) COORDINATION WITH LIMIT.—Any rollover contribution to a designated Roth account under subparagraph (A) shall not be taken into account for purposes of paragraph (1).

''(d) DISTRIBUTION RULES.—For purposes of this title—

''(1) EXCLUSION.—Any qualified distribution from a designated Roth account shall not be includible in gross income.

''(2) QUALIFIED DISTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified distribution' has the meaning given such term by section 408A(d)(2)(A) (without regard to clause (iv) thereof).

''(B) DISTRIBUTIONS WITHIN NONEXCLUSION PERIOD.—A payment or distribution from a designated Roth account shall not be treated as a qualified distribution if such payment or distribution is made within the 5-taxable-year period beginning with the earlier of—

''(i) the first taxable year for which the individual made a designated Roth contribution to any designated Roth account established for such individual under the same applicable retirement plan, or

''(ii) if a rollover contribution was made to such designated Roth account from a designated Roth account previously established for such individual under another applicable retirement plan, the first taxable year for which the individual made a designated Roth contribution to such previously established account.

''(C) DISTRIBUTIONS OF EXCESS DEFERRALS AND CONTRIBUTIONS AND EARNINGS THEREON.—The term 'qualified distribution' shall not include any distribution of any excess deferral under section 402(g)(2) or any excess contribution under section 401(k)(8), and any income on the excess deferral or contribution.

''(3) TREATMENT OF DISTRIBUTIONS OF CERTAIN EXCESS DEFERRALS.—Notwithstanding section 72, if any excess deferral under section 402(g)(2) attributable to a designated Roth contribution is not distributed on or before the 1st April 15 following the close of the taxable year in which such excess deferral is made, the amount of such excess deferral shall—

''(A) not be treated as investment in the contract, and

''(B) be included in gross income for the taxable year in which such excess is distributed.

''(4) AGGREGATION RULES.—Section 72 shall be applied separately with respect to distributions and payments from a designated Roth account and other distributions and payments from the plan.

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) APPLICABLE RETIREMENT PLAN.—The term 'applicable retirement plan' means—

''(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a), and

''(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b).

''(2) ELECTIVE DEFERRAL.—The term 'elective deferral' means any elective deferral described in subparagraph (A) or (C) of section 402(g)(3).''.

(b) EXCESS DEFERRALS.—Section 402(g) (relating to limitation on exclusion for elective deferrals) is amended—

(1) by adding at the end of paragraph (1)(A) (as added by section 201(c)(1)) the following new sentence: ''The preceding sentence shall not apply the portion of such excess as does not exceed the designated Roth contributions of the individual for the taxable year.''; and

(2) by inserting ''(or would be included but for the last sentence thereof)'' after ''paragraph (1)'' in paragraph (2)(A).

(c) ROLLOVERS.—Subparagraph (B) of section 402(c)(8) is amended by adding at the end the following:

''If any portion of an eligible rollover distribution is attributable to payments or distributions from a designated Roth account (as defined in section 402A), an eligible retirement plan with respect to such portion shall include only another designated Roth account and a Roth IRA.''.

(d) REPORTING REQUIREMENTS.—

(1) W–2 INFORMATION.—Section 6051(a)(8) is amended by inserting '', including the amount of designated Roth contributions (as defined in section 402A)'' before the comma at the end.

(2) INFORMATION.—Section 6047 is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

''(f) DESIGNATED ROTH CONTRIBUTIONS.—The Secretary shall require the plan administrator of each applicable retirement plan (as defined in section 402A) to make such returns and reports regarding designated Roth contributions (as defined in section 402A) to the Secretary, participants and beneficiaries of the plan, and such other persons as the Secretary may prescribe.''.

(e) CONFORMING AMENDMENTS.—

(1) Section 408A(e) is amended by adding after the first sentence the following new sentence: ''Such term includes a rollover contribution described in section 402A(c)(3)(A).''.

(2) The table of sections for subpart A of part I of subchapter D of chapter 1 is amended by inserting after the item relating to section 402 the following new item:

''Sec. 402A. Optional treatment of elective deferrals as Roth contributions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 618. NONREFUNDABLE CREDIT TO CERTAIN INDIVIDUALS FOR ELECTIVE DEFERRALS AND IRA CONTRIBUTIONS.

(a) IN GENERAL.—Subpart A of part IV of subchapter A of chapter 1 (relating to nonrefundable personal credits), as amended by section 432, is amended by inserting after section 25B the following new section:

''SEC. 25C. ELECTIVE DEFERRALS AND IRA CONTRIBUTIONS BY CERTAIN INDIVIDUALS.

''(a) ALLOWANCE OF CREDIT.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of so much of the qualified retirement savings contributions of the eligible individual for the taxable year as do not exceed $2,000.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section, the applicable percentage is the percentage determined in accordance with the following table:

Adjusted Gross Income						Applicable percentage
Joint return		Head of a household		All other cases		
Over	Not over	Over	Not over	Over	Not over	
$0	$30,000	$0	$22,500	$0	$15,000	50
30,000	32,500	22,500	24,375	15,000	16,250	20
32,500	50,000	24,375	37,500	16,250	25,000	10
50,000	.....	37,500	.....	25,000	.....	0

''(c) ELIGIBLE INDIVIDUAL.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible individual' means any individual if such individual has attained the age of 18 as of the close of the taxable year.

''(2) DEPENDENTS AND FULL-TIME STUDENTS NOT ELIGIBLE.—The term 'eligible individual' shall not include—

''(A) any individual with respect to whom a deduction under section 151 is allowed to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins, and

''(B) any individual who is a student (as defined in section 151(c)(4)).

''(d) QUALIFIED RETIREMENT SAVINGS CONTRIBUTIONS.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified retirement savings contributions' means, with respect to any taxable year, the sum of—

''(A) the amount of the qualified retirement contributions (as defined in section 219(e)) made by the eligible individual,

''(B) the amount of—

''(i) any elective deferrals (as defined in section 402(g)(3)) of such individual, and

''(ii) any elective deferral of compensation by such individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(C) the amount of voluntary employee contributions by such individual to any qualified retirement plan (as defined in section 4974(c)).

''(2) REDUCTION FOR CERTAIN DISTRIBUTIONS.—

''(A) IN GENERAL.—The qualified retirement savings contributions determined under paragraph (1) shall be reduced (but not below zero) by the sum of—

''(i) any distribution from a qualified retirement plan (as defined in section 4974(c)), or from an eligible deferred compensation plan (as defined in section 457(b)), received by the individual during the testing period which is includible in gross income, and

''(ii) any distribution from a Roth IRA received by the individual during the testing period which is not a qualified rollover contribution (as defined in section 408A(e)) to a Roth IRA.

''(B) TESTING PERIOD.—For purposes of subparagraph (A), the testing period, with respect to a taxable year, is the period which includes—

''(i) such taxable year,

''(ii) the 2 preceding taxable years, and

''(iii) the period after such taxable year and before the due date (including extensions) for filing the return of tax for such taxable year.

''(C) EXCEPTED DISTRIBUTIONS.—There shall not be taken into account under subparagraph (A)—

''(i) any distribution referred to in section 72(p), 401(k)(8), 401(m)(6), 402(g)(2), 404(k), or 408(d)(4), and

''(ii) any distribution to which section 408A(d)(3) applies.

''(D) TREATMENT OF DISTRIBUTIONS RECEIVED BY SPOUSE OF INDIVIDUAL.—For purposes of determining distributions received by an individual under subparagraph (A) for any taxable year, any distribution received by the spouse of such individual shall be treated as received by such individual if such individual and spouse file a joint return for such taxable year and for the taxable year during which the spouse receives the distribution.

''(e) ADJUSTED GROSS INCOME.—For purposes of this section, adjusted gross income shall be determined without regard to sections 911, 931, and 933.

''(f) INVESTMENT IN THE CONTRACT.—Notwithstanding any other provision of law, a qualified retirement savings contribution shall not fail to be included in determining the investment in the contract for purposes of section 72 by reason of the credit under this section.

''(g) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2006.''.

(b) CREDIT ALLOWED AGAINST REGULAR TAX AND ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Section 25C, as added by subsection (a), is amended by inserting after subsection (f) the following new subsection:

''(g) LIMITATION BASED ON AMOUNT OF TAX.—The aggregate credit allowed by this section for the taxable year shall not exceed the sum of—

''(1) the taxpayer's regular tax liability for the taxable year reduced by the sum of the credits allowed by sections 21, 22, 23, 24, 25, 25A, and 25B plus

''(2) the tax imposed by section 55 for such taxable year.''

(2) CONFORMING AMENDMENTS.—

(A) Section 26(a)(1), as amended by section 201, is amended by inserting ''or section 25C'' after ''section 24''.

(B) Section 23(c), as amended by section 201, is amended by striking ''sections 24'' and inserting ''sections 24, 25C,''.

(C) Section 25(e)(1)(C), as amended by section 201, is amended by inserting ''25C,'' after ''24,''.

(D) Section 904(h), as amended by section 201, is amended by inserting ''or 25C'' after ''section 24''.

(E) Section 1400C(d), as amended by section 201, is amended by inserting ''and section 25C'' after ''section 24''.

(c) CONFORMING AMENDMENT.—The table of sections for subpart A of part IV of subchapter A of chapter 1, as amended by section 432, is amended by inserting after the item relating to section 25B the following new item:

''Sec. 25C. Elective deferrals and IRA contributions by certain individuals.''

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

SEC. 619. CREDIT FOR QUALIFIED PENSION PLAN CONTRIBUTIONS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

''SEC. 45E. SMALL EMPLOYER PENSION PLAN CONTRIBUTIONS.

''(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer pension plan contribution credit determined under this section for any taxable year is an amount equal to 50 percent of the amount which would (but for subsection (f)(1)) be allowed as a deduction under section 404 for such taxable year for qualified employer contributions made to any qualified retirement plan on behalf of any employee who is not a highly compensated employee.

''(b) CREDIT LIMITED TO 3 YEARS.—The credit allowable by this section shall be allowed only with respect to the period of 3 taxable years beginning with the first taxable year for which a credit is allowable with respect to a plan under this section.

''(c) QUALIFIED EMPLOYER CONTRIBUTION.—For purposes of this section—

''(1) DEFINED CONTRIBUTION PLANS.—In the case of a defined contribution plan, the term 'qualified employer contribution' means the amount of nonelective and matching contributions to the plan made by the employer on behalf of any employee who is not a highly compensated employee to the extent such amount does not exceed 3 percent of such employee's compensation from the employer for the year.

''(2) DEFINED BENEFIT PLANS.—In the case of a defined benefit plan, the term 'qualified employer contribution' means the amount of employer contributions to the plan made on behalf of any employee who is not a highly compensated employee to the extent that the accrued benefit of such employee derived from employer contributions for the year does not exceed the equivalent (as determined under regulations prescribed by the Secretary and without regard to contributions and benefits under the Social Security Act) of 3 percent of such employee's compensation from the employer for the year.

''(d) QUALIFIED RETIREMENT PLAN.—

''(1) IN GENERAL.—The term 'qualified retirement plan' means any plan described in section 401(a) which includes a trust exempt from tax under section 501(a) if the plan meets—

''(A) the contribution requirements of paragraph (2),

''(B) the vesting requirements of paragraph (3), and

''(C) the distribution requirements of paragraph (4).

''(2) CONTRIBUTION REQUIREMENTS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if, under the plan—

''(i) the employer is required to make nonelective contributions of at least 1 percent of compensation (or the equivalent thereof in the case of a defined benefit plan) for each employee who is not a highly compensated employee who is eligible to participate in the plan, and

''(ii) allocations of nonelective employer contributions, in the case of a defined contribution plan, are either in equal dollar amounts for all employees covered by the plan or bear a uniform relationship to the total compensation, or the basic or regular rate of compensation, of the employees covered by the plan (and an equivalent requirement is met with respect to a defined benefit plan).

''(B) COMPENSATION LIMITATION.—The compensation taken into account under subparagraph (A) for any year shall not exceed the limitation in effect for such year under section 401(a)(17).

''(3) VESTING REQUIREMENTS.—The requirements of this paragraph are met if the plan satisfies the requirements of either of the following subparagraphs:

''(A) 3-YEAR VESTING.—A plan satisfies the requirements of this subparagraph if an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(B) 5-YEAR GRADED VESTING.—A plan satisfies the requirements of this subparagraph if an employee has a nonforfeitable right to a percentage of the employee's accrued benefit derived from employer contributions determined under the following table:

''Years of service:	**The nonforfeitable percentage is:**
1	20
2	40
3	60
4	80
5	100.

''(4) DISTRIBUTION REQUIREMENTS.—In the case of a profit-sharing or stock bonus plan, the requirements of this paragraph are met if, under the plan, qualified employer contributions are distributable only as provided in section 401(k)(2)(B).

''(e) OTHER DEFINITIONS.—For purposes of this section—

''(1) ELIGIBLE EMPLOYER.—

''(A) IN GENERAL.—The term 'eligible employer' means, with respect to any year, an employer which has no more than 20 employees who received at least $5,000 of compensation from the employer for the preceding year.

''(B) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified employer plan of the employer, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified employer plan.

''(2) HIGHLY COMPENSATED EMPLOYEE.—The term 'highly compensated employee' has the meaning given such term by section 414(q) (determined without regard to section 414(q)(1)(B)(ii)).

''(f) SPECIAL RULES.—

''(1) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed for that portion of the qualified employer contributions paid or incurred for the taxable year which is equal to the credit determined under subsection (a).

''(2) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.

''(3) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person. All eligible employer plans shall be treated as 1 eligible employer plan.

''(g) RECAPTURE OF CREDIT ON FORFEITED CONTRIBUTIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if any accrued benefit which is forfeitable by reason of subsection (d)(3) is forfeited, the employer's tax imposed by this chapter for the taxable year in which the forfeiture occurs shall be increased by 35 percent of the employer contributions from which such benefit is derived to the extent such contributions were taken into account in determining the credit under this section.

''(2) REALLOCATED CONTRIBUTIONS.—Paragraph (1) shall not apply to any contribution which is reallocated by the employer under the plan to employees who are not highly compensated employees.''.

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (defining current year business credit) is amended by striking ''plus'' at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting '', plus'', and by adding at the end the following new paragraph:

''(14) in the case of an eligible employer (as defined in section 45E(e)), the small employer pension plan contribution credit determined under section 45E(a).''

(c) CONFORMING AMENDMENTS.—

(1) Section 39(d) is amended by adding at the end the following new paragraph:

''(10) NO CARRYBACK OF SMALL EMPLOYER PENSION PLAN CONTRIBUTION CREDIT BEFORE JANUARY 1, 2003.—No portion of the unused business credit for any taxable year which is attributable to the small employer pension plan contribution credit determined under section 45E may be carried back to a taxable year beginning before January 1, 2003.''

(2) Subsection (c) of section 196 is amended by striking ''and'' at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting '', and'', and by adding at the end the following new paragraph:

''(10) the small employer pension plan contribution credit determined under section 45E(a).''

(3) The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45E. Small employer pension plan contributions.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions paid or incurred in taxable years beginning after December 31, 2002.

SEC. 620. CREDIT FOR PENSION PLAN STARTUP COSTS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 619, is amended by adding at the end the following new section:

''SEC. 45F. SMALL EMPLOYER PENSION PLAN STARTUP COSTS.

''(a) GENERAL RULE.—For purposes of section 38, in the case of an eligible employer, the small employer pension plan startup cost credit determined under this section for any taxable year is an amount equal to 50 percent of the qualified startup costs paid or incurred by the taxpayer during the taxable year.

''(b) DOLLAR LIMITATION.—The amount of the credit determined under this section for any taxable year shall not exceed—

''(1) $500 for the first credit year and each of the 2 taxable years immediately following the first credit year, and

''(2) zero for any other taxable year.

''(c) ELIGIBLE EMPLOYER.—For purposes of this section—

''(1) IN GENERAL.—The term 'eligible employer' has the meaning given such term by section 408(p)(2)(C)(i).

''(2) REQUIREMENT FOR NEW QUALIFIED EMPLOYER PLANS.—Such term shall not include an employer if, during the 3-taxable year period immediately preceding the 1st taxable year for which the credit under this section is otherwise allowable for a qualified employer plan of the employer, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued, for substantially the same employees as are in the qualified employer plan.

''(d) OTHER DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED STARTUP COSTS.—

''(A) IN GENERAL.—The term 'qualified startup costs' means any ordinary and necessary expenses of an eligible employer which are paid or incurred in connection with—

''(i) the establishment or administration of an eligible employer plan, or

''(ii) the retirement-related education of employees with respect to such plan.

''(B) PLAN MUST HAVE AT LEAST 1 PARTICIPANT.—Such term shall not include any expense in connection with a plan that does not have at least 1 employee eligible to participate who is not a highly compensated employee.

''(2) ELIGIBLE EMPLOYER PLAN.—The term 'eligible employer plan' means a qualified employer plan within the meaning of section 4972(d).

''(3) FIRST CREDIT YEAR.—The term 'first credit year' means—

''(A) the taxable year which includes the date that the eligible employer plan to which such costs relate becomes effective, or

''(B) at the election of the eligible employer, the taxable year preceding the taxable year referred to in subparagraph (A).

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons treated as a single employer under subsection (a) or (b) of section 52, or subsection (n) or (o) of section 414, shall be treated as one person. All eligible employer plans shall be treated as 1 eligible employer plan.

''(2) DISALLOWANCE OF DEDUCTION.—No deduction shall be allowed for that portion of the qualified startup costs paid or incurred for the taxable year which is equal to the credit determined under subsection (a).

''(3) ELECTION NOT TO CLAIM CREDIT.—This section shall not apply to a taxpayer for any taxable year if such taxpayer elects to have this section not apply for such taxable year.''

(b) CREDIT ALLOWED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) (defining current year business credit), as amended by section 619, is amended by striking ''plus'' at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting '', plus'', and by adding at the end the following new paragraph:

''(15) in the case of an eligible employer (as defined in section 45F(c)), the small employer pension plan startup cost credit determined under section 45F(a).''

(c) CONFORMING AMENDMENTS.—

(1) Section 39(d), as amended by section 619(c), is amended by adding at the end the following new paragraph:

''(11) NO CARRYBACK OF SMALL EMPLOYER PENSION PLAN STARTUP COST CREDIT BEFORE JANUARY 1, 2002.—No portion of the unused business credit for any taxable year which is attributable to the small employer pension plan startup cost credit determined under section 45F may be carried back to a taxable year beginning before January 1, 2002.''

(2) Subsection (c) of section 196, as amended by section 619(c), is amended by striking ''and'' at the end of paragraph (9), by striking the period at the end of paragraph (10) and inserting '', and'', and by adding at the end the following new paragraph:

''(11) the small employer pension plan startup cost credit determined under section 45F(a).''

(3) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 619(c), is amended by adding at the end the following new item:

''Sec. 45F. Small employer pension plan startup costs.''

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred in taxable years beginning after December 31, 2001, with respect to qualified employer plans established after such date.

SEC. 621. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING NEW PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 10511 of the Revenue Act of 1987 for requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters or similar requests with respect to the qualified status of a new pension benefit plan or any trust which is part of the plan.

(b) NEW PENSION BENEFIT PLAN.—For purposes of this section—

(1) IN GENERAL.—The term ''new pension benefit plan'' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan which is maintained by one or more eligible employers if such employer (or any predecessor employer) has not made a prior request described in subsection (a) for such plan (or any predecessor plan).

(2) ELIGIBLE EMPLOYER.—

(A) IN GENERAL.—The term ''eligible employer'' means an employer which has—

(i) no more than 100 employees for the preceding year, and

(ii) at least one employee who is not a highly compensated employee (as defined in section 414(q)) and is participating in the plan.

(B) NEW PLAN REQUIREMENT.—The term ''eligible employer'' shall not include an employer if, during the 3-taxable year period immediately preceding the taxable year in which the request is made, the employer or any member of any controlled group including the employer (or any predecessor of either) established or maintained a qualified employer plan with respect to which contributions were made, or benefits were accrued for service, for substantially the same employees as are in the qualified employer plan.

(c) DETERMINATION OF AVERAGE FEES CHARGED.—For purposes of any determination of average fees charged, any request to which subsection (a) applies shall not be taken into account.

(d) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2001.

SEC. 622. TREATMENT OF NONRESIDENT ALIENS ENGAGED IN INTERNATIONAL TRANSPORTATION SERVICES.

(a) EXCLUSION FROM INCOME SOURCING RULES.—The second sentence of section 861(a)(3) (relating to gross income from sources within the United States) is amended by striking ''except for purposes of sections 79 and 105 and subchapter D,''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to remuneration for services performed in plan years beginning after December 31, 2001.

Subtitle C—Enhancing Fairness for Women

SEC. 631. CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.

(a) IN GENERAL.—Section 414 (relating to definitions and special rules) is amended by

adding at the end the following new subsection:

''(v) CATCH-UP CONTRIBUTIONS FOR INDIVIDUALS AGE 50 OR OVER.—

''(1) IN GENERAL.—An applicable employer plan shall not be treated as failing to meet any requirement of this title solely because the plan permits an eligible participant to make additional elective deferrals in any plan year.

''(2) LIMITATION ON AMOUNT OF ADDITIONAL DEFERRALS.—

''(A) IN GENERAL.—A plan shall not permit additional elective deferrals under paragraph (1) for any year in an amount greater than the lesser of—

''(i) the applicable dollar amount, or

''(ii) the excess (if any) of—

''(I) the participant's compensation (as defined in section 415(c)(3)) for the year, over

''(II) any other elective deferrals of the participant for such year which are made without regard to this subsection.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph, the applicable dollar amount shall be determined in accordance with the following table:

"For taxable years beginning in:	The applicable dollar amount is:
2002, 2003, and 2004	$500
2005 and 2006	$1,000
2007	$2,000
2008	$3,000
2009	$4,000
2010 and thereafter	$7,500.

''(3) TREATMENT OF CONTRIBUTIONS.—In the case of any contribution to a plan under paragraph (1)—

''(A) such contribution shall not, with respect to the year in which the contribution is made—

''(i) be subject to any otherwise applicable limitation contained in section 402(g), 402(h), 403(b), 404(a), 404(h), 408(k), 408(p), 415, or 457, or

''(ii) be taken into account in applying such limitations to other contributions or benefits under such plan or any other such plan, and

''(B) such plan shall not be treated as failing to meet the requirements of section 401(a)(4), 401(a)(26), 401(k)(3), 401(k)(11), 401(k)(12), 401(m), 403(b)(12), 408(k), 408(p), 408B, 410(b), or 416 by reason of the making of (or the right to make) such contribution.

''(4) ELIGIBLE PARTICIPANT.—For purposes of this subsection, the term 'eligible participant' means, with respect to any plan year, a participant in a plan—

''(A) who has attained the age of 50 before the close of the plan year, and

''(B) with respect to whom no other elective deferrals may (without regard to this subsection) be made to the plan for the plan year by reason of the application of any limitation or other restriction described in paragraph (3) or comparable limitation or restriction contained in the terms of the plan.

''(5) OTHER DEFINITIONS AND RULES.—For purposes of this subsection—

''(A) APPLICABLE EMPLOYER PLAN.—The term 'applicable employer plan' means—

''(i) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(ii) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b),

''(iii) an eligible deferred compensation plan under section 457 of an eligible employer described in section 457(e)(1)(A), and

''(iv) an arrangement meeting the requirements of section 408 (k) or (p).

''(B) ELECTIVE DEFERRAL.—The term 'elective deferral' has the meaning given such term by subsection (u)(2)(C).

''(C) EXCEPTION FOR SECTION 457 PLANS.—This subsection shall not apply to an applicable employer plan described in subparagraph (A)(iii) for any year to which section 457(b)(3) applies.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions in taxable years beginning after December 31, 2001.

SEC. 632. EQUITABLE TREATMENT FOR CONTRIBUTIONS OF EMPLOYEES TO DEFINED CONTRIBUTION PLANS.

(a) EQUITABLE TREATMENT.—

(1) IN GENERAL.—Subparagraph (B) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''25 percent'' and inserting ''the applicable percentage''.

(2) APPLICABLE PERCENTAGE.—Section 415(c) is amended by adding at the end the following new paragraph:

''(8) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)(B), the applicable percentage shall be determined in accordance with the following table:

"For years beginning in:	The applicable percentage is:
2002 through 2010	50
2011 and thereafter	100

(3) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'',

(B) by striking paragraph (2), and

(C) by inserting ''or any amount received by a former employee after the fifth taxable year following the taxable year in which such employee was terminated'' before the period at the end of the second sentence of paragraph (3).

(4) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect before the enactment of the Restoring Earnings to Lift Individuals and Empower Families Act of 2001)''.

(B) Section 404(a)(10)(B) is amended by striking '', the exclusion allowance under section 403(b)(2),''.

(C) Section 415(a)(2) is amended by striking '', and the amount of the contribution for such portion shall reduce the exclusion allowance as provided in section 403(b)(2)''.

(D) Section 415(c)(3) is amended by adding at the end the following new subparagraph:

''(E) ANNUITY CONTRACTS.—In the case of an annuity contract described in section 403(b), the term 'participant's compensation' means the participant's includible compensation determined under section 403(b)(3).''.

(E) Section 415(c) is amended by striking paragraph (4).

(F) Section 415(c)(7) is amended to read as follows:

''(7) CERTAIN CONTRIBUTIONS BY CHURCH PLANS NOT TREATED AS EXCEEDING LIMIT.—

''(A) IN GENERAL.—Notwithstanding any other provision of this subsection, at the election of a participant who is an employee of a church or a convention or association of churches, including an organization described in section 414(e)(3)(B)(ii), contributions and other additions for an annuity contract or retirement income account described in section 403(b) with respect to such participant, when expressed as an annual addition to such participant's account, shall be treated as not exceeding the limitation of paragraph (1) if such annual addition is not in excess of $10,000.

''(B) $40,000 AGGREGATE LIMITATION.—The total amount of additions with respect to any participant which may be taken into account for purposes of this subparagraph for all years may not exceed $40,000.

''(C) ANNUAL ADDITION.—For purposes of this paragraph, the term 'annual addition' has the meaning given such term by paragraph (2).''.

(G) Subparagraph (B) of section 402(g)(7) (as redesignated by section 611(c)(3)) is amended by inserting before the period at the end the following: ''(as in effect before the enactment of the Restoring Earnings to Lift Individuals and Empower Families Act of 2001)''.

(H) Section 664(g) is amended—

(i) in paragraph (3)(E) by striking ''limitations under section 415(c)'' and inserting ''applicable limitation under paragraph (7)'', and

(ii) by adding at the end the following new paragraph:

''(7) APPLICABLE LIMITATION.—

''(A) IN GENERAL.—For purposes of paragraph (3)(E), the applicable limitation under this paragraph with respect to a participant is an amount equal to the lesser of—

''(i) $30,000, or

''(ii) 25 percent of the participant's compensation (as defined in section 415(c)(3)).

''(B) COST-OF-LIVING ADJUSTMENT.—The Secretary shall adjust annually the $30,000 amount under subparagraph (A)(i) at the same time and in the same manner as under section 415(d), except that the base period shall be the calendar quarter beginning October 1, 1993, and any increase under this subparagraph which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.''.

(5) EFFECTIVE DATE.—

(A) Except as provided in subparagraph (B), the amendments made by this subsection shall apply to years beginning after December 31, 2001.

(B) The amendments made by paragraphs (3) and (4) shall apply to years beginning after December 31, 2010.

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to limitation years beginning after December 31, 2000.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2001, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the amount of the contribution disqualified by reason of section 415(g) of such Code shall reduce the exclusion allowance as provided in section 403(b)(2) of such Code.

(3) MODIFICATION OF 403(b) EXCLUSION ALLOWANCE TO CONFORM TO 415 MODIFICATION.—

The Secretary of the Treasury shall modify the regulations regarding the exclusion allowance under section 403(b)(2) of the Internal Revenue Code of 1986 to render void the requirement that contributions to a defined benefit pension plan be treated as previously excluded amounts for purposes of the exclusion allowance. For taxable years beginning after December 31, 2000, such regulations shall be applied as if such requirement were void.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking ''33⅓ percent'' and inserting ''the applicable percentage''.

(2) APPLICABLE PERCENTAGE.—Section 457 is amended by adding at the end the following new subsection:

''(h) APPLICABLE PERCENTAGE.—For purposes of subsection (b)(2)(A), the applicable percentage shall be determined in accordance with the following table:

''For years beginning in:	**The applicable percentage is:**
2002 through 2010	50
2011 and thereafter	100

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

SEC. 633. FASTER VESTING OF CERTAIN EMPLOYER MATCHING CONTRIBUTIONS.

(a) IN GENERAL.—Section 411(a) (relating to minimum vesting standards) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (12), a plan''; and

(2) by adding at the end the following:

''(12) FASTER VESTING FOR MATCHING CONTRIBUTIONS.—In the case of matching contributions (as defined in section 401(m)(4)(A)), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

''Years of service:	**The nonforfeitable percentage is:**
2	20
3	40
4	60
5	80
6	100.''.

(b) AMENDMENT OF ERISA.—Section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)) is amended—

(1) in paragraph (2), by striking ''A plan'' and inserting ''Except as provided in paragraph (4), a plan'', and

(2) by adding at the end the following:

''(4) In the case of matching contributions (as defined in section 401(m)(4)(A) of the Internal Revenue Code of 1986), paragraph (2) shall be applied—

''(A) by substituting '3 years' for '5 years' in subparagraph (A), and

''(B) by substituting the following table for the table contained in subparagraph (B):

''Years of service:	**The nonforfeitable percentage is:**
2	20
3	40
4	60
5	80
6	100.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to contributions for plan years beginning after December 31, 2001.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified by the date of the enactment of this Act, the amendments made by this section shall not apply to contributions on behalf of employees covered by any such agreement for plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of the enactment); or

(ii) January 1, 2002; or

(B) January 1, 2006.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

SEC. 634. MODIFICATIONS TO MINIMUM DISTRIBUTION RULES.

(a) LIFE EXPECTANCY TABLES.—The Secretary of the Treasury shall modify the life expectancy tables under the regulations relating to minimum distribution requirements under sections 401(a)(9), 408(a)(6) and (b)(3), 403(b)(10), and 457(d)(2) of the Internal Revenue Code to reflect current life expectancy.

(b) REPEAL OF RULE WHERE DISTRIBUTIONS HAD BEGUN BEFORE DEATH OCCURS.—

(1) IN GENERAL.—Subparagraph (B) of section 401(a)(9) is amended by striking clause (i) and redesignating clauses (ii), (iii), and (iv) as clauses (i), (ii), and (iii), respectively.

(2) CONFORMING CHANGES.—

(A) Clause (i) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''FOR OTHER CASES'' in the heading; and

(ii) by striking ''the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii)'' and inserting ''his entire interest has been distributed to him''.

(B) Clause (ii) of section 401(a)(9)(B) (as so redesignated) is amended by striking ''clause (ii)'' and inserting ''clause (i)''.

(C) Clause (iii) of section 401(a)(9)(B) (as so redesignated) is amended—

(i) by striking ''clause (iii)(I)'' and inserting ''clause (ii)(I)'';

(ii) by striking ''clause (iii)(III)'' in subclause (I) and inserting ''clause (ii)(III)'';

(iii) by striking ''the date on which the employee would have attained age 70½,'' in subclause (I) and inserting ''April 1 of the calendar year following the calendar year in which the spouse attains 70½,''; and

(iv) by striking ''the distributions to such spouse begin,'' in subclause (II) and inserting ''his entire interest has been distributed to him,''.

(3) EFFECTIVE DATE.—

(A) IN GENERAL.—Except as provided in subparagraph (B), the amendments made by this subsection shall apply to years beginning after December 31, 2001.

(B) DISTRIBUTIONS TO SURVIVING SPOUSE.—

(i) IN GENERAL.—In the case of an employee described in clause (ii), distributions to the surviving spouse of the employee shall not be required to commence prior to the date on which such distributions would have been required to begin under section 401(a)(9)(B) of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act).

(ii) CERTAIN EMPLOYEES.—An employee is described in this clause if such employee dies before—

(I) the date of the enactment of this Act, and

(II) the required beginning date (within the meaning of section 401(a)(9)(C) of the Internal Revenue Code of 1986) of the employee.

SEC. 635. CLARIFICATION OF TAX TREATMENT OF DIVISION OF SECTION 457 PLAN BENEFITS UPON DIVORCE.

(a) IN GENERAL.—Section 414(p)(11) (relating to application of rules to governmental and church plans) is amended—

(1) by inserting ''or an eligible deferred compensation plan (within the meaning of section 457(b))'' after ''subsection (e))''; and

(2) in the heading, by striking ''GOVERNMENTAL AND CHURCH PLANS'' and inserting ''CERTAIN OTHER PLANS''.

(b) WAIVER OF CERTAIN DISTRIBUTION REQUIREMENTS.—Paragraph (10) of section 414(p) is amended by striking ''and section 409(d)'' and inserting ''section 409(d), and section 457(d)''.

(c) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—Subsection (p) of section 414 is amended by redesignating paragraph (12) as paragraph (13) and inserting after paragraph (11) the following new paragraph:

''(12) TAX TREATMENT OF PAYMENTS FROM A SECTION 457 PLAN.—If a distribution or payment from an eligible deferred compensation plan described in section 457(b) is made pursuant to a qualified domestic relations order, rules similar to the rules of section 402(e)(1)(A) shall apply to such distribution or payment.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendment made by subsection (c) shall apply to transfers, distributions, and payments made after December 31, 2001.

(2) AMENDMENTS RELATING TO ASSIGNMENTS IN DIVORCE, ETC., PROCEEDINGS.—The amendments made by subsections (a) and (b) shall take effect on January 1, 2002, except that in the case of a domestic relations order entered before such date, the plan administrator—

(A) shall treat such order as a qualified domestic relations order if such administrator is paying benefits pursuant to such order on such date, and

(B) may treat any other such order entered before such date as a qualified domestic relations order even if such order does not meet the requirements of such amendments.

SEC. 636. PROVISIONS RELATING TO HARDSHIP DISTRIBUTIONS.

(a) SAFE HARBOR RELIEF.—

(1) IN GENERAL.—The Secretary of the Treasury shall revise the regulations relating to hardship distributions under section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that the period an employee is prohibited from making elective and employee contributions in order for a distribution to be deemed necessary to satisfy financial need shall be equal to 6 months.

(2) EFFECTIVE DATE.—The revised regulations under this subsection shall apply to years beginning after December 31, 2001.

(b) HARDSHIP DISTRIBUTIONS NOT TREATED AS ELIGIBLE ROLLOVER DISTRIBUTIONS.—

(1) MODIFICATION OF DEFINITION OF ELIGIBLE ROLLOVER.—Subparagraph (C) of section 402(c)(4) (relating to eligible rollover distribution) is amended to read as follows:

''(C) any distribution which is made upon hardship of the employee.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to distributions made after December 31, 2001.

SEC. 637. WAIVER OF TAX ON NONDEDUCTIBLE CONTRIBUTIONS FOR DOMESTIC OR SIMILAR WORKERS.

(a) IN GENERAL.—Section 4972(c)(6) (relating to exceptions to nondeductible contributions), as amended by section 502, is amended by striking ''or'' at the end of subparagraph (A), by striking the period and inserting '', or'' at the end of subparagraph (B), and by inserting after subparagraph (B) the following new subparagraph:

''(C) so much of the contributions to a simple retirement account (within the meaning of section 408(p)) or a simple plan (within the meaning of section 401(k)(11)) which are not deductible when contributed solely because such contributions are not made in connection with a trade or business of the employer.''

(b) EXCLUSION OF CERTAIN CONTRIBUTIONS.—Section 4972(c)(6), as amended by subsection (a), is amended by adding at the end the following new sentence: ''Subparagraph (C) shall not apply to contributions made on behalf of the employer or a member of the employer's family (as defined in section 447(e)(1)).''.

(c) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to infer the proper treatment of nondeductible contributions under the laws in effect before such amendments.

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

Subtitle D—Increasing Portability for Participants

SEC. 641. ROLLOVERS ALLOWED AMONG VARIOUS TYPES OF PLANS.

(a) ROLLOVERS FROM AND TO SECTION 457 PLANS.—

(1) ROLLOVERS FROM SECTION 457 PLANS.—

(A) IN GENERAL.—Section 457(e) (relating to other definitions and special rules) is amended by adding at the end the following:

''(16) ROLLOVER AMOUNTS.—

''(A) GENERAL RULE.—In the case of an eligible deferred compensation plan established and maintained by an employer described in subsection (e)(1)(A), if—

''(i) any portion of the balance to the credit of an employee in such plan is paid to such employee in an eligible rollover distribution (within the meaning of section 402(c)(4) without regard to subparagraph (C) thereof),

''(ii) the employee transfers any portion of the property such employee receives in such distribution to an eligible retirement plan described in section 402(c)(8)(B), and

''(iii) in the case of a distribution of property other than money, the amount so transferred consists of the property distributed,

then such distribution (to the extent so transferred) shall not be includible in gross income for the taxable year in which paid.

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A).

''(C) REPORTING.—Rollovers under this paragraph shall be reported to the Secretary in the same manner as rollovers from qualified retirement plans (as defined in section 4974(c)).''.

(B) DEFERRAL LIMIT DETERMINED WITHOUT REGARD TO ROLLOVER AMOUNTS.—Section 457(b)(2) (defining eligible deferred compensation plan) is amended by inserting ''(other than rollover amounts)'' after ''taxable year''.

(C) DIRECT ROLLOVER.—Paragraph (1) of section 457(d) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by inserting after subparagraph (B) the following:

''(C) in the case of a plan maintained by an employer described in subsection (e)(1)(A), the plan meets requirements similar to the requirements of section 401(a)(31).

Any amount transferred in a direct trustee-to-trustee transfer in accordance with section 401(a)(31) shall not be includible in gross income for the taxable year of transfer.''.

(D) WITHHOLDING.—

(i) Paragraph (12) of section 3401(a) is amended by adding at the end the following:

''(E) under or to an eligible deferred compensation plan which, at the time of such payment, is a plan described in section 457(b) which is maintained by an eligible employer described in section 457(e)(1)(A), or''.

(ii) Paragraph (3) of section 3405(c) is amended to read as follows:

''(3) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).''.

(iii) LIABILITY FOR WITHHOLDING.—Subparagraph (B) of section 3405(d)(2) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', or'', and by adding at the end the following:

''(iv) section 457(b) and which is maintained by an eligible employer described in section 457(e)(1)(A).''.

(2) ROLLOVERS TO SECTION 457 PLANS.—

(A) IN GENERAL.—Section 402(c)(8)(B) (defining eligible retirement plan) is amended by striking ''and'' at the end of clause (iii), by striking the period at the end of clause (iv) and inserting '', and'', and by inserting after clause (iv) the following new clause:

''(v) an eligible deferred compensation plan described in section 457(b) which is maintained by an eligible employer described in section 457(e)(1)(A).''.

(B) SEPARATE ACCOUNTING.—Section 402(c) is amended by adding at the end the following new paragraph:

''(11) SEPARATE ACCOUNTING.—Unless a plan described in clause (v) of paragraph (8)(B) agrees to separately account for amounts rolled into such plan from eligible retirement plans not described in such clause, the plan described in such clause may not accept transfers or rollovers from such retirement plans.''.

(C) 10 PERCENT ADDITIONAL TAX.—Subsection (t) of section 72 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new paragraph:

''(9) SPECIAL RULE FOR ROLLOVERS TO SECTION 457 PLANS.—For purposes of this subsection, a distribution from an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A) shall be treated as a distribution from a qualified retirement plan described in 4974(c)(1) to the extent that such distribution is attributable to an amount transferred to an eligible deferred compensation plan from a qualified retirement plan (as defined in section 4974(c)).''.

(b) ALLOWANCE OF ROLLOVERS FROM AND TO 403(b) PLANS.—

(1) ROLLOVERS FROM SECTION 403(b) PLANS.—Section 403(b)(8)(A)(ii) (relating to rollover amounts) is amended by striking ''such distribution'' and all that follows and inserting ''such distribution to an eligible retirement plan described in section 402(c)(8)(B), and''.

(2) ROLLOVERS TO SECTION 403(b) PLANS.—Section 402(c)(8)(B) (defining eligible retirement plan), as amended by subsection (a), is amended by striking ''and'' at the end of clause (iv), by striking the period at the end of clause (v) and inserting '', and'', and by inserting after clause (v) the following new clause:

''(vi) an annuity contract described in section 403(b).''.

(c) EXPANDED EXPLANATION TO RECIPIENTS OF ROLLOVER DISTRIBUTIONS.—Paragraph (1) of section 402(f) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) of the provisions under which distributions from the eligible retirement plan receiving the distribution may be subject to restrictions and tax consequences which are different from those applicable to distributions from the plan making such distribution.''.

(d) SPOUSAL ROLLOVERS.—Section 402(c)(9) (relating to rollover where spouse receives distribution after death of employee) is amended by striking ''; except that'' and all that follows up to the end period.

(e) CONFORMING AMENDMENTS.—

(1) Section 72(o)(4) is amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(2) Section 219(d)(2) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(3) Section 401(a)(31)(B) is amended by striking ''and 403(a)(4)'' and inserting '', 403(a)(4), 403(b)(8), and 457(e)(16)''.

(4) Subparagraph (A) of section 402(f)(2) is amended by striking ''or paragraph (4) of section 403(a)'' and inserting '', paragraph (4) of section 403(a), subparagraph (A) of section 403(b)(8), or subparagraph (A) of section 457(e)(16)''.

(5) Paragraph (1) of section 402(f) is amended by striking ''from an eligible retirement plan''.

(6) Subparagraphs (A) and (B) of section 402(f)(1) are amended by striking ''another eligible retirement plan'' and inserting ''an eligible retirement plan''.

(7) Subparagraph (B) of section 403(b)(8) is amended to read as follows:

''(B) CERTAIN RULES MADE APPLICABLE.—The rules of paragraphs (2) through (7) and (9) of section 402(c) and section 402(f) shall apply for purposes of subparagraph (A), except that section 402(f) shall be applied to the payor in lieu of the plan administrator.''.

(8) Section 408(a)(1) is amended by striking ''or 403(b)(8),'' and inserting ''403(b)(8), or 457(e)(16)''.

(9) Subparagraphs (A) and (B) of section 415(b)(2) are each amended by striking ''and 408(d)(3)'' and inserting ''403(b)(8), 408(d)(3), and 457(e)(16)''.

(10) Section 415(c)(2) is amended by striking ''and 408(d)(3)'' and inserting ''408(d)(3), and 457(e)(16)''.

(11) Section 4973(b)(1)(A) is amended by striking ''or 408(d)(3)'' and inserting ''408(d)(3), or 457(e)(16)''.

(f) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2001.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf

of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of any amendment made by this section.

SEC. 642. ROLLOVERS OF IRAS INTO WORKPLACE RETIREMENT PLANS.

(a) IN GENERAL.—Subparagraph (A) of section 408(d)(3) (relating to rollover amounts) is amended by adding ''or'' at the end of clause (i), by striking clauses (ii) and (iii), and by adding at the end the following:

''(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan for the benefit of such individual not later than the 60th day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to this paragraph).

For purposes of clause (ii), the term 'eligible retirement plan' means an eligible retirement plan described in clause (iii), (iv), (v), or (vi) of section 402(c)(8)(B).''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 403(b) is amended by striking ''section 408(d)(3)(A)(iii)'' and inserting ''section 408(d)(3)(A)(ii)''.

(2) Clause (i) of section 408(d)(3)(D) is amended by striking ''(i), (ii), or (iii)'' and inserting ''(i) or (ii)''.

(3) Subparagraph (G) of section 408(d)(3) is amended to read as follows:

''(G) SIMPLE RETIREMENT ACCOUNTS.—In the case of any payment or distribution out of a simple retirement account (as defined in subsection (p)) to which section 72(t)(6) applies, this paragraph shall not apply unless such payment or distribution is paid into another simple retirement account.''.

(c) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2001.

(2) SPECIAL RULE.—Notwithstanding any other provision of law, subsections (h)(3) and (h)(5) of section 1122 of the Tax Reform Act of 1986 shall not apply to any distribution from an eligible retirement plan (as defined in clause (iii) or (iv) of section 402(c)(8)(B) of the Internal Revenue Code of 1986) on behalf of an individual if there was a rollover to such plan on behalf of such individual which is permitted solely by reason of the amendments made by this section.

SEC. 643. ROLLOVERS OF AFTER-TAX CONTRIBUTIONS.

(a) ROLLOVERS FROM EXEMPT TRUSTS.—Paragraph (2) of section 402(c) (relating to maximum amount which may be rolled over) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution to the extent—

''(A) such portion is transferred in a direct trustee-to-trustee transfer to a qualified trust which is part of a plan which is a defined contribution plan and which agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(B) such portion is transferred to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B).''.

(b) OPTIONAL DIRECT TRANSFER OF ELIGIBLE ROLLOVER DISTRIBUTIONS.—Subparagraph (B) of section 401(a)(31) (relating to limitation) is amended by adding at the end the following: ''The preceding sentence shall not apply to such distribution if the plan to which such distribution is transferred—

''(i) agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible, or

''(ii) is an eligible retirement plan described in clause (i) or (ii) of section 402(c)(8)(B).''.

(c) RULES FOR APPLYING SECTION 72 TO IRAS.—Paragraph (3) of section 408(d) (relating to special rules for applying section 72) is amended by inserting at the end the following:

''(H) APPLICATION OF SECTION 72.—

''(i) IN GENERAL.—If—

''(I) a distribution is made from an individual retirement plan, and

''(II) a rollover contribution is made to an eligible retirement plan described in section 402(c)(8)(B)(iii), (iv), (v), or (vi) with respect to all or part of such distribution,

then, notwithstanding paragraph (2), the rules of clause (ii) shall apply for purposes of applying section 72.

''(ii) APPLICABLE RULES.—In the case of a distribution described in clause (i)—

''(I) section 72 shall be applied separately to such distribution,

''(II) notwithstanding the pro rata allocation of income on, and investment in, the contract to distributions under section 72, the portion of such distribution rolled over to an eligible retirement plan described in clause (i) shall be treated as from income on the contract (to the extent of the aggregate income on the contract from all individual retirement plans of the distributee), and

''(III) appropriate adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after December 31, 2001.

SEC. 644. HARDSHIP EXCEPTION TO 60-DAY RULE.

(a) EXEMPT TRUSTS.—Paragraph (3) of section 402(c) (relating to transfer must be made within 60 days of receipt) is amended to read as follows:

''(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), paragraph (1) shall not apply to any transfer of a distribution made after the 60th day following the day on which the distributee received the property distributed.

''(B) HARDSHIP EXCEPTION.—The Secretary may waive the 60-day requirement under subparagraph (A) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

(b) IRAS.—Paragraph (3) of section 408(d) (relating to rollover contributions), as amended by section 643, is amended by adding after subparagraph (H) the following new subparagraph:

''(I) WAIVER OF 60-DAY REQUIREMENT.—The Secretary may waive the 60-day requirement under subparagraphs (A) and (D) where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement.''.

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

SEC. 645. TREATMENT OF FORMS OF DISTRIBUTION.

(a) PLAN TRANSFERS.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—Paragraph (6) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by adding at the end the following:

''(D) PLAN TRANSFERS.—

''(i) IN GENERAL.—A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(I) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan,

''(II) the terms of both the transferor plan and the transferee plan authorize the transfer described in subclause (I),

''(III) the transfer described in subclause (I) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan,

''(IV) the election described in subclause (III) was made after the participant or beneficiary received a notice describing the consequences of making the election, and

''(V) the transferee plan allows the participant or beneficiary described in subclause (III) to receive any distribution to which the participant or beneficiary is entitled under the transferee plan in the form of a single sum distribution.

''(ii) SPECIAL RULE FOR MERGERS, ETC.—Clause (i) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.''.

(2) AMENDMENT OF ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following:

''(4)(A) A defined contribution plan (in this subparagraph referred to as the 'transferee plan') shall not be treated as failing to meet the requirements of this subsection merely because the transferee plan does not provide some or all of the forms of distribution previously available under another defined contribution plan (in this subparagraph referred to as the 'transferor plan') to the extent that—

''(i) the forms of distribution previously available under the transferor plan applied to the account of a participant or beneficiary under the transferor plan that was transferred from the transferor plan to the transferee plan pursuant to a direct transfer rather than pursuant to a distribution from the transferor plan;

''(ii) the terms of both the transferor plan and the transferee plan authorize the transfer described in clause (i);

''(iii) the transfer described in clause (i) was made pursuant to a voluntary election by the participant or beneficiary whose account was transferred to the transferee plan;

''(iv) the election described in clause (iii) was made after the participant or beneficiary received a notice describing the consequences of making the election; and

''(v) the transferee plan allows the participant or beneficiary described in clause (iii) to receive any distribution to which the participant or beneficiary is entitled under the

transferee plan in the form of a single sum distribution.

''(B) Subparagraph (A) shall apply to plan mergers and other transactions having the effect of a direct transfer, including consolidations of benefits attributable to different employers within a multiple employer plan.''.

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

(b) REGULATIONS.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—The last sentence of paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended to read as follows: ''The Secretary shall by regulations provide that this subparagraph shall not apply to any plan amendment which reduces or eliminates benefits or subsidies which create significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.''.

(2) AMENDMENT OF ERISA.—The last sentence of section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended to read as follows: ''The Secretary of the Treasury shall by regulations provide that this paragraph shall not apply to any plan amendment which reduces or eliminates benefits or subsidies which create significant burdens or complexities for the plan and plan participants, unless such amendment adversely affects the rights of any participant in a more than de minimis manner.''.

(3) SECRETARY DIRECTED.—Not later than December 31, 2002, the Secretary of the Treasury is directed to issue regulations under section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974, including the regulations required by the amendment made by this subsection. Such regulations shall apply to plan years beginning after December 31, 2002, or such earlier date as is specified by the Secretary of the Treasury.

SEC. 646. RATIONALIZATION OF RESTRICTIONS ON DISTRIBUTIONS.

(a) MODIFICATION OF SAME DESK EXCEPTION.—

(1) SECTION 401(k).—

(A) Section 401(k)(2)(B)(i)(I) (relating to qualified cash or deferred arrangements) is amended by striking ''separation from service'' and inserting ''severance from employment''.

(B) Subparagraph (A) of section 401(k)(10) (relating to distributions upon termination of plan or disposition of assets or subsidiary) is amended to read as follows:

''(A) IN GENERAL.—An event described in this subparagraph is the termination of the plan without establishment or maintenance of another defined contribution plan (other than an employee stock ownership plan as defined in section 4975(e)(7)).''.

(C) Section 401(k)(10) is amended—

(i) in subparagraph (B)—

(I) by striking ''An event'' in clause (i) and inserting ''A termination''; and

(II) by striking ''the event'' in clause (i) and inserting ''the termination'';

(ii) by striking subparagraph (C); and

(iii) by striking ''OR DISPOSITION OF ASSETS OR SUBSIDIARY'' in the heading.

(2) SECTION 403(b).—

(A) Paragraphs (7)(A)(ii) and (11)(A) of section 403(b) are each amended by striking ''separates from service'' and inserting ''has a severance from employment''.

(B) The heading for paragraph (11) of section 403(b) is amended by striking ''SEPARATION FROM SERVICE'' and inserting ''SEVERANCE FROM EMPLOYMENT''.

(3) SECTION 457.—Clause (ii) of section 457(d)(1)(A) is amended by striking ''is separated from service'' and inserting ''has a severance from employment''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2001.

SEC. 647. PURCHASE OF SERVICE CREDIT IN GOVERNMENTAL DEFINED BENEFIT PLANS.

(a) 403(b) PLANS.—Subsection (b) of section 403 is amended by adding at the end the following new paragraph:

''(13) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(b) 457 PLANS.—Subsection (e) of section 457, as amended by section 401, is amended by adding after paragraph (16) the following new paragraph:

''(17) TRUSTEE-TO-TRUSTEE TRANSFERS TO PURCHASE PERMISSIVE SERVICE CREDIT.—No amount shall be includible in gross income by reason of a direct trustee-to-trustee transfer to a defined benefit governmental plan (as defined in section 414(d)) if such transfer is—

''(A) for the purchase of permissive service credit (as defined in section 415(n)(3)(A)) under such plan, or

''(B) a repayment to which section 415 does not apply by reason of subsection (k)(3) thereof.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to trustee-to-trustee transfers after December 31, 2001.

SEC. 648. EMPLOYERS MAY DISREGARD ROLLOVERS FOR PURPOSES OF CASH-OUT AMOUNTS.

(a) QUALIFIED PLANS.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—Section 411(a)(11) (relating to restrictions on certain mandatory distributions) is amended by adding at the end the following:

''(D) SPECIAL RULE FOR ROLLOVER CONTRIBUTIONS.—A plan shall not fail to meet the requirements of this paragraph if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16).''.

(2) AMENDMENT OF ERISA.—Section 203(e) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended by adding at the end the following:

''(4) A plan shall not fail to meet the requirements of this subsection if, under the terms of the plan, the present value of the nonforfeitable accrued benefit is determined without regard to that portion of such benefit which is attributable to rollover contributions (and earnings allocable thereto). For purposes of this subparagraph, the term 'rollover contributions' means any rollover contribution under sections 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), and 457(e)(16) of the Internal Revenue Code of 1986.''.

(b) ELIGIBLE DEFERRED COMPENSATION PLANS.—Clause (i) of section 457(e)(9)(A) is amended by striking ''such amount'' and inserting ''the portion of such amount which is not attributable to rollover contributions (as defined in section 411(a)(11)(D))''.

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

SEC. 649. MINIMUM DISTRIBUTION AND INCLUSION REQUIREMENTS FOR SECTION 457 PLANS.

(a) MINIMUM DISTRIBUTION REQUIREMENTS.—Paragraph (2) of section 457(d) (relating to distribution requirements) is amended to read as follows:

''(2) MINIMUM DISTRIBUTION REQUIREMENTS.—A plan meets the minimum distribution requirements of this paragraph if such plan meets the requirements of section 401(a)(9).''.

(b) INCLUSION IN GROSS INCOME.—

(1) YEAR OF INCLUSION.—Subsection (a) of section 457 (relating to year of inclusion in gross income) is amended to read as follows:

''(a) YEAR OF INCLUSION IN GROSS INCOME.—

''(1) IN GENERAL.—Any amount of compensation deferred under an eligible deferred compensation plan, and any income attributable to the amounts so deferred, shall be includible in gross income only for the taxable year in which such compensation or other income—

''(A) is paid to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(A), and

''(B) is paid or otherwise made available to the participant or other beneficiary, in the case of a plan of an eligible employer described in subsection (e)(1)(B).

''(2) SPECIAL RULE FOR ROLLOVER AMOUNTS.—To the extent provided in section 72(t)(9), section 72(t) shall apply to any amount includible in gross income under this subsection.''.

(2) CONFORMING AMENDMENTS.—

(A) So much of paragraph (9) of section 457(e) as precedes subparagraph (A) is amended to read as follows:

''(9) BENEFITS OF TAX EXEMPT ORGANIZATION PLANS NOT TREATED AS MADE AVAILABLE BY REASON OF CERTAIN ELECTIONS, ETC.—In the case of an eligible deferred compensation plan of an employer described in subsection (e)(1)(B)—''.

(B) Section 457(d) is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE FOR GOVERNMENT PLAN.—An eligible deferred compensation plan of an employer described in subsection (e)(1)(A) shall not be treated as failing to meet the requirements of this subsection solely by reason of making a distribution described in subsection (e)(9)(A).''.

(c) MODIFICATION OF TRANSITION RULES FOR EXISTING 457 PLANS.—

(1) IN GENERAL.—Section 1107(c)(3)(B) of the Tax Reform Act of 1986 is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'' and by inserting after clause (ii) the following new clause:

''(iii) are deferred pursuant to an agreement with an individual covered by an agreement described in clause (ii), to the extent the annual amount under such agreement with the individual does not exceed—

''(I) the amount described in clause (ii)(II), multiplied by

''(II) the cumulative increase in the Consumer Price Index (as published by the Bureau of Labor Statistics of the Department of Labor).''.

(2) CONFORMING AMENDMENT.—The fourth sentence of section 1107(c)(3)(B) of the Tax Reform Act of 1986 is amended by striking ''This subparagraph'' and inserting ''Clauses (i) and (ii) of this subparagraph''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act with respect to increases in the Consumer Price Index after September 30, 1993.

(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to distributions after December 31, 2001.

Subtitle E—Strengthening Pension Security and Enforcement

PART I—GENERAL PROVISIONS

SEC. 651. REPEAL OF 160 PERCENT OF CURRENT LIABILITY FUNDING LIMIT.

(a) AMENDMENTS TO INTERNAL REVENUE CODE.—Section 412(c)(7) (relating to full-funding limitation) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2005, the applicable percentage''; and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan year beginning in—	The applicable percentage is—
2002	160
2003	165
2004	170.''.

(b) AMENDMENT OF ERISA.—Section 302(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082(c)(7)) is amended—

(1) by striking ''the applicable percentage'' in subparagraph (A)(i)(I) and inserting ''in the case of plan years beginning before January 1, 2005, the applicable percentage'', and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan year beginning in—	The applicable percentage is—
2002	160
2003	165
2004	170.''.

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

SEC. 652. MAXIMUM CONTRIBUTION DEDUCTION RULES MODIFIED AND APPLIED TO ALL DEFINED BENEFIT PLANS.

(a) IN GENERAL.—Subparagraph (D) of section 404(a)(1) (relating to special rule in case of certain plans) is amended to read as follows:

''(D) SPECIAL RULE IN CASE OF CERTAIN PLANS.—

''(i) IN GENERAL.—In the case of any defined benefit plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the unfunded termination liability (determined as if the proposed termination date referred to in section 4041(b)(2)(A)(i)(II) of the Employee Retirement Income Security Act of 1974 were the last day of the plan year).

''(ii) PLANS WITH LESS THAN 100 PARTICIPANTS.—For purposes of this subparagraph, in the case of a plan which has less than 100 participants for the plan year, termination liability shall not include the liability attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years before the termination date.

''(iii) RULE FOR DETERMINING NUMBER OF PARTICIPANTS.—For purposes of determining whether a plan has more than 100 participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(l)(8)(C))) shall be treated as one plan, but only employees of such member or employer shall be taken into account.

''(iv) PLANS MAINTAINED BY PROFESSIONAL SERVICE EMPLOYERS.—Clause (i) shall not apply to a plan described in section 4021(b)(13) of the Employee Retirement Income Security Act of 1974.''.

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4972(c) is amended to read as follows:

''(6) EXCEPTIONS.—In determining the amount of nondeductible contributions for any taxable year, there shall not be taken into account so much of the contributions to one or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the greater of—

''(A) the amount of contributions not in excess of 6 percent of compensation (within the meaning of section 404(a)) paid or accrued (during the taxable year for which the contributions were made) to beneficiaries under the plans, or

''(B) the sum of—

''(i) the amount of contributions described in section 401(m)(4)(A), plus

''(ii) the amount of contributions described in section 402(g)(3)(A).

For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to a defined benefit plan and then to amounts described in subparagraph (B).''.

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

SEC. 653. EXCISE TAX RELIEF FOR SOUND PENSION FUNDING.

(a) IN GENERAL.—Subsection (c) of section 4972 (relating to nondeductible contributions) is amended by adding at the end the following new paragraph:

''(7) DEFINED BENEFIT PLAN EXCEPTION.—In determining the amount of nondeductible contributions for any taxable year, an employer may elect for such year not to take into account any contributions to a defined benefit plan except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof). For purposes of this paragraph, the deductible limits under section 404(a)(7) shall first be applied to amounts contributed to defined contribution plans and then to amounts described in this paragraph. If an employer makes an election under this paragraph for a taxable year, paragraph (6) shall not apply to such employer for such taxable year.''.

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

SEC. 654. TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

(a) COMPENSATION LIMIT.—

(1) IN GENERAL.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.''.

(2) CONFORMING AMENDMENT.—Section 415(b)(7) (relating to benefits under certain collectively bargained plans) is amended by inserting ''(other than a multiemployer plan)'' after ''defined benefit plan'' in the matter preceding subparagraph (A).

(b) COMBINING AND AGGREGATION OF PLANS.—

(1) COMBINING OF PLANS.—Subsection (f) of section 415 (relating to combining of plans) is amended by adding at the end the following:

''(3) EXCEPTION FOR MULTIEMPLOYER PLANS.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying subsection (b)(1)(B) to such plan or any other such plan.''.

(2) CONFORMING AMENDMENT FOR AGGREGATION OF PLANS.—Subsection (g) of section 415 (relating to aggregation of plans) is amended by striking ''The Secretary'' and inserting ''Except as provided in subsection (f)(3), the Secretary''.

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

SEC. 655. PROTECTION OF INVESTMENT OF EMPLOYEE CONTRIBUTIONS TO 401(k) PLANS.

(a) IN GENERAL.—Section 1524(b) of the Taxpayer Relief Act of 1997 is amended to read as follows:

''(b) EFFECTIVE DATE.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to elective deferrals for plan years beginning after December 31, 1998.

''(2) NONAPPLICATION TO PREVIOUSLY ACQUIRED PROPERTY.—The amendments made by this section shall not apply to any elective deferral which is invested in assets consisting of qualifying employer securities, qualifying employer real property, or both, if such assets were acquired before January 1, 1999.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply as if included in the provision of the Taxpayer Relief Act of 1997 to which it relates.

SEC. 656. PROHIBITED ALLOCATIONS OF STOCK IN S CORPORATION ESOP.

(a) IN GENERAL.—Section 409 (relating to qualifications for tax credit employee stock ownership plans) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

''(p) PROHIBITED ALLOCATIONS OF SECURITIES IN AN S CORPORATION.—

''(1) IN GENERAL.—An employee stock ownership plan holding employer securities consisting of stock in an S corporation shall provide that no portion of the assets of the plan attributable to (or allocable in lieu of) such employer securities may, during a nonallocation year, accrue (or be allocated directly or indirectly under any plan of the employer meeting the requirements of section 401(a)) for the benefit of any disqualified person.

''(2) FAILURE TO MEET REQUIREMENTS.—

''(A) IN GENERAL.—If a plan fails to meet the requirements of paragraph (1), the plan

shall be treated as having distributed to any disqualified person the amount allocated to the account of such person in violation of paragraph (1) at the time of such allocation.

''(B) CROSS REFERENCE.—

"For excise tax relating to violations of paragraph (1) and ownership of synthetic equity, see section 4979A.

''(3) NONALLOCATION YEAR.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'nonallocation year' means any plan year of an employee stock ownership plan if, at any time during such plan year—

''(i) such plan holds employer securities consisting of stock in an S corporation, and

''(ii) disqualified persons own at least 50 percent of the number of shares of stock in the S corporation.

''(B) ATTRIBUTION RULES.—For purposes of subparagraph (A)—

''(i) IN GENERAL.—The rules of section 318(a) shall apply for purposes of determining ownership, except that—

''(I) in applying paragraph (1) thereof, the members of an individual's family shall include members of the family described in paragraph (4)(D), and

''(II) paragraph (4) thereof shall not apply.

''(ii) DEEMED-OWNED SHARES.—Notwithstanding the employee trust exception in section 318(a)(2)(B)(i), an individual shall be treated as owning deemed-owned shares of the individual.

Solely for purposes of applying paragraph (5), this subparagraph shall be applied after the attribution rules of paragraph (5) have been applied.

''(4) DISQUALIFIED PERSON.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'disqualified person' means any person if—

''(i) the aggregate number of deemed-owned shares of such person and the members of such person's family is at least 20 percent of the number of deemed-owned shares of stock in the S corporation, or

''(ii) in the case of a person not described in clause (i), the number of deemed-owned shares of such person is at least 10 percent of the number of deemed-owned shares of stock in such corporation.

''(B) TREATMENT OF FAMILY MEMBERS.—In the case of a disqualified person described in subparagraph (A)(i), any member of such person's family with deemed-owned shares shall be treated as a disqualified person if not otherwise treated as a disqualified person under subparagraph (A).

''(C) DEEMED-OWNED SHARES.—

''(i) IN GENERAL.—The term 'deemed-owned shares' means, with respect to any person—

''(I) the stock in the S corporation constituting employer securities of an employee stock ownership plan which is allocated to such person under the plan, and

''(II) such person's share of the stock in such corporation which is held by such plan but which is not allocated under the plan to participants.

''(ii) PERSON'S SHARE OF UNALLOCATED STOCK.—For purposes of clause (i)(II), a person's share of unallocated S corporation stock held by such plan is the amount of the unallocated stock which would be allocated to such person if the unallocated stock were allocated to all participants in the same proportions as the most recent stock allocation under the plan.

''(D) MEMBER OF FAMILY.—For purposes of this paragraph, the term 'member of the family' means, with respect to any individual—

''(i) the spouse of the individual,

''(ii) an ancestor or lineal descendant of the individual or the individual's spouse,

''(iii) a brother or sister of the individual or the individual's spouse and any lineal descendant of the brother or sister, and

''(iv) the spouse of any individual described in clause (ii) or (iii).

A spouse of an individual who is legally separated from such individual under a decree of divorce or separate maintenance shall not be treated as such individual's spouse for purposes of this subparagraph.

''(5) TREATMENT OF SYNTHETIC EQUITY.—For purposes of paragraphs (3) and (4), in the case of a person who owns synthetic equity in the S corporation, except to the extent provided in regulations, the shares of stock in such corporation on which such synthetic equity is based shall be treated as outstanding stock in such corporation and deemed-owned shares of such person if such treatment of synthetic equity of 1 or more such persons results in—

''(A) the treatment of any person as a disqualified person, or

''(B) the treatment of any year as a nonallocation year.

For purposes of this paragraph, synthetic equity shall be treated as owned by a person in the same manner as stock is treated as owned by a person under the rules of paragraphs (2) and (3) of section 318(a). If, without regard to this paragraph, a person is treated as a disqualified person or a year is treated as a nonallocation year, this paragraph shall not be construed to result in the person or year not being so treated.

''(6) DEFINITIONS.—For purposes of this subsection—

''(A) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

''(B) EMPLOYER SECURITIES.—The term 'employer security' has the meaning given such term by section 409(l).

''(C) SYNTHETIC EQUITY.—The term 'synthetic equity' means any stock option, warrant, restricted stock, deferred issuance stock right, or similar interest or right that gives the holder the right to acquire or receive stock of the S corporation in the future. Except to the extent provided in regulations, synthetic equity also includes a stock appreciation right, phantom stock unit, or similar right to a future cash payment based on the value of such stock or appreciation in such value.

''(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.''.

(b) COORDINATION WITH SECTION 4975(e)(7).—The last sentence of section 4975(e)(7) (defining employee stock ownership plan) is amended by inserting '', section 409(p),'' after ''409(n)''.

(c) EXCISE TAX.—

(1) APPLICATION OF TAX.—Subsection (a) of section 4979A (relating to tax on certain prohibited allocations of employer securities) is amended—

(A) by striking ''or'' at the end of paragraph (1), and

(B) by striking all that follows paragraph (2) and inserting the following:

''(3) there is any allocation of employer securities which violates the provisions of section 409(p), or a nonallocation year described in subsection (e)(2)(C) with respect to an employee stock ownership plan, or

''(4) any synthetic equity is owned by a disqualified person in any nonallocation year,

there is hereby imposed a tax on such allocation or ownership equal to 50 percent of the amount involved.''.

(2) LIABILITY.—Section 4979A(c) (defining liability for tax) is amended to read as follows:

''(c) LIABILITY FOR TAX.—The tax imposed by this section shall be paid—

''(1) in the case of an allocation referred to in paragraph (1) or (2) of subsection (a), by—

''(A) the employer sponsoring such plan, or

''(B) the eligible worker-owned cooperative,

which made the written statement described in section 664(g)(1)(E) or in section 1042(b)(3)(B) (as the case may be), and

''(2) in the case of an allocation or ownership referred to in paragraph (3) or (4) of subsection (a), by the S corporation the stock in which was so allocated or owned.''.

(3) DEFINITIONS.—Section 4979A(e) (relating to definitions) is amended to read as follows:

''(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) DEFINITIONS.—Except as provided in paragraph (2), terms used in this section have the same respective meanings as when used in sections 409 and 4978.

''(2) SPECIAL RULES RELATING TO TAX IMPOSED BY REASON OF PARAGRAPH (3) OR (4) OF SUBSECTION (a).—

''(A) PROHIBITED ALLOCATIONS.—The amount involved with respect to any tax imposed by reason of subsection (a)(3) is the amount allocated to the account of any person in violation of section 409(p)(1).

''(B) SYNTHETIC EQUITY.—The amount involved with respect to any tax imposed by reason of subsection (a)(4) is the value of the shares on which the synthetic equity is based.

''(C) SPECIAL RULE DURING FIRST NONALLOCATION YEAR.—For purposes of subparagraph (A), the amount involved for the first nonallocation year of any employee stock ownership plan shall be determined by taking into account the total value of all the deemed-owned shares of all disqualified persons with respect to such plan.

''(D) STATUTE OF LIMITATIONS.—The statutory period for the assessment of any tax imposed by this section by reason of paragraph (3) or (4) of subsection (a) shall not expire before the date which is 3 years from the later of—

''(i) the allocation or ownership referred to in such paragraph giving rise to such tax, or

''(ii) the date on which the Secretary is notified of such allocation or ownership.''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2002.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after July 11, 2000, or

(B) employee stock ownership plan established on or before such date if employer securities held by the plan consist of stock in a corporation with respect to which an election under section 1362(a) of the Internal Revenue Code of 1986 is not in effect on such date,

the amendments made by this section shall apply to plan years ending after July 11, 2000.

SEC. 657. AUTOMATIC ROLLOVERS OF CERTAIN MANDATORY DISTRIBUTIONS.

(a) DIRECT TRANSFERS OF MANDATORY DISTRIBUTIONS.—

(1) IN GENERAL.—Section 401(a)(31) (relating to optional direct transfer of eligible rollover distributions), as amended by section 643, is amended by redesignating subparagraphs (B), (C), and (D) as subparagraphs (C),

(D), and (E), respectively, and by inserting after subparagraph (A) the following new subparagraph:

''(B) CERTAIN MANDATORY DISTRIBUTIONS.—

''(i) IN GENERAL.—In case of a trust which is part of an eligible plan, such trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that if—

''(I) a distribution described in clause (ii) in excess of $1,000 is made, and

''(II) the distributee does not make an election under subparagraph (A) and does not elect to receive the distribution directly,

the plan administrator shall make such transfer to an individual retirement account or annuity of a designated trustee or issuer and shall notify the distributee in writing (either separately or as part of the notice under section 402(f)) that the distribution may be transferred without cost or penalty to another individual account or annuity.

''(ii) ELIGIBLE PLAN.—For purposes of clause (i), the term 'eligible plan' means a plan which provides that any nonforfeitable accrued benefit for which the present value (as determined under section 411(a)(11)) does not exceed $5,000 shall be immediately distributed to the participant.''.

(2) CONFORMING AMENDMENTS.—

(A) The heading of section 401(a)(31) is amended by striking ''OPTIONAL DIRECT'' and inserting ''DIRECT''.

(B) Section 401(a)(31)(C), as redesignated by paragraph (1), is amended by striking ''Subparagraph (A)'' and inserting ''Subparagraphs (A) and (B)''.

(b) NOTICE REQUIREMENT.—Section 402(f)(1) (relating to written explanation to recipients of distributions eligible for rollover treatment) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D), and by adding at the end the following new subparagraph:

''(E) if applicable, of the provision requiring a direct trustee-to-trustee transfer of a distribution under section 401(a)(31)(B) unless the recipient elects otherwise.''.

(c) FIDUCIARY RULES.—

(1) IN GENERAL.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)) is amended by adding at the end the following new paragraph:

''(3) In the case of a pension plan which makes a transfer to an individual retirement account or annuity of a designated trustee or issuer under section 401(a)(31)(B) of the Internal Revenue Code of 1986, the participant or beneficiary shall, for purposes of paragraph (1), be treated as exercising control over the assets in the account or annuity upon the earlier of—

''(A) a rollover of all or a portion of the amount to another individual retirement account or annuity; or

''(B) one year after the transfer is made.''.

(2) REGULATIONS.—

(A) AUTOMATIC ROLLOVER SAFE HARBOR.—The Secretary of Labor shall promulgate regulations to provide guidance regarding meeting the fiduciary requirements of section 404(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)) in the case of a pension plan which makes a transfer under section 401(a)(31)(B) of the Internal Revenue Code of 1986.

(B) USE OF LOW-COST INDIVIDUAL RETIREMENT PLANS.—The Secretary of the Treasury and the Secretary of Labor shall promulgate such regulations as necessary to encourage the use of low-cost individual retirement plans for purposes of transfers under section 401(a)(31)(B) of the Internal Revenue Code of 1986 and for other uses as appropriate to promote the preservation of assets for retirement income purposes.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after final regulations implementing subsection (c) are prescribed.

SEC. 658. CLARIFICATION OF TREATMENT OF CONTRIBUTIONS TO MULTIEMPLOYER PLAN.

(a) NOT CONSIDERED METHOD OF ACCOUNTING.—For purposes of section 446 of the Internal Revenue Code of 1986, a determination under section 404(a)(6) of such Code regarding the taxable year with respect to which a contribution to a multiemployer pension plan is deemed made shall not be treated as a method of accounting of the taxpayer. No deduction shall be allowed for any taxable year for any contribution to a multiemployer pension plan with respect to which a deduction was previously allowed.

(b) REGULATIONS.—The Secretary of the Treasury shall promulgate such regulations as necessary to clarify that a taxpayer shall not be allowed, with respect to any taxable year, an aggregate amount of deductions for contributions to a multiemployer pension plan which exceeds the amount of such contributions made or deemed made under section 404(a)(6) of the Internal Revenue Code of 1986 to such plan.

(c) EFFECTIVE DATE.—Subsection (a), and any regulations promulgated under subsection (b), shall be effective for years ending after the date of the enactment of this Act.

PART II—TREATMENT OF PLAN AMENDMENTS REDUCING FUTURE BENEFIT ACCRUALS

SEC. 659. NOTICE REQUIRED FOR PENSION PLAN AMENDMENTS HAVING THE EFFECT OF SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) EXCISE TAX.—

(1) IN GENERAL.—Chapter 43 (relating to qualified pension, etc., plans) is amended by adding at the end the following new section:

''SEC. 4980F. FAILURE TO PROVIDE NOTICE OF PENSION PLAN AMENDMENTS REDUCING BENEFIT ACCRUALS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of an applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—

''(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the notice to which the failure relates is provided or the failure is otherwise corrected.

''(c) LIMITATIONS ON AMOUNT OF TAX.—

''(1) TAX NOT TO APPLY WHERE FAILURE NOT DISCOVERED AND REASONABLE DILIGENCE EXERCISED.—No tax shall be imposed by subsection (a) on any failure during any period for which it is established to the satisfaction of the Secretary that any person subject to liability for the tax under subsection (d) did not know that the failure existed and exercised reasonable diligence to meet the requirements of subsection (e).

''(2) TAX NOT TO APPLY TO FAILURES CORRECTED WITHIN 30 DAYS.—No tax shall be imposed by subsection (a) on any failure if—

''(A) any person subject to liability for the tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), and

''(B) such person provides the notice described in subsection (e) during the 30-day period beginning on the first date such person knew, or exercising reasonable diligence would have known, that such failure existed.

''(3) OVERALL LIMITATION FOR UNINTENTIONAL FAILURES.—

''(A) IN GENERAL.—If the person subject to liability for tax under subsection (d) exercised reasonable diligence to meet the requirements of subsection (e), the tax imposed by subsection (a) for failures during the taxable year of the employer (or, in the case of a multiemployer plan, the taxable year of the trust forming part of the plan) shall not exceed $500,000. For purposes of the preceding sentence, all multiemployer plans of which the same trust forms a part shall be treated as 1 plan.

''(B) TAXABLE YEARS IN THE CASE OF CERTAIN CONTROLLED GROUPS.—For purposes of this paragraph, if all persons who are treated as a single employer for purposes of this section do not have the same taxable year, the taxable years taken into account shall be determined under principles similar to the principles of section 1561.

''(4) WAIVER BY SECRETARY.—In the case of a failure which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by subsection (a) to the extent that the payment of such tax would be excessive or otherwise inequitable relative to the failure involved.

''(d) LIABILITY FOR TAX.—The following shall be liable for the tax imposed by subsection (a):

''(1) In the case of a plan other than a multiemployer plan, the employer.

''(2) In the case of a multiemployer plan, the plan.

''(e) NOTICE REQUIREMENTS FOR PLAN AMENDMENTS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If the sponsor of an applicable pension plan adopts an amendment which has the effect of significantly reducing the rate of future benefit accrual of 1 or more participants, the plan administrator shall, not later than the 45th day before the effective date of the amendment, provide written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

''(A) sets forth a summary of the plan amendment and the effective date of the amendment,

''(B) includes a statement that the plan amendment is expected to significantly reduce the rate of future benefit accrual,

''(C) includes a description of the classes of employees reasonably expected to be affected by the reduction in the rate of future benefit accrual,

''(D) sets forth examples illustrating how the plan will change benefits for such classes of employees,

''(E) if paragraph (2) applies to the plan amendment, includes a notice that the plan administrator will provide a benefit estimation tool kit described in paragraph (2)(B) to each applicable individual no later than the date required under paragraph (2)(A), and

''(F) includes a notice of each applicable individual's right under Federal law to receive, and of the procedures for requesting, an annual benefit statement.

''(2) REQUIREMENT TO PROVIDE BENEFIT ESTIMATION TOOL KIT.—

''(A) IN GENERAL.—If a plan amendment results in the significant restructuring of the plan benefit formula (as determined under

regulations prescribed by the Secretary), the plan administrator shall, not later than the 15th day before the effective date of the amendment, provide a benefit estimation tool kit described in subparagraph (B) to each applicable individual. If such plan amendment occurs within 12 months of an event described in section 410(b)(6)(C), the plan administrator shall in no event be required to provide the benefit estimation tool kit to applicable individuals affected by the event before the date which is 12 months after the date on which notice under paragraph (1) is given to such applicable individuals.

''(B) BENEFIT ESTIMATION TOOL KIT.—The benefit estimation tool kit described in this subparagraph shall include the following information:

''(i) Sufficient information to enable an applicable individual to estimate the individual's projected benefits under the terms of the plan in effect both before and after the adoption of the amendment.

''(ii) The formulas and actuarial assumptions necessary to estimate under both such plan terms a single life annuity at appropriate ages, and, when available, a lump sum distribution.

''(iii) The interest rate used to compute a lump sum distribution and information as to whether the value of any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)) is included in the lump sum distribution.

''(3) NOTICE TO DESIGNEE.—Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(4) FORM OF EXPLANATION.—The information required to be provided under this subsection shall be provided in a manner calculated to be reasonably understood by the average plan participant.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—

''(A) IN GENERAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(i) each participant in the plan, and

''(ii) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

whose rate of future benefit accrual under the plan may reasonably be expected to be significantly reduced by such plan amendment.

''(B) EXCEPTION FOR PARTICIPANTS WITH LESS THAN 1 YEAR OF PARTICIPATION.—Such term shall not include a participant who has less than 1 year of participation (within the meaning of section 411(b)(4)) under the plan as of the effective date of the plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) a defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412.

Such term shall not include a governmental plan (within the meaning of section 414(d)), a church plan (within the meaning of section 414(e)) with respect to which an election under section 410(d) has not been made, or any other plan to which section 204(h) of the Employee Retirement Income Security Act of 1974 does not apply.

''(3) EARLY RETIREMENT.—A plan amendment which eliminates or significantly reduces any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)) shall be treated as having the effect of significantly reducing the rate of future benefit accrual.

''(g) REGULATIONS.—The Secretary shall, not later than 1 year after the date of the enactment of this section, issue—

''(1) the regulations described in subsection (e)(2)(A) and section 204(h)(2)(A) of the Employee Retirement Income Security Act of 1974, and

''(2) guidance for both of the examples described in subsection (e)(1)(D) and section 204(h)(1)(D) of the Employee Retirement Income Security Act of 1974 and the benefit estimation tool kit described in subsection (e)(2)(B) and section 204(h)(2)(B) of the Employee Retirement Income Security Act of 1974.

''(h) NEW TECHNOLOGIES.—The Secretary may by regulation allow any notice under paragraph (1) or (2) of subsection (e) to be provided by using new technologies. Such regulations shall ensure that at least one option for providing such notice is not dependent on new technologies.''

(2) CONFORMING AMENDMENT.—The table of sections for chapter 43 is amended by adding at the end the following new item:

''Sec. 4980F. Failure to provide notice of pension plan amendments reducing benefit accruals.''

(b) AMENDMENT OF ERISA.—Section 204(h) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(h)) is amended to read as follows:

''(h)(1) If an applicable pension plan is amended so as to provide a significant reduction in the rate of future benefit accrual of 1 or more participants, the plan administrator shall, not later than the 45th day before the effective date of the amendment, provide written notice to each applicable individual (and to each employee organization representing applicable individuals) which—

''(A) sets forth a summary of the plan amendment and the effective date of the amendment,

''(B) includes a statement that the plan amendment is expected to significantly reduce the rate of future benefit accrual,

''(C) includes a description of the classes of employees reasonably expected to be affected by the reduction in the rate of future benefit accrual,

''(D) sets forth examples illustrating how the plan will change benefits for such classes of employees,

''(E) if paragraph (2) applies to the plan amendment, includes a notice that the plan administrator will provide a benefit estimation tool kit described in paragraph (2)(B) to each applicable individual no later than the date required under paragraph (2)(A), and

''(F) includes a notice of each applicable individual's right under Federal law to receive, and of the procedures for requesting, an annual benefit statement.

''(2)(A) If a plan amendment results in the significant restructuring of the plan benefit formula (as determined under regulations prescribed by the Secretary of the Treasury), the plan administrator shall, not later than the 15th day before the effective date of the amendment, provide a benefit estimation tool kit described in subparagraph (B) to each applicable individual. If such plan amendment occurs within 12 months of an event described in section 410(b)(6)(C) of the Internal Revenue Code of 1986, the plan administrator shall in no event be required to provide the benefit estimation tool kit to applicable individuals affected by the event before the date which is 12 months after the date on which notice under paragraph (1) is given to such applicable individuals.

''(B) The benefit estimation tool kit described in this subparagraph shall include the following information:

''(i) Sufficient information to enable an applicable individual to estimate the individual's projected benefits under the terms of the plan in effect both before and after the adoption of the amendment.

''(ii) The formulas and actuarial assumptions necessary to estimate under both such plan terms a single life annuity at appropriate ages, and, when available, a lump sum distribution.

''(iii) The interest rate used to compute a lump sum distribution and information as to whether the value of any early retirement benefit or retirement-type subsidy (within the meaning of subsection (g)(2)(A)) is included in the lump sum distribution.

''(3) Any notice under paragraph (1) or (2) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(4) The information required to be provided under this subsection shall be provided in a manner calculated to be reasonably understood by the average participant.

''(5)(A) In the case of any failure to exercise due diligence in meeting any requirement of this subsection with respect to any plan amendment, the provisions of the applicable pension plan shall be applied as if such plan amendment entitled all applicable individuals to the greater of—

''(i) the benefits to which they would have been entitled without regard to such amendment, or

''(ii) the benefits under the plan with regard to such amendment.

''(B) For purposes of subparagraph (A), there is a failure to exercise due diligence in meeting the requirements of this subsection if such failure is within the control of the plan sponsor and is—

''(i) an intentional failure (including any failure to promptly provide the required notice or information after the plan administrator discovers an unintentional failure to meet the requirements of this subsection),

''(ii) a failure to provide most of the individuals with most of the information they are entitled to receive under this subsection, or

''(iii) a failure to exercise due diligence which is determined under regulations prescribed by the Secretary of the Treasury.

''(C) For excise tax on failure to meet requirements, see section 4980F of the Internal Revenue Code of 1986.

''(5)(A) For purposes of this subsection, the term 'applicable individual' means, with respect to any plan amendment—

''(i) each participant in the plan, and

''(ii) any beneficiary who is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)),

whose rate of future benefit accrual under the plan may reasonably be expected to be significantly reduced by such plan amendment.

''(B) Such term shall not include a participant who has less than 1 year of participation (within the meaning of subsection (b)(4)) under the plan as of the effective date of the plan amendment.

''(6) For purposes of this subsection, the term 'applicable pension plan' means—

''(A) a defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 302.

''(7) For purposes of this subsection, a plan amendment which eliminates or significantly reduces any early retirement benefit or retirement-type subsidy (within the meaning of section 204(g)(2)(A)) shall be treated as having the effect of significantly reducing the rate of future benefit accrual.

''(8) The Secretary of the Treasury may by regulation allow any notice under this subsection to be provided by using new technologies. Such regulation shall ensure that at least one option for providing such notice is not dependent on new technologies.''

(c) REGULATIONS RELATING TO EARLY RETIREMENT SUBSIDIES.—The Secretary of the Treasury or the Secretary's delegate shall, not later than 1 year after the date of the enactment of this Act, issue regulations relating to early retirement benefits or retirement-type subsidies described in section 411(d)(6)(B)(i) of the Internal Revenue Code of 1986 and section 204(g)(2)(A) of the Employee Retirement Income Security Act of 1974.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under section 4980F(e)(2) of the Internal Revenue Code of 1986 and section 204(h)(2) of the Employee Retirement Income Security Act of 1974 (as added by the amendments made by this section), a plan shall be treated as meeting the requirements of such sections if it makes a good faith effort to comply with such requirements.

(3) SPECIAL NOTICE RULES.—The period for providing any notice required by the amendments made by this section shall not end before the date which is 3 months after the date of the enactment of this Act.

(d) STUDY.—The Secretary of the Treasury shall prepare a report on the effects of significant restructurings of plan benefit formulas of traditional defined benefit plans. Such study shall examine the effects of such restructurings on longer service participants, including the incidence and effects of ''wear away'' provisions under which participants earn no additional benefits for a period of time after restructuring. As soon as practicable, but not later than one year after the date of enactment of this Act, the Secretary shall submit such report, together with recommendations thereon, to the Committee on Ways and Means and the Committee on Education and the Workforce of the House of Representatives and the Committee on Finance and the Committee on Health, Education, Labor, and Pensions of the Senate.

Subtitle F—Reducing Regulatory Burdens

SEC. 661. MODIFICATION OF TIMING OF PLAN VALUATIONS.

(a) IN GENERAL.—Paragraph (9) of section 412(c) (relating to annual valuation) is amended to read as follows:

''(9) ANNUAL VALUATION.—

''(A) IN GENERAL.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every year, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary.

''(B) VALUATION DATE.—

''(i) CURRENT YEAR.—Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

''(ii) ELECTION TO USE PRIOR YEAR VALUATION.—The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if—

''(I) an election is in effect under this clause with respect to the plan, and

''(II) as of such date, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).

''(iii) ADJUSTMENTS.—Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) ELECTION.—An election under clause (ii), once made, shall be irrevocable without the consent of the Secretary.''.

(b) AMENDMENT OF ERISA.—Paragraph (9) of section 302(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(c)) is amended—

(1) by inserting ''(A)'' after ''(9)'', and

(2) by adding at the end the following:

''(B)(i) Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

''(ii) The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if—

''(I) an election is in effect under this clause with respect to the plan, and

''(II) as of such date, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (7)(B)).

''(iii) Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) An election under clause (ii), once made, shall be irrevocable without the consent of the Secretary of the Treasury.''.

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

SEC. 662. ESOP DIVIDENDS MAY BE REINVESTED WITHOUT LOSS OF DIVIDEND DEDUCTION.

(a) IN GENERAL.—Section 404(k)(2)(A) (defining applicable dividends) is amended by striking ''or'' at the end of clause (ii), by redesignating clause (iii) as clause (iv), and by inserting after clause (ii) the following new clause:

''(iii) is, at the election of such participants or their beneficiaries—

''(I) payable as provided in clause (i) or (ii), or

''(II) paid to the plan and reinvested in qualifying employer securities, or''.

(b) LIMITATION ON AMOUNT OF DEDUCTION.—Section 404(k)(1) (relating to deduction for dividends paid on certain employer securities) is amended to read as follows:

''(1) DEDUCTION ALLOWED.—

''(A) IN GENERAL.—In the case of a C corporation, there shall be allowed as a deduction for the taxable year an amount equal to—

''(i) the amount of any applicable dividend described in clause (i), (ii), or (iv) of paragraph (2)(A), and

''(ii) the applicable percentage of any applicable dividend described in clause (iii),

paid in cash by such corporation during the taxable year with respect to applicable employer securities. Such deduction shall be in addition to the deduction allowed subsection (a).

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in:	The applicable percentage is:
2002, 2003, and 2004	25 percent
2005, 2006, and 2007	50 percent
2008, 2009, and 2010	75 percent
2011 and thereafter	100 percent

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

SEC. 663. REPEAL OF TRANSITION RULE RELATING TO CERTAIN HIGHLY COMPENSATED EMPLOYEES.

(a) IN GENERAL.—Paragraph (4) of section 1114(c) of the Tax Reform Act of 1986 is hereby repealed.

(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to plan years beginning after December 31, 2001.

SEC. 664. EMPLOYEES OF TAX-EXEMPT ENTITIES.

(a) IN GENERAL.—The Secretary of the Treasury shall modify Treasury Regulations section 1.410(b)–6(g) to provide that employees of an organization described in section 403(b)(1)(A)(i) of the Internal Revenue Code of 1986 who are eligible to make contributions under section 403(b) of such Code pursuant to a salary reduction agreement may be treated as excludable with respect to a plan under section 401(k) or (m) of such Code that is provided under the same general arrangement as a plan under such section 401(k), if—

(1) no employee of an organization described in section 403(b)(1)(A)(i) of such Code is eligible to participate in such section 401(k) plan or section 401(m) plan; and

(2) 95 percent of the employees who are not employees of an organization described in section 403(b)(1)(A)(i) of such Code are eligible to participate in such plan under such section 401(k) or (m).

(b) EFFECTIVE DATE.—The modification required by subsection (a) shall apply as of the same date set forth in section 1426(b) of the Small Business Job Protection Act of 1996.

SEC. 665. CLARIFICATION OF TREATMENT OF EMPLOYER-PROVIDED RETIREMENT ADVICE.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to exclusion from gross income) is amended by striking ''or'' at the end of paragraph (5), by striking the period at the end of paragraph (6) and inserting '', or'', and by adding at the end the following new paragraph:

''(7) qualified retirement planning services.''.

(b) QUALIFIED RETIREMENT PLANNING SERVICES DEFINED.—Section 132 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

''(m) QUALIFIED RETIREMENT PLANNING SERVICES.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified retirement planning services' means any retirement planning advice or information provided to an employee and his spouse by an employer maintaining a qualified employer plan.

''(2) NONDISCRIMINATION RULE.—Subsection (a)(7) shall apply in the case of highly compensated employees only if such services are available on substantially the same terms to each member of the group of employees normally provided education and information regarding the employer's qualified employer plan.

''(3) QUALIFIED EMPLOYER PLAN.—For purposes of this subsection, the term 'qualified employer plan' means a plan, contract, pension, or account described in section 219(g)(5).''.

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

SEC. 666. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $250,000 or less as of the close of the plan year and each plan year beginning on or after January 1, 1994, need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term ''one-participant retirement plan'' means a retirement plan that—

(A) on the first day of the plan year—

(i) covered only the employer (and the employer's spouse) and the employer owned the entire business (whether or not incorporated); or

(ii) covered only one or more partners (and their spouses) in a business partnership (including partners in an S or C corporation);

(B) meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business;

(C) does not provide benefits to anyone except the employer (and the employer's spouse) or the partners (and their spouses);

(D) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

(E) does not cover a business that leases employees.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(b) EFFECTIVE DATE.—The provisions of this section shall take effect on January 1, 2002.

SEC. 667. IMPROVEMENT OF EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program) giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program;

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) extending the duration of the self-correction period under the Self-Correction Program for significant compliance failures;

(4) expanding the availability to correct insignificant compliance failures under the Self-Correction Program during audit; and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

SEC. 668. REPEAL OF THE MULTIPLE USE TEST.

(a) IN GENERAL.—Paragraph (9) of section 401(m) is amended to read as follows:

''(9) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection and subsection (k), including regulations permitting appropriate aggregation of plans and contributions.''.

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

SEC. 669. FLEXIBILITY IN NONDISCRIMINATION, COVERAGE, AND LINE OF BUSINESS RULES.

(a) NONDISCRIMINATION.—

(1) IN GENERAL.—The Secretary of the Treasury shall, by regulation, provide that a plan shall be deemed to satisfy the requirements of section 401(a)(4) of the Internal Revenue Code of 1986 if such plan satisfies the facts and circumstances test under section 401(a)(4) of such Code, as in effect before January 1, 1994, but only if—

(A) the plan satisfies conditions prescribed by the Secretary to appropriately limit the availability of such test; and

(B) the plan is submitted to the Secretary for a determination of whether it satisfies such test.

Subparagraph (B) shall only apply to the extent provided by the Secretary.

(2) EFFECTIVE DATES.—

(A) REGULATIONS.—The regulation required by paragraph (1) shall apply to years beginning after December 31, 2001.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under paragraph (1)(A) shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(b) COVERAGE TEST.—

(1) IN GENERAL.—Section 410(b)(1) (relating to minimum coverage requirements) is amended by adding at the end the following:

''(D) In the case that the plan fails to meet the requirements of subparagraphs (A), (B) and (C), the plan—

''(i) satisfies subparagraph (B), as in effect immediately before the enactment of the Tax Reform Act of 1986,

''(ii) is submitted to the Secretary for a determination of whether it satisfies the requirement described in clause (i), and

''(iii) satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of this subparagraph.

Clause (ii) shall apply only to the extent provided by the Secretary.''.

(2) EFFECTIVE DATES.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to years beginning after December 31, 2001.

(B) CONDITIONS OF AVAILABILITY.—Any condition of availability prescribed by the Secretary under regulations prescribed by the Secretary under section 410(b)(1)(D) of the Internal Revenue Code of 1986 shall not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

(c) LINE OF BUSINESS RULES.—The Secretary of the Treasury shall, on or before December 31, 2001, modify the existing regulations issued under section 414(r) of the Internal Revenue Code of 1986 in order to expand (to the extent that the Secretary determines appropriate) the ability of a pension plan to demonstrate compliance with the line of business requirements based upon the facts and circumstances surrounding the design and operation of the plan, even though the plan is unable to satisfy the mechanical tests currently used to determine compliance.

SEC. 670. EXTENSION TO ALL GOVERNMENTAL PLANS OF MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—

(1) Subparagraph (G) of section 401(a)(5) and subparagraph (H) of section 401(a)(26) are each amended by striking ''section 414(d))'' and all that follows and inserting ''section 414(d)).''.

(2) Subparagraph (G) of section 401(k)(3) and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 are each amended by striking ''maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The heading for subparagraph (G) of section 401(a)(5) is amended to read as follows: ''GOVERNMENTAL PLANS''.

(2) The heading for subparagraph (H) of section 401(a)(26) is amended to read as follows: ''EXCEPTION FOR GOVERNMENTAL PLANS''.

(3) Subparagraph (G) of section 401(k)(3) is amended by inserting ''GOVERNMENTAL PLANS.—'' after ''(G)''.

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

Subtitle G—Other ERISA Provisions

SEC. 681. MISSING PARTICIPANTS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsection:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.

''(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

''(1) TRANSFER TO CORPORATION.—The plan administrator of a plan described in paragraph (4) may elect to transfer a missing participant's benefits to the corporation upon termination of the plan.

''(2) INFORMATION TO THE CORPORATION.—To the extent provided in regulations, the plan administrator of a plan described in paragraph (4) shall, upon termination of the plan, provide the corporation information with respect to benefits of a missing participant if the plan transfers such benefits—

''(A) to the corporation, or

''(B) to an entity other than the corporation or a plan described in paragraph (4)(B)(ii).

''(3) PAYMENT BY THE CORPORATION.—If benefits of a missing participant were transferred to the corporation under paragraph (1), the corporation shall, upon location of the participant or beneficiary, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

''(A) in a single sum (plus interest), or

''(B) in such other form as is specified in regulations of the corporation.

''(4) PLANS DESCRIBED.—A plan is described in this paragraph if—

''(A) the plan is a pension plan (within the meaning of section 3(2))—

''(i) to which the provisions of this section do not apply (without regard to this subsection), and

''(ii) which is not a plan described in paragraphs (2) through (11) of section 4021(b), and

''(B) at the time the assets are to be distributed upon termination, the plan—

''(i) has missing participants, and

''(ii) has not provided for the transfer of assets to pay the benefits of all missing participants to another pension plan (within the meaning of section 3(2)).

''(5) CERTAIN PROVISIONS NOT TO APPLY.—Subsections (a)(1) and (a)(3) shall not apply to a plan described in paragraph (4).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions made after final regulations implementing subsections (c) and (d) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)), respectively, are prescribed.

SEC. 682. REDUCED PBGC PREMIUM FOR NEW PLANS OF SMALL EMPLOYERS.

(a) IN GENERAL.—Subparagraph (A) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)) is amended—

(1) in clause (i), by inserting ''other than a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined),'' after ''single-employer plan,'',

(2) in clause (iii), by striking the period at the end and inserting '', and'', and

(3) by adding at the end the following new clause:

''(iv) in the case of a new single-employer plan (as defined in subparagraph (F)) maintained by a small employer (as so defined) for the plan year, $5 for each individual who is a participant in such plan during the plan year.''.

(b) DEFINITION OF NEW SINGLE-EMPLOYER PLAN.—Section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)) is amended by adding at the end the following new subparagraph:

''(F)(i) For purposes of this paragraph, a single-employer plan maintained by a contributing sponsor shall be treated as a new single-employer plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of such plan, the sponsor or any member of such sponsor's controlled group (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new single-employer plan.

''(ii)(I) For purposes of this paragraph, the term 'small employer' means an employer which on the first day of any plan year has, in aggregation with all members of the controlled group of such employer, 100 or fewer employees.

''(II) In the case of a plan maintained by two or more contributing sponsors that are not part of the same controlled group, the employees of all contributing sponsors and controlled groups of such sponsors shall be aggregated for purposes of determining whether any contributing sponsor is a small employer.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plans established after December 31, 2001.

SEC. 683. REDUCTION OF ADDITIONAL PBGC PREMIUM FOR NEW AND SMALL PLANS.

(a) NEW PLANS.—Subparagraph (E) of section 4006(a)(3) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by adding at the end the following new clause:

''(v) In the case of a new defined benefit plan, the amount determined under clause (ii) for any plan year shall be an amount equal to the product of the amount determined under clause (ii) and the applicable percentage. For purposes of this clause, the term 'applicable percentage' means—

''(I) 0 percent, for the first plan year.

''(II) 20 percent, for the second plan year.

''(III) 40 percent, for the third plan year.

''(IV) 60 percent, for the fourth plan year.

''(V) 80 percent, for the fifth plan year.

For purposes of this clause, a defined benefit plan (as defined in section 3(35)) maintained by a contributing sponsor shall be treated as a new defined benefit plan for each of its first 5 plan years if, during the 36-month period ending on the date of the adoption of the plan, the sponsor and each member of any controlled group including the sponsor (or any predecessor of either) did not establish or maintain a plan to which this title applies with respect to which benefits were accrued for substantially the same employees as are in the new plan.''.

(b) SMALL PLANS.—Paragraph (3) of section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)), as amended by section 682(b), is amended—

(1) by striking ''The'' in subparagraph (E)(i) and inserting ''Except as provided in subparagraph (G), the'', and

(2) by inserting after subparagraph (F) the following new subparagraph:

''(G)(i) In the case of an employer who has 25 or fewer employees on the first day of the plan year, the additional premium determined under subparagraph (E) for each participant shall not exceed $5 multiplied by the number of participants in the plan as of the close of the preceding plan year.

''(ii) For purposes of clause (i), whether an employer has 25 or fewer employees on the first day of the plan year is determined taking into consideration all of the employees of all members of the contributing sponsor's controlled group. In the case of a plan maintained by two or more contributing sponsors, the employees of all contributing sponsors and their controlled groups shall be aggregated for purposes of determining whether the 25-or-fewer-employees limitation has been satisfied.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to plans established after December 31, 2001.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to plan years beginning after December 31, 2001.

SEC. 684. AUTHORIZATION FOR PBGC TO PAY INTEREST ON PREMIUM OVERPAYMENT REFUNDS.

(a) IN GENERAL.—Section 4007(b) of the Employment Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)) is amended—

(1) by striking ''(b)'' and inserting ''(b)(1)'', and

(2) by inserting at the end the following new paragraph:

''(2) The corporation is authorized to pay, subject to regulations prescribed by the corporation, interest on the amount of any overpayment of premium refunded to a designated payor. Interest under this paragraph shall be calculated at the same rate and in the same manner as interest is calculated for underpayments under paragraph (1).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accruing for periods beginning not earlier than the date of the enactment of this Act.

SEC. 685. SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

''(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(i) owns the entire interest in an unincorporated trade or business,

''(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

''(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation. For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).

''(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

''(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

''(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner.''.

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking ''section 4022(b)(5)'' and inserting ''section 4022(b)(5)(B)''.

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking ''(5)'' in paragraph (2) and inserting ''(4), (5),'', and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking ''as defined in section 4022(b)(6)'', and

(B) by adding at the end the following new subsection:

''(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(1) owns the entire interest in an unincorporated trade or business,

''(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

''(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation. For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 shall apply (determined without regard to section 1563(e)(3)(C)).''.

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking ''section 4022(b)(6)'' and inserting ''section 4021(d)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2001, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which proceedings are instituted by the corporation after such date.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (c) shall take effect on January 1, 2002.

Subtitle H—Miscellaneous Provisions

SEC. 691. TAX TREATMENT AND INFORMATION REQUIREMENTS OF ALASKA NATIVE SETTLEMENT TRUSTS.

(a) TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.—Subpart A of part I of subchapter J of chapter 1 (relating to general rules for taxation of trusts and estates) is amended by adding at the end the following new section:

"SEC. 646. TAX TREATMENT OF ELECTING ALASKA NATIVE SETTLEMENT TRUSTS.

''(a) IN GENERAL.—If an election under this section is in effect with respect to any Settlement Trust, the provisions of this section shall apply in determining the income tax treatment of the Settlement Trust and its beneficiaries with respect to the Settlement Trust.

''(b) TAXATION OF INCOME OF TRUST.—Except as provided in subsection (f)(1)(B)(ii)—

''(1) IN GENERAL.—There is hereby imposed on the taxable income of an electing Settlement Trust, other than its net capital gain, a tax at the lowest rate specified in section 1(c).

''(2) CAPITAL GAIN.—In the case of an electing Settlement Trust with a net capital gain for the taxable year, a tax is hereby imposed on such gain at the rate of tax which would apply to such gain if the taxpayer were subject to a tax on its other taxable income at only the lowest rate specified in section 1(c).

Any such tax shall be in lieu of the income tax otherwise imposed by this chapter on such income or gain.

''(c) ONE-TIME ELECTION.—

''(1) IN GENERAL.—A Settlement Trust may elect to have the provisions of this section apply to the trust and its beneficiaries.

''(2) TIME AND METHOD OF ELECTION.—An election under paragraph (1) shall be made by the trustee of such trust—

''(A) on or before the due date (including extensions) for filing the Settlement Trust's return of tax for the first taxable year of such trust ending after the date of the enactment of this section, and

''(B) by attaching to such return of tax a statement specifically providing for such election.

''(3) PERIOD ELECTION IN EFFECT.—Except as provided in subsection (f), an election under this subsection—

''(A) shall apply to the first taxable year described in paragraph (2)(A) and all subsequent taxable years, and

''(B) may not be revoked once it is made.

''(d) CONTRIBUTIONS TO TRUST.—

''(1) BENEFICIARIES OF ELECTING TRUST NOT TAXED ON CONTRIBUTIONS.—In the case of an electing Settlement Trust, no amount shall be includible in the gross income of a beneficiary of such trust by reason of a contribution to such trust.

''(2) EARNINGS AND PROFITS.—The earnings and profits of the sponsoring Native Corporation shall not be reduced on account of any contribution to such Settlement Trust:

''(e) TAX TREATMENT OF DISTRIBUTIONS TO BENEFICIARIES.—Amounts distributed by an electing Settlement Trust during any taxable year shall be considered as having the following characteristics in the hands of the recipient beneficiary:

''(1) First, as amounts excludable from gross income for the taxable year to the extent of the taxable income of such trust for such taxable year (decreased by any income tax paid by the trust with respect to the income) plus any amount excluded from gross income of the trust under section 103.

''(2) Second, as amounts excludable from gross income to the extent of the amount described in paragraph (1) for all taxable years for which an election is in effect under subsection (c) with respect to the trust, and not previously taken into account under paragraph (1).

''(3) Third, as amounts distributed by the sponsoring Native Corporation with respect to its stock (within the meaning of section 301(a)) during such taxable year and taxable to the recipient beneficiary as amounts described in section 301(c)(1), to the extent of current or accumulated earnings and profits of the sponsoring Native Corporation as of the close of such taxable year after proper adjustment is made for all distributions made by the sponsoring Native Corporation during such taxable year.

''(4) Fourth, as amounts distributed by the trust in excess of the distributable net income of such trust for such taxable year.

Amounts distributed to which paragraph (3) applies shall not be treated as a corporate distribution subject to section 311(b), and for purposes of determining the amount of a distribution for purposes of paragraph (3) and the basis to the recipients, section 643(e) and not section 301(b) or (d) shall apply.

''(f) SPECIAL RULES WHERE TRANSFER RESTRICTIONS MODIFIED.—

''(1) TRANSFER OF BENEFICIAL INTERESTS.—If, at any time, a beneficial interest in an electing Settlement Trust may be disposed of to a person in a manner which would not be permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if such interest were Settlement Common Stock—

''(A) no election may be made under subsection (c) with respect to such trust, and

''(B) if such an election is in effect as of such time—

''(i) such election shall cease to apply as of the first day of the taxable year in which such disposition is first permitted,

''(ii) the provisions of this section shall not apply to such trust for such taxable year and all taxable years thereafter, and

''(iii) the distributable net income of such trust shall be increased by the current or accumulated earnings and profits of the sponsoring Native Corporation as of the close of such taxable year after proper adjustment is made for all distributions made by the sponsoring Native Corporation during such taxable year.

In no event shall the increase under clause (iii) exceed the fair market value of the trust's assets as of the date the beneficial interest of the trust first becomes so disposable. The earnings and profits of the sponsoring Native Corporation shall be adjusted as of the last day of such taxable year by the amount of earnings and profits so included in the distributable net income of the trust.

''(2) STOCK IN CORPORATION.—If—

''(A) stock in the sponsoring Native Corporation may be disposed of to a person in a manner which would not be permitted by section 7(h) of the Alaska Native Claims Settlement Act (43 U.S.C. 1606(h)) if such stock were Settlement Common Stock, and

''(B) at any time after such disposition of stock is first permitted, such corporation transfers assets to a Settlement Trust,

paragraph (1)(B) shall be applied to such trust on and after the date of the transfer in the same manner as if the trust permitted dispositions of beneficial interests in the trust in a manner not permitted by such section 7(h).

''(3) CERTAIN DISTRIBUTIONS.—For purposes of this section, the surrender of an interest in a Native Corporation or an electing Settlement Trust in order to accomplish the whole or partial redemption of the interest of a shareholder or beneficiary in such corporation or trust, or to accomplish the whole or partial liquidation of such corporation or trust, shall be deemed to be a transfer permitted by section 7(h) of the Alaska Native Claims Settlement Act.

''(g) TAXABLE INCOME.—For purposes of this title, the taxable income of an electing Settlement Trust shall be determined under section 641(b) without regard to any deduction under section 651 or 661.

''(h) DEFINITIONS.—For purposes of this section—

''(1) ELECTING SETTLEMENT TRUST.—The term 'electing Settlement Trust' means a Settlement Trust which has made the election, effective for a taxable year, described in subsection (c).

''(2) NATIVE CORPORATION.—The term 'Native Corporation' has the meaning given such term by section 3(m) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(m)).

''(3) SETTLEMENT COMMON STOCK.—The term 'Settlement Common Stock' has the meaning given such term by section 3(p) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(p)).

''(4) SETTLEMENT TRUST.—The term 'Settlement Trust' means a trust that constitutes a settlement trust under section 3(t) of the Alaska Native Claims Settlement Act (43 U.S.C. 1602(t)).

''(5) SPONSORING NATIVE CORPORATION.—The term 'sponsoring Native Corporation' means the Native Corporation which transfers assets to an electing Settlement Trust.

''(i) SPECIAL LOSS DISALLOWANCE RULE.—Any loss that would otherwise be recognized by a shareholder upon a disposition of a share of stock of a sponsoring Native Corporation shall be reduced (but not below zero) by the per share loss adjustment factor. The per share loss adjustment factor shall be the aggregate of all contributions to all electing Settlement Trusts sponsored by such Native Corporation made on or after the first day each trust is treated as an electing Settlement Trust expressed on a per share basis and determined as of the day of each such contribution.

''(j) CROSS REFERENCE.—

"For information required with respect to electing Settlement Trusts and sponsoring Native Corporations, see section 6039H.".

(b) REPORTING.—Subpart A of part III of subchapter A of chapter 61 of subtitle F (relating to information concerning persons subject to special provisions) is amended by inserting after section 6039G the following new section:

"SEC. 6039H. INFORMATION WITH RESPECT TO ALASKA NATIVE SETTLEMENT TRUSTS AND SPONSORING NATIVE CORPORATIONS.

''(a) REQUIREMENT.—The fiduciary of an electing Settlement Trust (as defined in section 646(h)(1)) shall include with the return of income of the trust a statement containing the information required under subsection (c).

''(b) APPLICATION WITH OTHER REQUIREMENTS.—The filing of any statement under this section shall be in lieu of the reporting requirements under section 6034A to furnish any statement to a beneficiary regarding amounts distributed to such beneficiary (and such other reporting rules as the Secretary deems appropriate).

''(c) REQUIRED INFORMATION.—The information required under this subsection shall include—

''(1) the amount of distributions made during the taxable year to each beneficiary,

''(2) the treatment of such distribution under the applicable provision of section 646, including the amount that is excludable from the recipient beneficiary's gross income under section 646, and

''(3) the amount (if any) of any distribution during such year that is deemed to have been made by the sponsoring Native Corporation (as defined in section 646(h)(5)).

''(d) SPONSORING NATIVE CORPORATION.—

''(1) IN GENERAL.—The electing Settlement Trust shall, on or before the date on which the statement under subsection (a) is required to be filed, furnish such statement to the sponsoring Native Corporation (as so defined).

''(2) DISTRIBUTEES.—The sponsoring Native Corporation shall furnish each recipient of a distribution described in section 646(e)(3) a statement containing the amount deemed to have been distributed to such recipient by such corporation for the taxable year.''.

(c) CLERICAL AMENDMENT.—

(1) The table of sections for subpart A of part I of subchapter J of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 646. Tax treatment of electing Alaska Native Settlement Trusts.''.

(2) The table of sections for subpart A of part III of subchapter A of chapter 61 of subtitle F of such Code is amended by inserting after the item relating to section 6039G the following new item:

''Sec. 6039H. Information with respect to Alaska Native Settlement Trusts and sponsoring Native Corporations.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act and to contributions made to electing Settlement Trusts for such year or any subsequent year.

Subtitle I—Compliance With Congressional Budget Act

SEC. 695. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE VII—ALTERNATIVE MINIMUM TAX

Subtitle A—In General

SEC. 701. INCREASE IN ALTERNATIVE MINIMUM TAX EXEMPTION.

(a) IN GENERAL.—

(1) Subparagraph (A) of section 55(d)(1) (relating to exemption amount for taxpayers other than corporations) is amended by striking ''$45,000'' and inserting ''$45,000 ($49,000 in the case of taxable years beginning in 2001, 2002, 2003, 2004, 2005, and 2006)''.

(2) Subparagraph (B) of section 55(d)(1) (relating to exemption amount for taxpayers other than corporations) is amended by striking ''$33,750'' and inserting ''$33,750 ($35,750 in the case of taxable years beginning in 2001, 2002, 2003, 2004, 2005, and 2006)''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 55(d) is amended by striking ''and'' at the end of subparagraph (B), by striking subparagraph (C), and by inserting after subparagraph (B) the following new subparagraphs:

''(C) 50 percent of the dollar amount applicable under paragraph (1)(A) in the case of a married individual who files a separate return, and

''(D) $22,500 in the case of an estate or trust.''.

(2) Subparagraph (C) of section 55(d)(3) is amended by striking ''paragraph (1)(C)'' and inserting ''subparagraph (C) or (D) of paragraph (1)''.

(3) The last sentence of section 55(d)(3) is amended—

(A) by striking ''paragraph (1)(C)(i)'' and inserting ''paragraph (1)(C)''; and

(B) by striking ''$165,000 or (ii) $22,500'' and inserting ''the minimum amount of such income (as so determined) for which the exemption amount under paragraph (1)(C) is zero, or (ii) such exemption amount (determined without regard to this paragraph)''.

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

Subtitle B—Compliance With Congressional Budget Act

SEC. 711. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

TITLE VIII—OTHER PROVISIONS

Subtitle A—In General

SEC. 801. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

Notwithstanding section 6655 of the Internal Revenue Code of 1986—

(1) 70 percent of the amount of any required installment of corporate estimated tax which is otherwise due in September 2001 shall not be due until October 1, 2001; and

(2) 20 percent of the amount of any required installment of corporate estimated tax which is otherwise due in September 2004 shall not be due until October 1, 2004.

SEC. 802. EXPANSION OF AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER.

(a) IN GENERAL.—Section 7508A (relating to authority to postpone certain tax-related deadlines by reason of presidentially declared disaster) is amended by adding at the end the following new subsection:

''(c) DUTIES OF DISASTER RESPONSE TEAM.—The Secretary shall establish as a permanent office in the national office of the Internal Revenue Service a disaster response team which, in coordination with the Federal Emergency Management Agency, shall assist taxpayers in clarifying and resolving Federal tax matters associated with or resulting from any Presidentially declared disaster (as so defined). One of the duties of the disaster response team shall be to extend in appropriate cases the 90-day period described in subsection (a) by not more than 30 days.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

Subtitle B—Compliance With Congressional Budget Act

SEC. 811. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

SA 651. Mrs. LANDRIEU (for herself and Mr. CRAIG) submitted an amendment intended to be proposed by her to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 12, strike line 1 and all that follows through line 12.

On page 18, between lines 14 and 15, insert the following:

SEC. 202. EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL.—

(1) ADOPTION CREDIT.—Section 23(a)(1) (relating to allowance of credit) is amended to read as follows:

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

''(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(B) in the case of an adoption of a child with special needs, $10,000.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137(a) (relating to adoption assistance programs) is amended to read as follows:

''(a) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program. The amount of the exclusion shall be—

''(1) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(2) in the case of an adoption of a child with special needs, $10,000.''.

(b) DOLLAR LIMITATIONS.—

(1) DOLLAR AMOUNT OF ALLOWED EXPENSES.—

(A) ADOPTION EXPENSES.—Section 23(b)(1) (relating to allowance of credit) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'',

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)(A)''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(1) (relating to dollar limitations for adoption assistance programs) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'', and

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(2) PHASE-OUT LIMITATION.—

(A) ADOPTION EXPENSES.—Clause (i) of section 23(b)(2)(A) (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(2)(A) (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) (relating to year credit allowed) is amended by adding at the end the following new flush sentence:

''In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.''.

(d) REPEAL OF SUNSET PROVISIONS.—

(1) CHILDREN WITHOUT SPECIAL NEEDS.—Paragraph (2) of section 23(d) (relating to definition of eligible child) is amended to read as follows:

''(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

''(A) has not attained age 18, or

''(B) is physically or mentally incapable of caring for himself.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs) is amended by striking subsection (f).

(e) ADJUSTMENT OF DOLLAR AND INCOME LIMITATIONS FOR INFLATION.—

(1) ADOPTION CREDIT.—Section 23 (relating to adoption expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(1)(B) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs), as amended by subsection (d), is amended by adding at the end the following new subsection:

''(f) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(f) LIMITATION BASED ON AMOUNT OF TAX.—

(1) IN GENERAL.—Section 23(c) (relating to carryforwards of unused credit) is amended by striking ''the limitation imposed'' and all that follows through ''1400C)'' and inserting ''the applicable tax limitation''.

(2) APPLICABLE TAX LIMITATION.—Section 23(d) (relating to definitions) is amended by adding at the end the following new paragraph:

''(4) APPLICABLE TAX LIMITATION.—The term 'applicable tax limitation' means the sum of—

''(A) the taxpayer's regular tax liability for the taxable year, reduced (but not below zero) by the sum of the credits allowed by sections 21, 22, 24 (other than the amount of the increase under subsection (d) thereof), 25, and 25A, and

''(B) the tax imposed by section 55 for such taxable year.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 26(a) (relating to limitation based on amount of tax) is amended by inserting ''(other than section 23)'' after ''allowed by this subpart''.

(B) Section 53(b)(1) (relating to minimum tax credit) is amended by inserting ''reduced by the aggregate amount taken into account under section 23(d)(3)(B) for all such prior taxable years,'' after ''1986,''.

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

On page 29, strike line 16 and all that follows through page 32, line 2.

SA 652. Mr. LEAHY (for himself and Mr. BENNETT) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 314, after line 21, add the following:

SEC. 803. CHARITABLE CONTRIBUTIONS OF CERTAIN ITEMS CREATED BY THE TAXPAYER.

(a) IN GENERAL.—Subsection (e) of section 170 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULE FOR CERTAIN CONTRIBUTIONS OF LITERARY, MUSICAL, OR ARTISTIC COMPOSITIONS.—

''(A) IN GENERAL.—In the case of a qualified artistic charitable contribution—

''(i) the amount of such contribution shall be the fair market value of the property contributed (determined at the time of such contribution), and

''(ii) no reduction in the amount of such contribution shall be made under paragraph (1).

''(B) QUALIFIED ARTISTIC CHARITABLE CONTRIBUTION.—For purposes of this paragraph, the term 'qualified artistic charitable contribution' means a charitable contribution of any literary, musical, artistic, or scholarly composition, or similar property, or the copyright thereon (or both), but only if—

''(i) such property was created by the personal efforts of the taxpayer making such contribution no less than 18 months prior to such contribution,

''(ii) the taxpayer—

''(I) has received a qualified appraisal of the fair market value of such property in accordance with the regulations under this section, and

''(II) attaches to the taxpayer's income tax return for the taxable year in which such contribution was made a copy of such appraisal,

''(iii) the donee is an organization described in subsection (b)(1)(A),

''(iv) the use of such property by the donee is related to the purpose or function constituting the basis for the donee's exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described under subsection (c)),

''(v) the taxpayer receives from the donee a written statement representing that the donee's use of the property will be in accordance with the provisions of clause (iv), and

''(vi) the written appraisal referred to in clause (ii) includes evidence of the extent (if any) to which property created by the personal efforts of the taxpayer and of the same type as the donated property is or has been—

''(I) owned, maintained, and displayed by organizations described in subsection (b)(1)(A), and

''(II) sold to or exchanged by persons other than the taxpayer, donee, or any related person (as defined in section 465(b)(3)(C)).

''(C) MAXIMUM DOLLAR LIMITATION; NO CARRYOVER OF INCREASED DEDUCTION.—The increase in the deduction under this section by reason of this paragraph for any taxable year—

''(i) shall not exceed the artistic adjusted gross income of the taxpayer for such taxable year, and

''(ii) shall not be taken into account in determining the amount which may be carried from such taxable year under subsection (d).

''(D) ARTISTIC ADJUSTED GROSS INCOME.—For purposes of this paragraph, the term 'artistic adjusted gross income' means that portion of the adjusted gross income of the taxpayer for the taxable year attributable to—

''(i) income from the sale or use of property created by the personal efforts of the taxpayer which is of the same type as the donated property, and

''(ii) income from teaching, lecturing, performing, or similar activity with respect to property described in clause (i).

''(E) PARAGRAPH NOT TO APPLY TO CERTAIN CONTRIBUTIONS.—Subparagraph (A) shall not apply to any charitable contribution of any letter, memorandum, or similar property which was written, prepared, or produced by or for an individual while the individual is an officer or employee of any person (including any government agency or instrumentality) unless such letter, memorandum, or similar property is entirely personal.

''(F) COPYRIGHT TREATED AS SEPARATE PROPERTY FOR PARTIAL INTEREST RULE.—In the case of a qualified artistic charitable contribution, the tangible literary, musical, artistic, or scholarly composition, or similar property and the copyright on such work shall be treated as separate properties for purposes of this paragraph and subsection (f)(3).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after the date of the enactment of this Act in taxable years ending after such date.

SA 653. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 9, between lines 11 and 12, strike the table and insert the following:

''In the case of taxable years beginning during calendar year:	The corresponding percentages shall be substituted for the following percentages:			
	28%	31%	36%	39.6%
2002, 2003, and 2004.	27%	30%	35%	39%
2005 and 2006	26%	29%	34%	38.6%
2007, 2008, and 2009.	25%	28%	33%	37.6%
2010 and thereafter.	25%	28%	33%	36%

Strike section 701 and insert:

SEC. 701. ALTERNATIVE MINIMUM TAX EXEMPTION FOR CERTAIN INDIVIDUAL TAXPAYERS.

(a) EXEMPTION.—Section 55 (relating to imposition of alternative minimum tax) is amended by adding at the end the following:

''(f) EXEMPTION FOR CERTAIN INDIVIDUALS.—

''(1) REDUCTION IN TENTATIVE MINIMUM TAX.—

''(A) IN GENERAL.—In the case of an individual, the tentative minimum tax for any

taxable year (determined without regard to this subsection) shall be reduced by the applicable percentage.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage with respect to a taxpayer is 100 percent reduced (but not below zero) by 10 percentage points for each $1,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds $100,000.

''(2) PROSPECTIVE APPLICATION IF SUBSECTION CEASES TO APPLY.—If paragraph (1) applies to a taxpayer for any taxable year and then ceases to apply to a subsequent taxable year, the rules of paragraphs (2) through (5) of subsection (e) shall apply to the taxpayer to the extent such rules are applicable to individuals.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2001.

SA 654. Mr. CONRAD (for himself and Mr. KENNEDY) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 9, strike all after line 11 and before line 15 and insert the following:

''In the case of taxable years beginning during calendar year:	The corresponding percentages shall be substituted for the following percentages:			
	28%	31%	36%	39.6%
2002, 2003, and 2004.	27%	30%	36%	39.6%
2005 and 2006	26%	29%	36%	39.6%
2007 and 2008	25%	28%	36%	39.6%
2009	25%	28%	35%	38%
2010 and thereafter.	25%	28%	33%	36%

''(3) ADJUSTMENT OF TABLES.—The Secretary shall adjust the tables prescribed under subsection (f) to carry out this subsection, and in any fiscal year in which such adjustment results in an on-budget surplus smaller than the medicare HI trust fund surplus, the Secretary shall further adjust such tables to ensure that in such fiscal year the on-budget surplus is not less than such account.''.

Beginning on page 19, strike line 8 and all that follows through page 20, line 12, and insert the following:

(1) by striking ''$5,000'' in subparagraph (A) and inserting ''twice the dollar amount in effect under subparagraph (C) for the taxable year'';

(2) by adding ''or'' at the end of subparagraph (B);

(3) by striking ''in the case of'' and all that follows in subparagraph (C) and inserting ''in any other case.''; and

(4) by striking subparagraph (D).

(b) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6), as amended by section 103(b), is amended by striking ''(other than with'' and all that follows through ''shall be applied'' and inserting ''(other than with respect to sections 63(c)(4) and 151(d)(3)(A)) shall be applied''.

(2) Paragraph (4) of section 63(c) is amended by adding at the end the following flush sentence:

''The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).''.

(c) EFFECTIVE DATE.—The amendments made by

Beginning on page 20, strike line 21 and all that follows through page 22, line 4, and insert the following:

''(8) ELIMINATION OF MARRIAGE PENALTY IN 15-PERCENT BRACKET.—

''(A) IN GENERAL.—With respect to taxable years beginning after December 31, 2001, in prescribing the tables under paragraph (1)—

''(i) the maximum taxable income in the 15-percent rate bracket in the table contained in subsection (a) (and the minimum taxable income in the next higher taxable income bracket in such table) shall be twice the maximum taxable income in the 15-percent rate bracket in the table contained in subsection (c) (after any other adjustment under this subsection), and

''(ii) the comparable taxable income amounts in the table contained in subsection (d) shall be ½ of the amounts determined under clause (i).

''(B) ROUNDING.—If any amount determined under subparagraph (A)(i) is not a multiple of $50, such amount shall be rounded to the next lowest multiple of $50.''.

SA 655. Mr. SANTORUM submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the end add the following:

TITLE ____—SAVINGS OPPORTUNITY AND CHARITABLE GIVING

SEC. ____01. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the ''Savings Opportunity and Charitable Giving Act of 2001''.

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

TITLE ____—SAVINGS OPPORTUNITY AND CHARITABLE GIVING

Sec. ____01. Short title; table of contents.

Subtitle A—Individual Development Accounts

Sec. ____11. Findings and purposes.
Sec. ____12. Definitions.
Sec. ____13. Structure and administration of qualified individual development account programs.
Sec. ____14. Procedures for opening and maintaining an Individual Development Account and qualifying for matching funds.
Sec. ____15. Deposits by qualified individual development account programs.
Sec. ____16. Withdrawal procedures.
Sec. ____17. Certification and termination of qualified individual development account programs.
Sec. ____18. Reporting, monitoring, and evaluation.
Sec. ____19. Authorization of appropriations.
Sec. ____20. Account funds disregarded for purposes of certain means-tested Federal programs.
Sec. ____21. Matching funds for Individual Development Accounts provided through a tax credit for qualified financial institutions.

Subtitle B—Charitable Giving Incentives Package

Sec. ____31. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.
Sec. ____32. Tax-free distributions from individual retirement accounts for charitable purposes.
Sec. ____33. Charitable deduction for contributions of food inventory.

Subtitle C—Compliance With Congressional Budget Act

Sec. ____41. Sunset of provisions of title.
Sec. ____42. Restoration of provisions of title.

Subtitle A—Individual Development Accounts

SEC. ____11. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress makes the following findings:

(1) For the vast majority of households the pathway to the economic mainstream and financial security is not through spending and consumption, but through saving, investing, and the accumulation of assets. Assets promote economic household stability, decrease economic strain on households, promote educational attainment, decrease marital dissolution, decrease the risk of intergenerational poverty transmission, increase health and satisfaction among adults, increase property values, decrease residential mobility, increase property maintenance, and increase local civic involvement.

(2) One-third of all Americans have no assets available for investment and another 20 percent have only negligible assets. Assets are distributed far more unevenly than income. Whereas the top 20 percent of American households earn over 43 percent of all income, such households hold over 68 percent of net worth and almost 87 percent of net financial assets. Moreover, asset poverty and wealth gaps are even higher among minority households by a ratio of more than 11 to 1. Up to 20 percent of all households are unbanked and do not have access to the basic financial tools that make asset accumulation possible.

(3) Public policy has contributed to large asset gaps in the United States. Traditional public assistance programs based on income and consumption have rarely been successful in supporting the transition to economic self-sufficiency. Tax policy, through $288,000,000,000 in annual tax incentives, has helped lay the foundation for the great American middle class, but only for some citizens. Fully 90 percent of such current tax benefits accrue to households earning more than $50,000 per year, roughly half of all American households. Lacking an income tax liability, low-income working families cannot take advantage of asset development incentives. Moreover, low-income families seeking public assistance must first spend down their assets and face severe asset limits once on assistance.

(4) Individual Development Accounts, or IDAs, have proven to be successful in helping low-income working families save and accumulate assets. In one national demonstration project, 2,378 low-income families saved a total of $834,442 in one year which generated another $1,644,510 in private matching funds. Thus far, IDA savings have been used to purchase long-term, high-return assets, including homes, post-secondary education and training, and small businesses. Presently, about 10,000 IDAs are in existence in the United States, held by a very small fraction of the at least 70 million Americans who are asset poor.

(5) Therefore, the Federal Government should support, through the tax code, a significant expansion of Individual Development Accounts so that millions of low-income working families across the country can save, accumulate assets, and move their lives forward, and thus make positive contributions to the economic and social well-being of the United States, as well as to its future.

(b) PURPOSES.—The purposes of this subtitle are to provide for the establishment of individual development account programs that will—

(1) provide individuals and families with limited means an opportunity to accumulate assets and to enter the financial mainstream;

(2) promote education, homeownership, and the development of small businesses;

(3) stabilize families and build communities; and

(4) support continued United States economic expansion.

SEC. ___12. DEFINITIONS.

As used in this subtitle:

(1) ELIGIBLE INDIVIDUAL.—

(A) IN GENERAL.—The term ''eligible individual'' means an individual who—

(i) has attained the age of 18 years but not the age of 61;

(ii) is a citizen or legal resident of the United States;

(iii) is not a student (as defined in section 151(c)(4)); and

(iv) is a taxpayer the adjusted gross income of whom for the preceding taxable year does not exceed—

(I) $20,000, in the case of a taxpayer described in section 1(c) or 1(d) of the Internal Revenue Code of 1986;

(II) $25,000, in the case of a taxpayer described in section 1(b) of such Code; and

(III) $40,000, in the case of a taxpayer described in section 1(a) of such Code.

(B) INFLATION ADJUSTMENT.—

(i) IN GENERAL.—In the case of any taxable year beginning after 2002, each dollar amount referred to in subparagraph (A)(iv) 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) of the Internal Revenue Code of 1986 for the calendar year in which the taxable year begins, by substituting ''2001'' for ''1992''.

(ii) ROUNDING.—If any amount as adjusted under clause (i) is not a multiple of $50, such amount shall be rounded to the nearest multiple of $50.

(2) INDIVIDUAL DEVELOPMENT ACCOUNT.—The term ''Individual Development Account'' means an account established for an eligible individual as part of a qualified individual development account program, but only if the written governing instrument creating the account meets the following requirements:

(A) The sole owner of the account is the individual for whom the account was established.

(B) No contribution will be accepted unless it is in cash.

(C) The holder of the account is a qualified financial institution.

(D) The assets of the account will not be commingled with other property except in a common trust fund or common investment fund.

(E) Except as provided in section ___16(b), any amount in the account may be paid out only for the purpose of paying the qualified expenses of the account owner.

(3) PARALLEL ACCOUNT.—The term ''parallel account'' means a separate, parallel individual or pooled account for all matching funds and earnings dedicated to an Individual Development Account owner as part of a qualified individual development account program, the sole owner of which is a qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(4) QUALIFIED FINANCIAL INSTITUTION.—

(A) IN GENERAL.—The term ''qualified financial institution'' means any person authorized to be a trustee of any individual retirement account under section 408(a)(2) of the Internal Revenue Code of 1986.

(B) RULE OF CONSTRUCTION.—Nothing in this paragraph shall be construed as preventing a person described in subparagraph (A) from collaborating with 1 or more contractual affiliates, qualified nonprofit organizations, or Indian tribes to carry out an individual development account program established under section ___13.

(5) QUALIFIED NONPROFIT ORGANIZATION.—The term ''qualified nonprofit organization'' means—

(A) any organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code;

(B) any community development financial institution certified by the Community Development Financial Institution Fund; or

(C) any credit union chartered under Federal or State law.

(6) INDIAN TRIBE.—The term ''Indian tribe'' means any Indian tribe as defined in section 4(12) of the Native American Housing Assistance and Self-Determination Act of 1996 (25 U.S.C. 4103(12), and includes any tribal subsidiary, subdivision, or other wholly owned tribal entity.

(7) QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM.—The term ''qualified individual development account program'' means a program established under section ___13 which—

(A) Individual Development Accounts and parallel accounts are held by a qualified financial institution; and

(B) additional activities determined by the Secretary as necessary to responsibly develop and administer accounts, including recruiting, providing financial education and other training to account owners, and regular program monitoring, are carried out by the qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(8) QUALIFIED EXPENSE DISTRIBUTION.—

(A) IN GENERAL.—The term ''qualified expense distribution'' means any amount paid (including through electronic payments) or distributed out of an Individual Development Account and a parallel account established for an eligible individual if such amount—

(i) is used exclusively to pay the qualified expenses of the Individual Development Account owner or such owner's spouse or dependents, as approved by the qualified financial institution, qualified nonprofit organization, or Indian tribe;

(ii) is paid by the qualified financial institution, qualified nonprofit organization, or Indian tribe—

(I) except as otherwise provided in this clause, directly to the unrelated third party to whom the amount is due;

(II) in the case of distributions for working capital under a qualified business plan (as defined in subparagraph (B)(iv)(IV)), directly to the account owner;

(III) in the case of any qualified rollover, directly to another Individual Development Account and parallel account; or

(IV) in the case of a qualified final distribution, directly to the spouse, dependent, or other named beneficiary of the deceased account owner; and

(iii) is paid after the account owner has completed a financial education course as required under section ___14(b).

(B) QUALIFIED EXPENSES.—

(i) IN GENERAL.—The term ''qualified expenses'' means any of the following:

(I) Qualified higher education expenses.

(II) Qualified first-time homebuyer costs.

(III) Qualified business capitalization or expansion costs.

(IV) Qualified rollovers.

(V) Qualified final distribution.

(ii) QUALIFIED HIGHER EDUCATION EXPENSES.—

(I) IN GENERAL.—The term ''qualified higher education expenses'' has the meaning given such term by section 72(t)(7) of the Internal Revenue Code of 1986, determined by treating postsecondary vocational educational schools as eligible educational institutions.

(II) POSTSECONDARY VOCATIONAL EDUCATION SCHOOL.—The term ''postsecondary vocational educational school'' means an area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this Act.

(III) COORDINATION WITH OTHER BENEFITS.—The amount of qualified higher education expenses for any taxable year shall be reduced as provided in section 25A(g)(2) of such Code and may not be taken into account for purposes of determining qualified higher education expenses under section 135 or 530 of the Internal Revenue Code of 1986.

(iii) QUALIFIED FIRST-TIME HOMEBUYER COSTS.—The term ''qualified first-time homebuyer costs'' means qualified acquisition costs (as defined in section 72(t)(8) of such Code without regard to subparagraph (B) thereof) with respect to a principal residence (within the meaning of section 121 of such Code) for a qualified first-time homebuyer (as defined in section 72(t)(8) of such Code).

(iv) QUALIFIED BUSINESS CAPITALIZATION OR EXPANSION COSTS.—

(I) IN GENERAL.—The term ''qualified business capitalization or expansion costs'' means qualified expenditures for the capitalization or expansion of a qualified business pursuant to a qualified business plan.

(II) QUALIFIED EXPENDITURES.—The term ''qualified expenditures'' means expenditures included in a qualified business plan, including capital, plant, equipment, working capital, inventory expenses, attorney and accounting fees, and other costs normally associated with starting or expanding a business.

(III) QUALIFIED BUSINESS.—The term ''qualified business'' means any business that does not contravene any law.

(IV) QUALIFIED BUSINESS PLAN.—The term ''qualified business plan'' means a business plan which has been approved by the qualified financial institution, qualified nonprofit organization, or Indian tribe and which meets such requirements as the Secretary may specify.

(v) QUALIFIED ROLLOVERS.—The term ''qualified rollover'' means the complete distribution of the amounts in an Individual Development Account and parallel account to another Individual Development Account and parallel account established in another qualified financial institution, qualified nonprofit organization, or Indian tribe for the benefit of the account owner.

(vi) QUALIFIED FINAL DISTRIBUTION.—The term ''qualified final distribution'' means, in the case of a deceased account owner, the complete distribution of the amounts in an Individual Development Account and parallel account directly to the spouse, any dependent, or other named beneficiary of the deceased.

(9) SECRETARY.—The term ''Secretary'' means the Secretary of the Treasury.

SEC. ___13. STRUCTURE AND ADMINISTRATION OF QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.

(a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.—Any qualified financial institution, qualified nonprofit organization, or Indian tribe may establish 1 or more qualified individual development account programs which meet the requirements of this subtitle.

(b) BASIC PROGRAM STRUCTURE.—

(1) IN GENERAL.—All qualified individual development account programs shall consist of the following 2 components:

(A) An Individual Development Account to which an eligible individual may contribute cash in accordance with section ___14.

(B) A parallel account to which all matching funds shall be deposited in accordance with section ___15.

(2) TAILORED IDA PROGRAMS.—A qualified financial institution, a qualified nonprofit organization, or an Indian tribe may tailor its qualified individual development account program to allow matching funds to be spent on 1 or more of the categories of qualified expenses.

(c) TAX TREATMENT OF PARALLEL ACCOUNTS.—Any account described in subparagraph (B) of subsection (b)(1) is exempt from taxation under the Internal Revenue Code of 1986.

SEC. ___14. PROCEDURES FOR OPENING AND MAINTAINING AN INDIVIDUAL DEVELOPMENT ACCOUNT AND QUALIFYING FOR MATCHING FUNDS.

(a) OPENING AN ACCOUNT.—An eligible individual may open an Individual Development Account with a qualified financial institution, a qualified nonprofit organization, or an Indian tribe upon certification that such individual maintains no other Individual Development Account (other than an Individual Development Account to be terminated by a qualified rollover).

(b) REQUIRED COMPLETION OF FINANCIAL EDUCATION COURSE.—

(1) IN GENERAL.—Before becoming eligible to withdraw matching funds to pay for qualified expenses, owners of Individual Development Accounts must complete a financial education course offered by a qualified financial institution, a qualified nonprofit organization, an Indian tribe, or a government entity.

(2) STANDARD AND APPLICABILITY OF COURSE.—The Secretary, in consultation with representatives of qualified individual development account programs and financial educators, shall establish minimum quality standards for the contents of financial education courses and providers of such courses offered under paragraph (1) and a protocol to exempt individuals from the requirement under paragraph (1) because of hardship or lack of need.

(c) PROOF OF STATUS AS AN ELIGIBLE INDIVIDUAL.—Federal income tax forms from the preceding taxable year (or in the absence of such forms, such documentation as specified by the Secretary proving the eligible individual's adjusted gross income and the status of the individual as an eligible individual) shall be presented to the qualified financial institution, qualified nonprofit organization, or Indian tribe at the time of the establishment of the Individual Development Account and in any taxable year in which contributions are made to the Account to qualify for matching funds under section ___15(b)(1)(A).

(d) DIRECT DEPOSITS.—The Secretary may, under regulations, provide for the direct deposit of any portion (not less than $1) of any overpayment of Federal tax of an individual as a contribution to the Individual Development Account of such individual.

SEC. ___15. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.

(a) PARALLEL ACCOUNTS.—The qualified financial institution, qualified nonprofit organization, or Indian tribe shall deposit all matching funds for each Individual Development Account into a parallel account at a qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(b) REGULAR DEPOSITS OF MATCHING FUNDS.—

(1) IN GENERAL.—Subject to paragraph (2), the qualified financial institution, qualified nonprofit organization, or Indian tribe shall not less than quarterly (or upon a proper withdrawal request under section ___16, if necessary) deposit into the parallel account with respect to each eligible individual the following:

(A) A dollar-for-dollar match for the first $500 contributed by the eligible individual into an Individual Development Account with respect to any taxable year.

(B) Any matching funds provided by State, local, or private sources in accordance to the matching ratio set by those sources.

(2) INFLATION ADJUSTMENT.—

(A) IN GENERAL.—In the case of any taxable year beginning after 2002, the dollar amount referred to in paragraph (1)(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) of the Internal Revenue Code of 1986 for the calendar year in which the taxable year begins, by substituting ''2001'' for ''1992''.

(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $20, such amount shall be rounded to the nearest multiple of $20.

(3) CROSS REFERENCE.—

For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986.

(c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO HAS ATTAINED AGE 61.—In the case of an Individual Development Account owner who attains the age of 61, the qualified financial institution, qualified nonprofit organization, or Indian tribe which holds the parallel account for such individual shall deposit the funds in such parallel account into the Individual Development Account of such individual on the first day of the succeeding taxable year of such individual.

(d) UNIFORM ACCOUNTING REGULATIONS.—To ensure proper recordkeeping and determination of the tax credit under section 30B of the Internal Revenue Code of 1986, the Secretary shall prescribe regulations with respect to accounting for matching funds in the parallel accounts.

(e) REGULAR REPORTING OF ACCOUNTS.—Any qualified financial institution, qualified nonprofit organization, or Indian tribe shall report the balances in any Individual Development Account and parallel account of an individual on not less than an annual basis to such individual.

SEC. ___16. WITHDRAWAL PROCEDURES.

(a) WITHDRAWALS FOR QUALIFIED EXPENSES.—To withdraw money from an individual's Individual Development Account to pay qualified expenses of such individual or such individual's spouse or dependents, the qualified financial institution, qualified nonprofit organization, or Indian tribe shall directly transfer such funds from the Individual Development Account, and, if applicable, from the parallel account electronically to the distributees described in section ___11(8)(A)(ii). If the distributee is not equipped to receive funds electronically, the qualified financial institution, qualified nonprofit organization, or Indian tribe may issue such funds by paper check to the distributee.

(b) WITHDRAWALS FOR NONQUALIFIED EXPENSES.—An Individual Development Account owner may unilaterally withdraw any amount of funds from the Individual Development Account for purposes other than to pay qualified expenses, but shall forfeit a proportionate amount of matching funds from the individual's parallel account by doing so, unless such withdrawn funds are recontributed to such Account by September 30 following the withdrawal.

(c) WITHDRAWALS FROM ACCOUNTS OF NONELIGIBLE INDIVIDUALS.—If the individual for whose benefit an Individual Development Account is established ceases to be an eligible individual, such account shall remain an Individual Development Account, but such individual shall not be eligible for any further matching funds under section ___15(b)(1)(A) during the period—

(1) beginning on the first day of the taxable year of such individual following the beginning of such ineligibility, and

(2) ending on the last day of the taxable year of such individual in which such ineligibility ceases.

(d) TAX TREATMENT OF MATCHING FUNDS.—Any amount withdrawn from a parallel account shall not be includible in an eligible individual's gross income.

(e) WITHDRAWAL LIABILITY RESTS ONLY WITH ELIGIBLE INDIVIDUALS.—Nothing in this subtitle may be construed to impose liability on a qualified financial institution, a qualified nonprofit organization, or an Indian tribe for non-compliance with the requirements of this subtitle related to withdrawals from Individual Development Accounts.

SEC. ___17. CERTIFICATION AND TERMINATION OF QUALIFIED INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAMS.

(a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section ___13, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall certify to the Secretary on forms prescribed by the Secretary and accompanied by any documentation required by the Secretary, that—

(1) the accounts described in subparagraphs (A) and (B) of section ___13(b)(1) are operating pursuant to all the provisions of this subtitle; and

(2) the qualified financial institution, qualified nonprofit organization, or Indian tribe agrees to implement an information system necessary to monitor the cost and outcomes of the qualified individual development account program.

(b) AUTHORITY TO TERMINATE QUALIFIED IDA PROGRAM.—If the Secretary determines that a qualified financial institution, a qualified nonprofit organization, or an Indian tribe under this subtitle is not operating a qualified individual development account program in accordance with the requirements of this subtitle (and has not implemented any corrective recommendations directed by the Secretary), the Secretary shall terminate such institution's, nonprofit organization's, or Indian tribe's authority to conduct the program. If the Secretary is unable to identify a qualified financial institution, a qualified nonprofit organization, or an Indian tribe to assume the authority to conduct such program, then any funds in a

parallel account established for the benefit of any individual under such program shall be deposited into the Individual Development Account of such individual as of the first day of such termination.

SEC. ___18. REPORTING, MONITORING, AND EVALUATION.

(a) RESPONSIBILITIES OF QUALIFIED FINANCIAL INSTITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS, AND INDIAN TRIBES.—Each qualified financial institution, qualified nonprofit organization, or Indian tribe that operates a qualified individual development account program under section ___13 shall report annually to the Secretary within 90 days after the end of each calendar year on—

(1) the number of eligible individuals making contributions into Individual Development Accounts;

(2) the amounts contributed into Individual Development Accounts and deposited into parallel accounts for matching funds;

(3) the amounts withdrawn from Individual Development Accounts and parallel accounts, and the purposes for which such amounts were withdrawn;

(4) the balances remaining in Individual Development Accounts and parallel accounts; and

(5) such other information needed to help the Secretary monitor the cost and outcomes of the qualified individual development account program (provided in a non-individually-identifiable manner).

(b) RESPONSIBILITIES OF THE SECRETARY.—

(1) MONITORING PROTOCOL.—Not later than 12 months after the date of the enactment of this Act, the Secretary shall develop and implement a protocol and process to monitor the cost and outcomes of the qualified individual development account programs established under section ___13.

(2) ANNUAL REPORTS.—In each year after the date of the enactment of this Act, the Secretary shall submit a progress report to Congress on the status of such qualified individual development account programs. Such report shall include from a representative sample of qualified individual development account programs information on—

(A) the characteristics of participants, including age, gender, race or ethnicity, marital status, number of children, employment status, and monthly income;

(B) deposits, withdrawals, balances, uses of Individual Development Accounts, and participant characteristics;

(C) the characteristics of qualified individual development account programs, including match rate, economic education requirements, permissible uses of accounts, staffing of programs in full time employees, and the total costs of programs; and

(D) process information on program implementation and administration, especially on problems encountered and how problems were solved.

SEC. ___19. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to the Secretary $1,000,000 for fiscal year 2002 and for each fiscal year through 2008, for the purposes of implementing this subtitle, including the reporting, monitoring, and evaluation required under section ___18, to remain available until expended.

SEC. ___20. ACCOUNT FUNDS DISREGARDED FOR PURPOSES OF CERTAIN MEANS-TESTED FEDERAL PROGRAMS.

Notwithstanding any other provision of Federal law that requires consideration of 1 or more financial circumstances of an individual, for the purposes of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such provision to be provided to or for the benefit of such individual, an amount equal to the sum of—

(1) all amounts (including earnings thereon) in any Individual Development Account; plus

(2) the matching deposits made on behalf of such individual (including earnings thereon) in any parallel account,

shall be disregarded for such purposes.

SEC. ___21. MATCHING FUNDS FOR INDIVIDUAL DEVELOPMENT ACCOUNTS PROVIDED THROUGH A TAX CREDIT FOR QUALIFIED FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by inserting after section 30A the following new section:

"SEC. 30B. INDIVIDUAL DEVELOPMENT ACCOUNT INVESTMENT CREDIT FOR QUALIFIED FINANCIAL INSTITUTIONS.

''(a) DETERMINATION OF AMOUNT.—There shall be allowed as a credit against the applicable tax for the taxable year an amount equal to the individual development account investment provided by an eligible entity during the taxable year under an individual development account program established under section ___13 of the Savings Opportunity and Charitable Giving Act of 2001.

''(b) APPLICABLE TAX.—For the purposes of this section, the term 'applicable tax' means the excess (if any) of—

''(1) the tax imposed under this chapter (other than the taxes imposed under the provisions described in subparagraphs (C) through (Q) of section 26(b)(2)), over

''(2) the credits allowable under subpart B (other than this section) and subpart D of this part.

''(c) INDIVIDUAL DEVELOPMENT ACCOUNT INVESTMENT.—

''(1) IN GENERAL.—For purposes of this section, the term 'individual development account investment' means, with respect to an individual development account program of a qualified financial institution in any taxable year, an amount equal to the sum of—

''(A) the aggregate amount of dollar-for-dollar matches under such program under section ___15(b)(1)(A) of the Savings Opportunity and Charitable Giving Act of 2001 for such taxable year, plus

''(B) an amount equal to the sum of—

''(i) with respect to each Individual Development Account opened during such taxable year, $100, plus

''(ii) with respect to each Individual Development Account maintained during such taxable year, $30.

''(2) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any taxable year beginning after 2002, each dollar amount referred to in paragraph (1)(B) 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 '2001' for '1992'.

''(B) ROUNDING.—If any amount as adjusted under subparagraph (A) is not a multiple of $5, such amount shall be rounded to the nearest multiple of $5.

''(d) ELIGIBLE ENTITY.—For purposes of this section, the term 'eligible entity' means a qualified financial institution, or 1 or more contractual affiliates of such an institution as defined by the Secretary in regulations.

''(e) OTHER DEFINITIONS.—For purposes of this section, any term used in this section and also in the Savings Opportunity and Charitable Giving Act of 2001 Act shall have the meaning given such term by such Act.

''(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit (other than under this section) shall be allowed under this chapter with respect to any expense which is taken into account under subsection (c)(1)(A) in determining the credit under this section.

''(g) REGULATIONS.—The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations providing for a recapture of the credit allowed under this section (notwithstanding any termination date described in subsection (h)) in cases where there is a forfeiture under section ___16(b) of the Savings Opportunity and Charitable Giving Act of 2001 Act in a subsequent taxable year of any amount which was taken into account in determining the amount of such credit.

''(h) APPLICATION OF SECTION.—This section shall apply to any expenditure made in any taxable year beginning after December 31, 2001, and before January 1, 2009, with respect to any Individual Development Account opened before January 1, 2007.''.

(b) CONFORMING AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Individual development account investment credit for qualified financial institutions.''.

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

Subtitle B—Charitable Giving Incentives Package

SEC. ___31. DEDUCTION FOR PORTION OF CHARITABLE CONTRIBUTIONS TO BE ALLOWED TO INDIVIDUALS WHO DO NOT ITEMIZE DEDUCTIONS.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) DEDUCTION FOR INDIVIDUALS NOT ITEMIZING DEDUCTIONS.—

''(1) IN GENERAL.—In the case of an individual who does not itemize his deductions for the taxable year, there shall be taken into account as a direct charitable deduction under section 63 an amount equal to the applicable percentage of the excess of the amount allowable under subsection (a) for the taxable year over the applicable amount.

''(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the applicable percentage shall be determined under the following table:

"In the case of taxable years beginning in—	**The applicable percentage is—**
2002	50
2003	60
2004	70
2005	80
2006	90
2007 and thereafter	100.

''(3) APPLICABLE AMOUNT.—For purposes of this subsection, the applicable amount is equal—

''(A) $500 in the case of an individual, and

''(B) $1,000 in the case of a joint return.''.

(b) DIRECT CHARITABLE DEDUCTION.—

(1) IN GENERAL.—Subsection (b) of section 63 is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) the direct charitable deduction.''.

(2) DEFINITION.—Section 63 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) DIRECT CHARITABLE DEDUCTION.—For purposes of this section, the term 'direct charitable deduction' means that portion of the amount allowable under section 170(a) which is taken as a direct charitable deduction for the taxable year under section 170(m).''.

(3) CONFORMING AMENDMENT.—Subsection (d) of section 63 is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) the direct charitable deduction.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. ___32. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account to an organization described in section 170(c).

''(B) SPECIAL RULES RELATING TO CHARITABLE REMAINDER TRUSTS, POOLED INCOME FUNDS, AND CHARITABLE GIFT ANNUITIES.—

''(i) IN GENERAL.—No amount shall be includible in gross income by reason of a qualified charitable distribution from an individual retirement account—

''(I) to a charitable remainder annuity trust or a charitable remainder unitrust (as such terms are defined in section 664(d)),

''(II) to a pooled income fund (as defined in section 642(c)(5)), or

''(III) for the issuance of a charitable gift annuity (as defined in section 501(m)(5)).

The preceding sentence shall apply only if no person holds an income interest in the amounts in the trust, fund, or annuity attributable to such distribution other than one or more of the following: the individual for whose benefit such account is maintained, the spouse of such individual, or any organization described in section 170(c).

''(ii) DETERMINATION OF INCLUSION OF AMOUNTS DISTRIBUTED.—In determining the amount includible in the gross income of any person by reason of a payment or distribution from a trust referred to in clause (i)(I) or a charitable gift annuity (as so defined), the portion of any qualified charitable distribution to such trust or for such annuity which would (but for this subparagraph) have been includible in gross income—

''(I) shall be treated as income described in section 664(b)(1), and

''(II) shall not be treated as an investment in the contract.

''(iii) NO INCLUSION FOR DISTRIBUTION TO POOLED INCOME FUND.—No amount shall be includible in the gross income of a pooled income fund (as so defined) by reason of a qualified charitable distribution to such fund.

''(C) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement account—

''(i) which is made on or after the date that the individual for whose benefit the account is maintained has attained age 59½, and

''(ii) which is made directly from the account to—

''(I) an organization described in section 170(c), or

''(II) a trust, fund, or annuity referred to in subparagraph (B).

''(D) DENIAL OF DEDUCTION.—The amount allowable as a deduction under section 170 to the taxpayer for the taxable year shall be reduced (but not below zero) by the sum of the amounts of the qualified charitable distributions during such year which would be includible in the gross income of the taxpayer for such year but for this paragraph.''

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. ___33. CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Subsection (e) of section 170 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:

''(7) SPECIAL RULE FOR CONTRIBUTIONS OF FOOD INVENTORY.—For purposes of this section—

''(A) CONTRIBUTIONS BY NON-CORPORATE TAXPAYERS.—In the case of a charitable contribution of food by a taxpayer, paragraph (3)(A) shall be applied without regard to whether or not the contribution is made by a corporation.

''(B) LIMIT ON REDUCTION.—In the case of a charitable contribution of food which is a qualified contribution (within the meaning of paragraph (3)(A), as modified by subparagraph (A) of this paragraph)—

''(i) paragraph (3)(B) shall not apply, and

''(ii) the reduction under paragraph (1)(A) for such contribution shall be no greater than the amount (if any) by which the amount of such contribution exceeds twice the basis of such food.

''(C) DETERMINATION OF BASIS.—For purposes of this paragraph, if a taxpayer uses the cash method of accounting, the basis of any qualified contribution of such taxpayer shall be deemed to be 50 percent of the fair market value of such contribution.

''(D) DETERMINATION OF FAIR MARKET VALUE.—In the case of a charitable contribution of food which is a qualified contribution (within the meaning of paragraph (3), as modified by subparagraphs (A) and (B) of this paragraph) and which, solely by reason of internal standards of the taxpayer, lack of market, or similar circumstances, or which is produced by the taxpayer exclusively for the purposes of transferring the food to an organization described in paragraph (3)(A), cannot or will not be sold, the fair market value of such contribution shall be determined—

''(i) without regard to such internal standards, such lack of market, such circumstances, or such exclusive purpose, and

''(ii) if applicable, by taking into account the price at which the same or similar food items are sold by the taxpayer at the time of the contribution (or, if not so sold at such time, in the recent past).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2001.

Subtitle C—Compliance With Congressional Budget Act

SEC. ___41. SUNSET OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

SEC. ___42. RESTORATION OF PROVISIONS OF TITLE.

All provisions of, and amendments made by, this title which were terminated under section ___41 shall begin to apply again as of October 1, 2011, as provided in each such provision or amendment.

SA 656. Mr. GREGG (for himself, Mr. ENSIGN, Mr. ALLARD, Mr. KYL, Mr. BUNNING, and Mr. ALLEN) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

At the end of subtitle A of title VIII, add the following:

SEC. ___. TEMPORARY REDUCTION IN CAPITAL GAINS RATE.

(a) REDUCTION IN MAXIMUM RATE.—The following sections are each amended by striking ''20 percent'' and inserting ''15 percent'':

(1) Section 1(h)(1)(C).

(2) Section 55(b)(3)(C).

(3) Section 1445(e)(1).

(4) The second sentence of section 7518(g)(6)(A).

(5) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936.

(b) TRANSITION RULES FOR TAXABLE YEARS WHICH INCLUDE JUNE 1, 2001.—For purposes of applying section 1(h) of the Internal Revenue Code of 1986 in the case of a taxable year which includes June 1, 2001—

(1) The amount of tax determined under subparagraph (B) of section 1(h)(1) of such Code shall be the sum of—

(A) 10 percent of the lesser of—

(i) the net capital gain taking into account only gain or loss properly taken into account for the portion of the taxable year on or after such date (determined without regard to collectibles gain or loss, gain described in section (1)(h)(6)(A)(i) of such Code, and section 1202 gain), or

(ii) the amount on which a tax is determined under such subparagraph (without regard to this subsection), plus

(B) 10 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A).

(2) The amount of tax determined under subparagraph (C) of section (1)(h)(1) of such Code shall be the sum of—

(A) 15 percent of the lesser of—

(i) the excess (if any) of the amount of net capital gain determined under subparagraph (A)(i) of paragraph (1) of this subsection over the amount on which a tax is determined under subparagraph (A) of paragraph (1) of this subsection, or

(ii) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), plus

(B) 20 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A) of this paragraph.

(3) For purposes of applying section 55(b)(3) of such Code, rules similar to the rules of paragraphs (1) and (2) of this subsection shall apply.

(4) In applying this subsection with respect to any pass-thru entity, the determination of

when gains and loss are properly taken into account shall be made at the entity level.

(5) Terms used in this subsection which are also used in section 1(h) of such Code shall have the respective meanings that such terms have in such section.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to sales or exchanges made—

(A) on or after June 1, 2001, and

(B) in taxable years beginning before January 1, 2004.

(2) WITHHOLDING.—The amendment made by subsection (a)(3) shall apply to amounts paid on or after June 1, 2001.

SA 657. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

In lieu of the matter proposed to be inserted, insert the following:

SEC. . EXTENSION OF MORATORIUM ON IMPOSITION OF TAXES ON THE INTERNET.

Section 1101(a) of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (112 Stat. 2681–719) is amended by striking ''3 years'' and inserting ''6 years''.

SA 658. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the end of subtitle A of title VIII, add the following:

SEC. ___. TEMPORARY REDUCTION IN CAPITAL GAINS RATE.

(a) REDUCTION IN MAXIMUM RATE.—The following sections are each amended by striking ''20 percent'' and inserting ''15 percent'':

(1) Section 1(h)(1)(C).

(2) Section 55(b)(3)(C).

(3) Section 1445(e)(1).

(4) The second sentence of section 7518(g)(6)(A).

(5) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936.

(b) TRANSITION RULES.—For purposes of applying section 1(h) of the Internal Revenue Code of 1986 in the case of a taxable year which includes the date of the enactment of the Restoring Earnings To Lift Individuals and Empower Families (RELIEF) Act of 2001—

(1) The amount of tax determined under subparagraph (B) of section 1(h)(1) of such Code shall be the sum of—

(A) 10 percent of the lesser of—

(i) the net capital gain taking into account only gain or loss properly taken into account for the portion of the taxable year on or after such date (determined without regard to collectibles gain or loss, gain described in section (1)(h)(6)(A)(i) of such Code, and section 1202 gain), or

(ii) the amount on which a tax is determined under such subparagraph (without regard to this subsection), plus

(B) 10 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A).

(2) The amount of tax determined under subparagraph (C) of section (1)(h)(1) of such Code shall be the sum of—

(A) 15 percent of the lesser of—

(i) the excess (if any) of the amount of net capital gain determined under subparagraph (A)(i) of paragraph (1) of this subsection over the amount on which a tax is determined under subparagraph (A) of paragraph (1) of this subsection, or

(ii) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), plus

(B) 20 percent of the excess (if any) of—

(i) the amount on which a tax is determined under such subparagraph (C) (without regard to this subsection), over

(ii) the amount on which a tax is determined under subparagraph (A) of this paragraph.

(3) For purposes of applying section 55(b)(3) of such Code, rules similar to the rules of paragraphs (1) and (2) of this subsection shall apply.

(4) In applying this subsection with respect to any pass-thru entity, the determination of when gains and loss are properly taken into account shall be made at the entity level.

(5) Terms used in this subsection which are also used in section 1(h) of such Code shall have the respective meanings that such terms have in such section.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to sales or exchanges made—

(A) on or after the date of the enactment of this Act, and

(B) in taxable years beginning before January 1, 2003.

(2) WITHHOLDING.—The amendment made by subsection (a)(3) shall apply to amounts paid after the date of the enactment of this Act.

SA 659. Mrs. HUTCHISON (for herself and Mr. BROWNBACK) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 19, beginning with line 21, strike all through the matter preceding line 1 on page 20, and insert:

''(7) APPLICABLE PERCENTAGE.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	**The applicable percentage is—**
2002	170
2003	175
2004	180
2005	185
2006	190
2007	195
2008 and thereafter	200.''.

On page 20, line 14, strike ''2005'' and insert ''2001''.

On page 29, line 4, strike ''$2,000'' and insert ''the applicable amount''.

On page 29, line 7, strike ''$2,000'' and insert ''the applicable amount (as defined in section 530(b)(6))''.

On page 29, between lines 7 and 8, insert:

(3) APPLICABLE AMOUNT.—Section 530(b) is amended by adding at the end the following:

''(6) APPLICABLE AMOUNT.—The applicable amount shall be determined in accordance with the following table:

''In the case of taxable years beginning in calendar year—	**The applicable amount is—**
2002 or 2003	$500
2004 or 2005	$750
2006 or 2007	$1,000
2008 or 2009	$1,500
2010 and thereafter	$2,000.''.

On page 35, strike lines 21 through 23, and insert:

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(2) SUBSECTION (C).—The amendments made by subsection (c) shall apply to taxable years beginning after December 31, 2005.

Strike section 412 and insert:

SEC. 412. INCREASE IN INCOME LIMITATION ON STUDENT LOAN INTEREST DEDUCTION.

(a) INCREASE IN INCOME LIMITATION.—Section 221(b)(2)(B) (relating to amount of reduction) is amended by striking clauses (i) and (ii) and inserting the following:

''(i) the excess of—

''(I) the taxpayer's modified adjusted gross income for such taxable year, over

''(II) $50,000 ($100,000 in the case of a joint return), bears to

''(ii) $15,000 ($30,000 in the case of a joint return).''.

(b) CONFORMING AMENDMENT.—Section 221(g)(1) is amended by striking ''$40,000 and $60,000 amounts'' and inserting ''$50,000 and $100,000 amounts''.

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

On page 53, line 12, strike ''$3,000'' and insert ''$2,000 ($1,500 in the case of 2002)''.

On page 53, line 21, after ''$5,000'' insert ''($3,000''.

On page 311, line 10, strike ''$49,000'' and insert ''$48,000 in the case of 2004.)''.

On page 311, line 16, strike ''$35,750'' and insert ''$35,250''.

SA 660. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 9, in the matter between lines 11 and 12, strike ''37.6%'' in the item relating to 2005 and 2006 and insert ''38.6%'' and strike ''36%'' in the item relating to 2007 and thereafter and insert ''38.6%''.

On page 13, between lines 15 and 16, insert:

SEC. 104. INCREASE IN MAXIMUM TAXABLE INCOME FOR 15 PERCENT RATE BRACKET.

Section 1(f) (relating to adjustments in tax tables so that inflation will not result in tax increases), as amended by section 302, is amended—

(1) in paragraph (2)—

(A) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D),

(B) by inserting after subparagraph (A) the following:

''(B) in the case of the tables contained in subsections (a), (b), (c), and (d), by increasing the maximum taxable income level for the 15 percent rate bracket and the minimum taxable income level for the next highest rate bracket otherwise determined under subparagraph (A) (after application of paragraph (8)) for taxable years beginning in any calendar year after 2004, by the applicable dollar amount for such calendar year,'', and

(C) by striking ''subparagraph (A)'' in subparagraph (C) (as so redesignated) and inserting ''subparagraphs (A) and (B)'', and

(2) by adding at the end the following:

''(9) APPLICABLE DOLLAR AMOUNT.—For purposes of paragraph (2)(B), the applicable dollar amount for any calendar year shall be determined as follows:

''(A) JOINT RETURNS AND SURVIVING SPOUSES.—In the case of the table contained in subsection (a)—

"Calendar year:	Applicable Dollar Amount:
2005	$1,000
2006	$2,000
2007	$3,000
2008	$4,000
2009 and thereafter	$5,000.

''(B) OTHER TABLES.—In the case of the table contained in subsection (b), (c), or (d)—

"Calendar year:	Applicable Dollar Amount:
2005	$500
2006	$1,000
2007	$1,500
2008	$2,000
2009 and thereafter	$2,500.''

SA 661. Mr. JOHNSON submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 314, after line 21, add the following:

SEC. 803. INCREASED FUNDING FOR VETERANS HOSPITAL CARE AND MEDICAL SERVICES.

Notwithstanding any other provision of law, there is appropriated, out of any funds in the Treasury not otherwise appropriated, $1,700,000,000 for fiscal year 2002 for purposes of providing hospital care and medical services to veterans under chapter 17 of title 38, United States Code.

SA 662. Mr. INOUYE (for himself and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ___. TREATMENT OF CERTAIN HOSPITAL SUPPORT ORGANIZATIONS AS QUALIFIED ORGANIZATIONS FOR PURPOSES OF DETERMINING ACQUISITION INDEBTEDNESS.

(a) IN GENERAL.—Subparagraph (C) of section 514(c)(9) (relating to real property acquired by a qualified organization) is amended by striking ''or'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting ''; or'', and by adding at the end the following new clause:

''(iv) a qualified hospital support organization (as defined in subparagraph (I)).''.

(b) QUALIFIED HOSPITAL SUPPORT ORGANIZATIONS.—Paragraph (9) of section 514(c) is amended by adding at the end the following new subparagraph:

''(I) QUALIFIED HOSPITAL SUPPORT ORGANIZATIONS.—For purposes of subparagraph (C)(iv), the term 'qualified hospital support organization' means, with respect to any eligible indebtedness (including any qualified refinancing of such eligible indebtedness), a support organization (as defined in section 509(a)(3)) which supports a hospital described in section 119(d)(4)(B) and with respect to which—

''(i) more than half of its assets (by value) at any time since its organization—

''(I) were acquired, directly or indirectly, by gift or devise, and

''(II) consisted of real property, and

''(ii) the fair market value of the organization's real estate acquired, directly or indirectly, by gift or devise, exceeded 10 percent of the fair market value of all investment assets held by the organization immediately prior to the time that the eligible indebtedness was incurred.

For purposes of this subparagraph, the term 'eligible indebtedness' means indebtedness secured by real property acquired by the organization, directly or indirectly, by gift or devise, the proceeds of which are used exclusively to acquire any leasehold interest in such real property or for improvements on, or repairs to, such real property. A determination under clauses (i) and (ii) of this subparagraph shall be made each time such an eligible indebtedness (or the qualified refinancing of such an eligible indebtedness) is incurred. For purposes of this subparagraph, a refinancing of such an eligible indebtedness shall be considered qualified if such refinancing does not exceed the amount of the refinanced eligible indebtedness immediately before the refinancing.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to indebtedness incurred after December 31, 2003.

SA 663. Mr. INOUYE (for himself and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

SEC. 573. SPECIAL RULES FOR CLOSELY HELD BUSINESSES WITH 16 TO 75 PARTNERS OR SHAREHOLDERS.

(a) IN GENERAL.—Section 6166(b) (relating to definitions and special rules), as amended by section 571, is amended by adding at the end the following new paragraph:

''(11) SPECIAL RULES FOR BUSINESS WITH 16 TO 75 PARTNERS OR SHAREHOLDERS.—If the executor elects the benefits of this paragraph, then, for purposes of this section—

''(A) INTEREST AS A PARTNER IN A PARTNERSHIP TREATED AS AN INTEREST IN A CLOSELY HELD BUSINESS IF THE PARTNERSHIP HAD MORE THAN 15 BUT NO MORE THAN 75 PARTNERS.—An interest as partner in a partnership carrying on a trade or business shall be treated as an interest in a closely held business if such partnership had more than 15 but no more than 75 partners.

''(B) STOCK IN A CORPORATION TREATED AS AN INTEREST IN A CLOSELY HELD BUSINESS IF THE CORPORATION HAD MORE THAN 15 BUT NO MORE THAN 75 SHAREHOLDERS.—Stock in a corporation carrying on a trade or business shall be treated as an interest in a closely held business if such corporation had more than 15 but no more than 75 shareholders.

''(C) 5-YEAR DEFERRAL FOR PRINCIPAL NOT TO APPLY.—The executor shall be treated as having selected under subsection (a)(3) the date prescribed by section 6151(a).

''(D) 5 EQUAL INSTALLMENTS ALLOWED.—For purposes of applying subsection (a)(1), '5' shall be substituted for '10'.''

(b) EFFECTIVE DATE.—The amendment made by this section, shall apply to estates of decedents dying after December 31, 2001.

SA 664. Mr. SCHUMER submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 54, between lines 4 and 5, insert the following:

''(C) 2006 THROUGH 2011.—

''(i) IN GENERAL.—In the case of a taxable year beginning in 2006, 2007, 2008, 2009, 2010, or 2011, the applicable dollar amount shall be equal to the applicable dollar amount determined in the table contained in clause (ii), reduced (but not below zero) by the amount determined under clause (iii).

''(ii) APPLICABLE DOLLAR AMOUNT.—

"Taxable year beginning in:	Applicable dollar amount:
2006	$10,000
2007	$10,000
2008	$12,000
2009	$12,000
2010	$12,000
2011	$12,000.

''(iii) AMOUNT OF REDUCTION.—The amount determined under this clause for any taxable year is the amount which bears the same ratio to the applicable dollar amount determined in the table contained in clause (ii) for such taxable year as—

''(I) the excess of—

''(aa) the taxpayer's adjusted gross income for such taxable year, over

''(bb) $65,000 ($90,000 in the case of return filed by a head of household (as defined in section 2(b)), and $130,000 in the case of a joint return), bears to

''(II) $10,000 ($20,000 in the case of a joint return).

On page 59, line 3, strike ''$500'' and insert ''$1000''.

Strike section 511 relating to reductions of estate and gift tax rates.

SA 665. Mr. TORRICELLI submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 314, after line 21, add the following:

SEC. 3. PARTIAL EXCLUSION OF GAIN FROM SALE OF LOW-TO-MODERATE INCOME HOUSING.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by redesignating section 139 as section 140 and inserting after section 138 the following new section:

''SEC. 139. CERTAIN GAIN FROM SALE OF LOW-TO-MODERATE INCOME HOUSING.

''(a) IN GENERAL.—Gross income shall not include the gain from the sale of any qualified low-to-moderate income building made during the taxable year.

''(b) QUALIFIED LOW-TO-MODERATE INCOME BUILDING.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified low-to-moderate income building' means any building which is part of a qualified low-to-moderate income development project.

''(2) QUALIFIED LOW-TO-MODERATE INCOME DEVELOPMENT PROJECT.—

''(A) IN GENERAL.—The term 'qualified low-to-moderate income development project' means any development project of 1 or more for qualified low-to-moderate income buildings located in an eligible urban area if 40

percent or more of the residential units in such development project are occupied and owned by individuals whose income is 100 percent or less of area median gross income.

''(B) ELIGIBLE URBAN AREA.—The term 'eligible urban area' means an area which is either a qualified census tract or an area of chronic economic distress (as defined in paragraphs (2) and (3) of section 143(j), respectively).

''(c) LIMITATION.—The amount of gain which may be taken into account under subsection (a) with respect to the sale of a low-to-moderate income building shall not exceed $10,000 for each low-to-moderate income unit in such building.''.

(b) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by striking the item relating to section 139 and inserting the following new items:

''Sec. 139. Certain gain from sale of low-to-moderate income housing.
''Sec. 140. Cross references to other Acts.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply sales in taxable years beginning after the date of the enactment of this Act for five years.

SA 666. Mr. TORRICELLI submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 314, after line 21, add the following:

SEC. 803. MISCONDUCT OF INTERNAL REVENUE SERVICE EMPLOYEES.

(a) DISCIPLINE OR TERMINATION OF EMPLOYMENT FOR MISCONDUCT.—Section 1203 of the Internal Revenue Service Restructuring and Reform Act of 1998 (26 U.S.C. 7804 note) is amended to read as follows:

''SEC. 1203. DISCIPLINE OR TERMINATION OF EMPLOYMENT FOR MISCONDUCT.

''(a) IN GENERAL.—Notwithstanding any other law, the Commissioner of Internal Revenue may impose discipline up to and including termination of the employment of any employee of the Internal Revenue Service if there is a final administrative or judicial determination that such employee committed any act or omission described under subsection (b) in the performance of the employee's official duties. Such termination shall be a removal for cause on charges of misconduct.

''(b) ACTS OR OMISSIONS.—The acts or omissions referred to under subsection (a) are—

''(1) willful failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer's home, personal belongings, or business assets;

''(2) willfully providing a false statement under oath with respect to a material matter involving a taxpayer or taxpayer representative;

''(3) with respect to a taxpayer, taxpayer representative, or other employee of the Internal Revenue Service, the willful violation of—

''(A) any right under the Constitution of the United States; or

''(B) any civil right established under—

''(i) title VI or VII of the Civil Rights Act of 1964;

''(ii) title IX of the Education Amendments of 1972;

''(iii) the Age Discrimination in Employment Act of 1967;

''(iv) the Age Discrimination Act of 1975;

''(v) section 501 or 504 of the Rehabilitation Act of 1973; or

''(vi) title I of the Americans with Disabilities Act of 1990;

''(4) willfully falsifying or destroying documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative;

''(5) willful assault or battery on a taxpayer, taxpayer representative, or other employee of the Internal Revenue Service, but only if there is a criminal conviction, or a final judgment by a court in a civil case, with respect to the assault or battery;

''(6) willful violations of the Internal Revenue Code of 1986, Department of Treasury regulations, or policies of the Internal Revenue Service (including the Internal Revenue Manual) for the purpose of retaliating against, or harassing, a taxpayer, taxpayer representative, or other employee of the Internal Revenue Service;

''(7) willful misuse of the provisions of section 6103 of the Internal Revenue Code of 1986 for the purpose of concealing information from a congressional inquiry;

''(8) willful understatement of Federal tax liability, unless such understatement is due to reasonable cause and not to willful neglect; and

''(9) willfully threatening to audit a taxpayer for the purpose of extracting personal gain or benefit.

''(c) NO APPEAL.—Any determination of the Commissioner of Internal Revenue under subsection (a) may not be appealed in any administrative or judicial proceeding.

''(d) DEFINITION.—For purposes of the provisions described in clauses (i), (ii), and (iv) of subsection (b)(3)(B), references to a program or activity receiving Federal financial assistance or an education program or activity receiving Federal financial assistance shall include any program or activity conducted by the Internal Revenue Service for a taxpayer.''.

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

SA 667. Mr. TORRICELLI submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the end of subtitle A of title II, add the following:

SEC. ____. ELIMINATION OF THE MARRIAGE PENALTY IN THE CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24(b) (relating to limitation based on adjusted gross income), as amended by section 201, is amended—

(1) by striking ''$55,000'' in paragraph (2)(C) and inserting ''one-half the amount in subparagraph (A)'', and

(2) by adding at the end, the following new paragraph:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning after 2001, the dollar amount contained in paragraph (2)(A) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section (1)(f)(3) for the calendar year in which the taxable year begins, by substituting ''calendar year 2000'' for ''calendar year 1992.''.

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

SA 668. Mr. ENSIGN submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the end of subtitle A of title VIII, add the following:

SEC. ____. TEMPORARY REDUCTION IN CAPITAL GAINS RATE.

(a) IN GENERAL.—

(1) REDUCTION IN 10 PERCENT RATE.—Section 1(h)(1)(B) is amended by inserting ''(8 percent in the case of 2002 and 2003)'' after ''10 percent''.

(2) REDUCTION IN 20 PERCENT RATE.—Section 1(h)(1)(C) (relating to maximum capital gains rate) is amended by inserting ''(15 percent in the case of 2002 and 2003)'' after ''20 percent''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1(h)(2)(A) is amended by inserting ''(8 percent in the case of 2002 and 2003)'' after ''10 percent''.

(2) Section 55(b)(3) is amended—

(A) in subparagraph (B), by striking ''10 percent'' and inserting ''the rate in effect under subsection 1(h)(1)(B)'', and

(B) in subparagraph (C), by striking ''20 percent'' and inserting ''the rate in effect under subsection 1(h)(1)(C)''.

(3) Paragraph (1) of section 1445(e) by striking ''20 percent)'' and inserting ''the rate in effect under section 1(h)(1)(C))''.

(4)(A) The second sentence of section 7518(g)(6)(A) is amended by striking ''20 percent'' and inserting ''the rate in effect under section 1(h)(1)(C)''.

(B) The second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936 is amended by striking ''20 percent'' and inserting ''the rate in effect under section 1(h)(1)(C)''.

SA 669. Mr. SCHUMER (for himself, Mr. BIDEN, Mr. BAYH, Mr. LIEBERMAN, Mr. DURBIN, Mr. TORRICELLI, Mrs. CLINTON, Mr. DASCHLE, Ms. STABENOW, and Mr. DAYTON) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 54, between lines 4 and 5, insert the following:

''(C) 2006 THROUGH 2011.—

''(i) IN GENERAL.—In the case of a taxable year beginning in 2006, 2007, 2008, 2009, 2010, or 2011, the applicable dollar amount shall be equal to the applicable dollar amount determined in the table contained in clause (ii), reduced (but not below zero) by the amount determined under clause (iii).

''(ii) APPLICABLE DOLLAR AMOUNT.—

''Taxable year beginning in:	**Applicable dollar amount:**
2006	$10,000
2007	10,000
2008	12,000
2009	12,000
2010	12,000
2011	12,000

.

''(iii) AMOUNT OF REDUCTION.—The amount determined under this clause for any taxable year is the amount which bears the same ratio to the applicable dollar amount determined in the table contained in clause (ii) for such taxable year as—

''(I) the excess of—

''(aa) the taxpayer's adjusted gross income for such taxable year, over

''(bb) $65,000 ($90,000 in the case of return filed by a head of household (as defined in section 2(b)), and $130,000 in the case of a joint return), bears to

''(II) $10,000 ($20,000 in the case of a joint return).

On page 59, line 3, strike ''$500'' and insert ''$1,000''.

Beginning on page 64, line 21, strike all through page 66, before line 2, and insert the following:

(a) MAXIMUM RATE OF TAX REDUCED TO 53 PERCENT.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

''Over $2,500,000 ..... $1,025,800, plus 53% of the excess over $2,500,000.''.

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2).

On page 68, strike lines 1 through 3.

SA 670. Mr. FITZGERALD (for himself, Mr. SCHUMER, Mr. JEFFORDS, Mrs. CLINTON, Mr. MCCAIN, Mr. TORRICELLI, Mr. DOMENICI, Mr. ALLEN, Mr. DURBIN, Mr. SMITH of Oregon, Mr. SPECTER, and Mr. NELSON of Florida) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

At the end of subtitle A of title VIII, add the following:

SEC. ___. NO FEDERAL INCOME TAX ON RESTITUTION RECEIVED BY VICTIMS OF THE NAZI REGIME OR THEIR HEIRS OR ESTATES.

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, any excludable restitution payments received by an eligible individual (or the individual's heirs or estate)—

(1) shall not be included in gross income; and

(2) shall not be taken into account for purposes of applying any provision of such Code which takes into account excludable income in computing adjusted gross income, including section 86 of such Code (relating to taxation of Social Security benefits).

For purposes of such Code, the basis of any property received by an eligible individual (or the individual's heirs or estate) as part of an excludable restitution payment shall be the fair market value of such property as of the time of the receipt.

(b) COORDINATION WITH FEDERAL MEANS-TESTED PROGRAMS.—

(1) IN GENERAL.—Any excludable restitution payment shall be disregarded in determining eligibility for, and the amount of benefits or services to be provided under, any Federal or federally assisted program which provides benefits or service based, in whole or in part, on need.

(2) PROHIBITION AGAINST RECOVERY OF VALUE OF EXCESSIVE BENEFITS OR SERVICES.—No officer, agency, or instrumentality of any government may attempt to recover the value of excessive benefits or services provided under a program described in subsection (a) before January 1, 2000, by reason of any failure to take account of excludable restitution payments received before such date.

(3) NOTICE REQUIRED.—Any agency of government that has taken into account excludable restitution payments in determining eligibility for a program described in subsection (a) before January 1, 2000, shall make a good faith effort to notify any individual who may have been denied eligibility for benefits or services under the program of the potential eligibility of the individual for such benefits or services.

(4) COORDINATION WITH 1994 ACT.—Nothing in this Act shall be construed to override any right or requirement under ''An Act to require certain payments made to victims of Nazi persecution to be disregarded in determining eligibility for and the amount of benefits or services based on need'', approved August 1, 1994 (Public Law 103–286; 42 U.S.C. 1437a note), and nothing in that Act shall be construed to override any right or requirement under this Act.

(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term ''eligible individual'' means a person who was persecuted for racial or religious reasons by Nazi Germany, any other Axis regime, or any other Nazi-controlled or Nazi-allied country.

(d) EXCLUDABLE RESTITUTION PAYMENT.—For purposes of this section, the term ''excludable restitution payment'' means any payment or distribution to an individual (or the individual's heirs or estate) which—

(1) is payable by reason of the individual's status as an eligible individual, including any amount payable by any foreign country, the United States of America, or any other foreign or domestic entity, or a fund established by any such country or entity, any amount payable as a result of a final resolution of a legal action, and any amount payable under a law providing for payments or restitution of property;

(2) constitutes the direct or indirect return of, or compensation or reparation for, assets stolen or hidden from, or otherwise lost to, the individual before, during, or immediately after World War II by reason of the individual's status as an eligible individual, including any proceeds of insurance under policies issued on eligible individuals by European insurance companies immediately before and during World War II; or

(3) consists of interest which is payable as part of any payment or distribution described in paragraph (1) or (2).

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—This section shall apply to any amount received on or after January 1, 2000.

(2) NO INFERENCE.—Nothing in this Act shall be construed to create any inference with respect to the proper tax treatment of any amount received before January 1, 2000.

SA 671. Mr. ALLARD (for himself, Mr. GREGG, and Mr. BUNNING) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the end of title I, insert:

SEC. ___. REDUCTION IN CAPITAL GAINS RATES FOR INDIVIDUALS.

(a) IN GENERAL.—

(1) 10-PERCENT RATE REDUCED TO 8 PERCENT.—Subparagraph (B) of section 1(h)(1), as amended by section 101, is amended by striking ''10 percent'' and inserting ''8 percent''.

(2) 20-PERCENT RATE REDUCED TO 15 PERCENT.—Subparagraph (C) of section 1(h)(1) is amended by striking ''20 percent'' and inserting ''15 percent''.

(4) CONFORMING AMENDMENTS.—

(A) Section 57(a)(7) is amended—

(i) by striking ''42 percent'' and inserting ''28 percent'', and

(ii) by striking the last sentence.

(B) Paragraph (1) of section 1445(e) is amended by striking ''20 percent'' and inserting ''15 percent''.

(C) The second sentence of section 7518(g)(6)(A), and the second sentence of section 607(h)(6)(A) of the Merchant Marine Act, 1936, are each amended by striking ''20 percent'' and inserting ''15 percent''.

(2) CONFORMING AMENDMENTS.—Subparagraph (A)(ii) of section 1(h)(6), as redesignated by paragraph (1), is amended—

(A) in subclause (I) by striking ''paragraph (5)(B)'' and inserting ''paragraph (4)(B)'', and

(B) in subclause (II) by striking ''paragraph (5)(A)'' and inserting ''paragraph (4)(A)''.

(c) MINIMUM TAX.—

(1) IN GENERAL.—

(A) 10-PERCENT RATE REDUCED TO 8 PERCENT.—Subparagraph (B) of section 55(b)(3) is amended by striking ''10 percent'' and inserting ''8 percent''.

(B) 20-PERCENT RATE REDUCED TO 15 PERCENT.—Subparagraph (C) of section 55(b)(3) is amended by striking ''20 percent'' and inserting ''15 percent''.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 55(b) is amended in the matter following subparagraph (D) by striking ''In the case of taxable years beginning after December 31, 2000, rules similar to the rules of section 1(h)(2) shall apply for purposes of subparagraphs (B) and (C).''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided by paragraph (2), the amendments made by this section shall apply to sales or exchanges after the date of the enactment of this Act and before January 1, 2003.

(2) WITHHOLDING.—The amendment made by subsection (a)(3)(B) shall apply to amounts paid after the date of the enactment of this Act and before January 1, 2003.

SA 672. Mr. ALLEN submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 55, strike lines 17 through 21, and insert:

''(1) QUALIFIED TUITION AND RELATED EXPENSES.—

''(A) IN GENERAL.—The term 'qualified tuition and related expenses' has the meaning given such term by section 25A(f). Such expenses shall be reduced in the same manner as under section 25A(g)(2).

''(B) SPECIAL RULE FOR COMPUTERS AND INTERNET ACCESS FOR ELEMENTARY AND SECONDARY STUDENTS.—

''(i) IN GENERAL.—Except as provided in this paragraph, the term 'qualified tuition and related expenses' includes, in the case of an individual who maintains a household which includes as a member one or more qualifying students, amounts paid or incurred for computer technology or equipment.

''(ii) LIMITATION.—The amount of expenses under clause (i) which may be taken into account under subsection (a) for any taxable year shall not exceed $1,000, reduced by the amount of expenses taken into account under clause (i) during the preceding 2 taxable years in connection with the purchase of a computer.

''(iii) QUALIFYING STUDENT.—For purposes of this subparagraph, the term 'qualifying student' means a dependent of the taxpayer (within the meaning of section 152) who is enrolled in school on a full-time basis.

''(iv) COMPUTER TECHNOLOGY OR EQUIPMENT.—For purposes of this subparagraph, the term 'computer technology or equipment' has the meaning given such term by section 170(e)(6)(F)(i) and includes Internet access and related services.

''(v) SCHOOL.—For purposes of this subparagraph, the term 'school' means any public, charter, private, religious, or home school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.

SA 673. Mr. ALLEN submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 31, lines 3 and 4, strike ''computer equipment (including related software and services)''.

On page 31, line 10, strike ''and''.

On page 31, line 17, strike the end period and insert '', and''.

On page 31, between lines 17 and 18, insert:

''(iii) expenses for the purchase of any computer technology or equipment (as defined in section 170(e)(6)(F)(i)) or Internet access and related services, if such technology, equipment, or services are to be used by the beneficiary and the beneficiary's family during any of the years the beneficiary is in school.

SA 674. Mrs. CARNAHAN (for herself and Mr. DASCHLE) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 9, strike lines 5 through 12 and insert the following:

''(2) REDUCTIONS IN RATES AFTER 2001.—

''(A) IN GENERAL.—Each rate of tax (other than the 10 percent rate) in the tables under subsections (a), (b), (c), (d), and (e) shall be reduced by 1 percentage point for taxable years beginning during a calendar year after the trigger year.

''(B) TRIGGER YEAR.—For purposes of subparagraph (A), the trigger year is—

''(i) 2002, in the case of the 15 percent rate,

''(ii) 2003, in the case of the 28 percent rate,

''(iii) 2004, in the case of the 31 percent rate,

''(iv) 2005, in the case of the 36 percent rate, and

''(v) 2006, in the case of the 39.6 percent rate.

''(3) ADJUSTMENT OF TABLES.—The Secretary''.

SA 675. Ms. COLLINS (for herself, Mr. WARNER, Mr. COCHRAN, Ms. LANDRIEU, Mr. ALLEN, Mr. SMITH of Oregon, Mr. HARKIN, Ms. MIKULSKI, Mr. REED, Mr. HUTCHINSON, Mr. DODD, and Mr. ENZI) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

At the end of title IV, add the following:

Subtitle E—Miscellaneous Education Provisions

SEC. 441. SHORT TITLE.

This subtitle may be cited as the ''Teacher Relief Act of 2001''.

SEC. 442. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals), as amended by section 431(a), is amended by redesignating section 223 as section 224 and by inserting after section 222 the following new section:

''SEC. 223. QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an eligible educator, there shall be allowed as a deduction an amount equal to the qualified professional development expenses paid or incurred by the taxpayer during the taxable year.

''(b) MAXIMUM DEDUCTION.—The deduction allowed under subsection (a) for any taxable year shall not exceed $500.

''(c) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELIGIBLE EDUCATORS.—For purposes of this section—

''(1) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—

''(A) IN GENERAL.—The term 'qualified professional development expenses' means expenses for tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance of an individual in a qualified course of instruction.

''(B) QUALIFIED COURSE OF INSTRUCTION.—The term 'qualified course of instruction' means a course of instruction which—

''(i) is—

''(I) directly related to the curriculum and academic subjects in which an eligible educator provides instruction,

''(II) designed to enhance the ability of an eligible educator to understand and use State standards for the academic subjects in which such educator provides instruction,

''(III) designed to provide instruction in how to teach children with different learning styles, particularly children with disabilities and children with special learning needs (including children who are gifted and talented), or

''(IV) designed to provide instruction in how best to discipline children in the classroom and identify early and appropriate interventions to help children described in subclause (III) to learn,

''(ii) is tied to—

''(I) challenging State or local content standards and student performance standards, or

''(II) strategies and programs that demonstrate effectiveness in increasing student academic achievement and student performance, or substantially increasing the knowledge and teaching skills of an eligible educator,

''(iii) is of sufficient intensity and duration to have a positive and lasting impact on the performance of an eligible educator in the classroom (which shall not include 1-day or short-term workshops and conferences), except that this clause shall not apply to an activity if such activity is 1 component described in a long-term comprehensive professional development plan established by an eligible educator and the educator's supervisor based upon an assessment of the needs of the educator, the students of the educator, and the local educational agency involved, and

''(iv) is part of a program of professional development which is approved and certified by the appropriate local educational agency as furthering the goals of the preceding clauses.

''(C) LOCAL EDUCATIONAL AGENCY.—The term 'local educational agency' has the meaning given such term by section 14101 of the Elementary and Secondary Education Act of 1965, as in effect on the date of the enactment of this section.

''(2) ELIGIBLE EDUCATOR.—

''(A) IN GENERAL.—The term 'eligible educator' means an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in an elementary or secondary school for at least 900 hours during a school year.

''(B) ELEMENTARY OR SECONDARY SCHOOL.—The terms 'elementary school' and 'secondary school' have the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as so in effect.

''(d) DENIAL OF DOUBLE BENEFIT.—

''(1) IN GENERAL.—No other deduction or credit shall be allowed under this chapter for any amount taken into account for which a deduction is allowed under this section.

''(2) COORDINATION WITH EXCLUSIONS.—A deduction shall be allowed under subsection (a) for qualified professional development expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135, 529(c)(1), or 530(d)(2) for the taxable year.''.

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a), as amended by section 431(b), is amended by inserting after paragraph (18) the following new paragraph:

''(19) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—The deduction allowed by section 223.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 86(b)(2), 135(c)(4), 137(b)(3), and 219(g)(3) are each amended by inserting ''223,'' after ''221,''.

(2) Section 221(b)(2)(C) is amended by inserting ''223,'' before ''911''.

(3) Section 469(i)(3)(E) is amended by striking ''and 221'' and inserting '', 221, and 223''.

(4) The table of sections for part VII of subchapter B of chapter 1, as amended by section 431(c), is amended by striking the item relating to section 223 and inserting the following new items:

''Sec. 223. Qualified professional development expenses.

''Sec. 224. Cross reference.''.

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

SEC. 442. CREDIT TO ELEMENTARY AND SECONDARY SCHOOL TEACHERS WHO PROVIDE CLASSROOM MATERIALS.

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to other credits) is amended by adding at the end the following new section:

''SEC. 30B. CREDIT TO ELEMENTARY AND SECONDARY SCHOOL TEACHERS WHO PROVIDE CLASSROOM MATERIALS.

''(a) ALLOWANCE OF CREDIT.—In the case of an eligible educator, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the qualified elementary and secondary education expenses which are paid or incurred by the taxpayer during such taxable year.

''(b) MAXIMUM CREDIT.—The credit allowed by subsection (a) for any taxable year shall not exceed $250.

''(c) DEFINITIONS.—

''(1) ELIGIBLE EDUCATOR.—The term 'eligible educator' has the same meaning given such term in section 223(c).

''(2) QUALIFIED ELEMENTARY AND SECONDARY EDUCATION EXPENSES.—The term 'qualified elementary and secondary education expenses' means expenses for books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by an eligible educator in the classroom.

''(3) ELEMENTARY OR SECONDARY SCHOOL.—The term 'elementary or secondary school' means any school which provides elementary education or secondary education (through grade 12), as determined under State law.

''(d) SPECIAL RULES.—

''(1) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under this chapter for any expense for which credit is allowed under this section.

''(2) APPLICATION WITH OTHER CREDITS.—The credit allowable under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(A) the regular tax for the taxable year, reduced by the sum of the credits allowable under subpart A and the preceding sections of this subpart, over

''(B) the tentative minimum tax for the taxable year.

''(e) ELECTION TO HAVE CREDIT NOT APPLY.—A taxpayer may elect to have this section not apply for any taxable year.''.

(b) CLERICAL AMENDMENT.—The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 30B. Credit to elementary and secondary school teachers who provide classroom materials.''.

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

SA 676. Mr. BIDEN (for himself, Mr. TORRICELLI, Mr. KERRY, Mr. SCHUMER, Mr. BAUCUS, Mr. ALLEN, Mrs. BOXER, Mr. CARPER, Mr. CHAFEE, Mrs. CLINTON, Mr. CORZINE, Mr. DAYTON, Mr. DODD, Mr. DURBIN, Mr. LEAHY, Ms. MIKULSKI, Mrs. MURRAY, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SPECTER, and Mr. WARNER) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the end of subtitle A of title VIII, add the following:

TITLE—HIGH-SPEED RAIL INVESTMENT

SEC. ___. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

(a) IN GENERAL.—Part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new subpart:

''Subpart H—Nonrefundable Credit for Holders of Qualified Amtrak Bonds

''Sec. 54. Credit to holders of qualified Amtrak bonds.

''SEC. 54. CREDIT TO HOLDERS OF QUALIFIED AMTRAK BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a qualified Amtrak bond on a credit allowance date of such bond which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified Amtrak bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any qualified Amtrak bond is the product of—

''(A) the applicable credit rate, multiplied by

''(B) the outstanding face amount of the bond.

''(3) APPLICABLE CREDIT RATE.—For purposes of paragraph (2), the applicable credit rate with respect to an issue is the rate equal to an average market yield (as of the day before the date of sale of the issue) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

''(4) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—

''(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this part (other than this subpart and subpart C).

''(2) CARRYOVER OF UNUSED CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

''(d) QUALIFIED AMTRAK BOND.—For purposes of this part—

''(1) IN GENERAL.—The term 'qualified Amtrak bond' means any bond issued as part of an issue if—

''(A) 95 percent or more of the proceeds of such issue are to be used for any qualified project,

''(B) the bond is issued by the National Railroad Passenger Corporation,

''(C) the issuer—

''(i) designates such bond for purposes of this section,

''(ii) certifies that it meets the State contribution requirement of paragraph (3) with respect to such project and that it has received the required State contribution payment before the issuance of such bond,

''(iii) certifies that it has obtained the written approval of the Secretary of Transportation for such project, including a finding by the Inspector General of the Department of Transportation that there is a reasonable likelihood that the proposed program will result in a positive incremental financial contribution to the National Railroad Passenger Corporation and that the investment evaluation process includes a return on investment, leveraging of funds (including State capital and operating contributions), cost effectiveness, safety improvement, mobility improvement, and feasibility, and

''(iv) certifies that it has obtained written certification by the Secretary, after consultation with the Secretary of Transportation, that, in the case of a qualified project which results in passenger trains operating at speeds greater than 79 miles per hour, the issuer has entered into a written agreement with the rail carriers (as defined in section 24102 of title 49, United States Code) the properties of which are to be improved by such project as to the scope and estimated cost of such project and the impact on freight capacity of such rail carriers; Provided that the National Railroad Passenger Corporation shall not exercise its rights under section 24308(a) of such title 49 to resolve disputes with respect to such project or the cost of such project,

''(D) the term of each bond which is part of such issue does not exceed 20 years,

''(E) the payment of principal with respect to such bond is the obligation of the National Railroad Passenger Corporation (regardless of the establishment of the trust account under subsection (j)), and

''(F) the issue meets the requirements of subsection (h).

''(2) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(A), the proceeds of an issue shall not be treated as used for a qualified project to the extent that the issuer takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a qualified Amtrak bond.

''(3) STATE CONTRIBUTION REQUIREMENT.—

''(A) IN GENERAL.—For purposes of paragraph (1)(C)(ii), the State contribution requirement of this paragraph is met with respect to any qualified project if the National Railroad Passenger Corporation has a written binding commitment from 1 or more States to make matching contributions not later than the date of issuance of the issue of not less than 20 percent of the cost of the qualified project. State matching contributions may include privately funded contributions.

''(B) USE OF STATE MATCHING CONTRIBUTIONS.—The matching contributions described in subparagraph (A) with respect to each qualified project shall be used—

''(i) as necessary to redeem bonds which are a part of the issue with respect to such project, and

''(ii) in the case of any remaining amount, at the election of the National Railroad Passenger Corporation and the contributing State—

''(I) to fund a qualified project,

''(II) to redeem other qualified Amtrak bonds, or

''(III) for the purposes of subclauses (I) and (II).

''(C) STATE CONTRIBUTION REQUIREMENT FOR CERTAIN QUALIFIED PROJECTS.—

''(i) IN GENERAL.—Notwithstanding any other provision of law, with respect to any qualified project on the high-speed rail corridors designated under section 104(d)(2) of title 23, United States Code, the State contribution requirement of this paragraph may include the value of land to be contributed by a State for right-of-way.

''(ii) SPECIAL RULES REGARDING USE OF BOND PROCEEDS.—Proceeds from the issuance of

bonds for such a qualified project may be used to the extent necessary for the purpose of subparagraph (B)(i), and any such proceeds deposited into the trust account required under subsection (j) shall be deemed expenditures for the qualified project under subsection (h).

''(D) STATE MATCHING CONTRIBUTIONS MAY NOT INCLUDE FEDERAL FUNDS.—For purposes of this paragraph, State matching contributions shall not be derived, directly or indirectly, from Federal funds, including any transfers from the Highway Trust Fund under section 9503.

''(E) NO STATE CONTRIBUTION REQUIREMENT FOR CERTAIN QUALIFIED PROJECTS.—With respect to any qualified project described in subsection (e)(4), the State contribution requirement of this paragraph is zero.

''(4) QUALIFIED PROJECT.—

''(A) IN GENERAL.—The term 'qualified project' means—

''(i) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements, including station rehabilitation or construction, track or signal improvements, or the elimination of grade crossings, for the northeast rail corridor between Washington, D.C. and Boston, Massachusetts,

''(ii) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements, including station rehabilitation or construction, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both) on the high-speed rail corridors designated under section 104(d)(2) of title 23, United States Code, and

''(iii) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements, including station rehabilitation or construction, track or signal improvements, or the elimination of grade crossings, for other intercity passenger rail corridors for the purpose of increasing railroad speeds up to 90 miles per hour.

''(B) REFINANCING RULES.—For purposes of subparagraph (A), a refinancing shall constitute a qualified project only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by the National Railroad Passenger Corporation—

''(i) after the date of the enactment of this section,

''(ii) for a term of not more than 3 years,

''(iii) to finance or acquire capital improvements described in subparagraph (A), and

''(iv) in anticipation of being refinanced with proceeds of a qualified Amtrak bond.

''(C) PRIOR ISSUANCE COSTS.—For purposes of subparagraph (A), a qualified project may include the costs a State incurs prior to the issuance of the bonds to fulfill any statutory requirements directly necessary for implementation of the project.

''(e) LIMITATIONS ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—There is a qualified Amtrak bond limitation for each fiscal year. Such limitation is—

''(A) $1,200,000,000 for each of the fiscal years 2002 through 2011, and

''(B) except as provided in paragraph (5), zero after fiscal year 2011.

''(2) BONDS FOR RAIL CORRIDORS.—Not more than $3,000,000,000 of the limitation under paragraph (1) may be designated for any 1 rail corridor described in clause (i) or (ii) of subsection (d)(4)(A).

''(3) BONDS FOR OTHER PROJECTS.—Not more than $100,000,000 of the limitation under paragraph (1) for any fiscal year may be allocated to all qualified projects described in subsection (d)(4)(A)(iii).

''(4) BONDS FOR ALASKA RAILROAD.—The Secretary of Transportation may allocate to the Alaska Railroad a portion of the qualified Amtrak limitation for any fiscal year in order to allow the Alaska Railroad to issue bonds which meet the requirements of this section for use in financing any project described in subsection (d)(4)(A)(iii) (determined without regard to the requirement of increasing railroad speeds). For purposes of this section, the Alaska Railroad shall be treated in the same manner as the National Railroad Passenger Corporation.

''(5) CARRYOVER OF UNUSED LIMITATION.—If for any fiscal year—

''(A) the limitation amount under paragraph (1), exceeds

''(B) the amount of bonds issued during such year which are designated under subsection (d)(1)(C)(i),

the limitation amount under paragraph (1) for the following fiscal year (through fiscal year 2015) shall be increased by the amount of such excess.

''(6) ADDITIONAL SELECTION CRITERIA.—In selecting qualified projects for allocation of the qualified Amtrak bond limitation under this subsection, the Secretary of Transportation—

''(A) may give preference to any project with a State matching contribution rate exceeding 20 percent, and

''(B) shall consider regional balance in infrastructure investment and the national interest in ensuring the development of a nation-wide high-speed rail transportation network.

''(f) OTHER DEFINITIONS.—For purposes of this subpart—

''(1) BOND.—The term 'bond' includes any obligation.

''(2) CREDIT ALLOWANCE DATE.—The term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term includes the last day on which the bond is outstanding.

''(3) STATE.—The term 'State' means the several States and the District of Columbia, and any subdivision thereof.

''(4) PROGRAM.—The term 'program' means 1 or more projects implemented over 1 or more years to support the development of intercity passenger rail corridors.

''(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(h) SPECIAL RULES RELATING TO ARBITRAGE.—

''(1) IN GENERAL.—Subject to paragraph (2), an issue shall be treated as meeting the requirements of this subsection if as of the date of issuance, the issuer reasonably expects—

''(A) to spend at least 95 percent of the proceeds of the issue for 1 or more qualified projects within the 5-year period beginning on such date, and

''(B) to proceed with due diligence to complete such projects and to spend the proceeds of the issue.

''(2) RULES REGARDING CONTINUING COMPLIANCE AFTER 5-YEAR DETERMINATION.—If at least 95 percent of the proceeds of the issue is not expended for 1 or more qualified projects within the 5-year period beginning on the date of issuance, an issue shall be treated as continuing to meet the requirements of this subsection if either—

''(A) the issuer uses all unspent proceeds of the issue to redeem bonds of the issue within 90 days after the end of such 5-year period, or

''(B) the following requirements are met:

''(i) The issuer spends at least 75 percent of the proceeds of the issue for 1 or more qualified projects within the 5-year period beginning on the date of issuance.

''(ii) The issuer has proceeded with due diligence to spend the proceeds of the issue within such 5-year period and continues to proceed with due diligence to spend such proceeds.

''(iii) The issuer pays to the Federal Government any earnings on the proceeds of the issue that accrue after the end of such 5-year period.

''(iv) Either—

''(I) at least 95 percent of the proceeds of the issue is expended for 1 or more qualified projects within the 6-year period beginning on the date of issuance, or

''(II) the issuer uses all unspent proceeds of the issue to redeem bonds of the issue within 90 days after the end of such 6-year period.

''(i) RECAPTURE OF PORTION OF CREDIT WHERE CESSATION OF COMPLIANCE.—

''(1) IN GENERAL.—If any bond which when issued purported to be a qualified Amtrak bond ceases to be a qualified Amtrak bond, the issuer shall pay to the United States (at the time required by the Secretary) an amount equal to the sum of—

''(A) the aggregate of the credits allowable under this section with respect to such bond (determined without regard to subsection (c)) for taxable years ending during the calendar year in which such cessation occurs and the 2 preceding calendar years, and

''(B) interest at the underpayment rate under section 6621 on the amount determined under subparagraph (A) for each calendar year for the period beginning on the first day of such calendar year.

''(2) FAILURE TO PAY.—If the issuer fails to timely pay the amount required by paragraph (1) with respect to such bond, the tax imposed by this chapter on each holder of any such bond which is part of such issue shall be increased (for the taxable year of the holder in which such cessation occurs) by the aggregate decrease in the credits allowed under this section to such holder for taxable years beginning in such 3 calendar years which would have resulted solely from denying any credit under this section with respect to such issue for such taxable years.

''(3) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (2) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards and carrybacks under section 39 shall be appropriately adjusted.

''(B) NO CREDITS AGAINST TAX.—Any increase in tax under paragraph (2) shall not be treated as a tax imposed by this chapter for purposes of determining—

''(i) the amount of any credit allowable under this part, or

''(ii) the amount of the tax imposed by section 55.

''(j) USE OF TRUST ACCOUNT.—

''(1) IN GENERAL.—The amount of any matching contribution with respect to a qualified project described in subsection (d)(3)(B)(i) or (d)(3)(B)(ii)(II) and the temporary period investment earnings on proceeds of the issue with respect to such

project, and any earnings thereon, shall be held in a trust account by a trustee independent of the National Railroad Passenger Corporation to be used to the extent necessary to redeem bonds which are part of such issue.

''(2) USE OF REMAINING FUNDS IN TRUST ACCOUNT.—Upon the repayment of the principal of all qualified Amtrak bonds issued under this section, any remaining funds in the trust account described in paragraph (1) shall be available—

''(A) to the trustee described in paragraph (1), to meet any remaining obligations under any guaranteed investment contract used to secure earnings sufficient to repay the principal of such bonds, and

''(B) to the issuer, for any qualified project.

''(k) OTHER SPECIAL RULES.—

''(1) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

''(2) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any qualified Amtrak bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(3) CREDITS MAY BE STRIPPED.—Under regulations prescribed by the Secretary—

''(A) IN GENERAL.—There may be a separation (including at issuance) of the ownership of a qualified Amtrak bond and the entitlement to the credit under this section with respect to such bond. In case of any such separation, the credit under this section shall be allowed to the person who on the credit allowance date holds the instrument evidencing the entitlement to the credit and not to the holder of the bond.

''(B) CERTAIN RULES TO APPLY.—In the case of a separation described in subparagraph (A), the rules of section 1286 shall apply to the qualified Amtrak bond as if it were a stripped bond and to the credit under this section as if it were a stripped coupon.

''(4) TREATMENT FOR ESTIMATED TAX PURPOSES.—Solely for purposes of sections 6654 and 6655, the credit allowed by this section to a taxpayer by reason of holding a qualified Amtrak bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.

''(5) CREDIT MAY BE TRANSFERRED.—Nothing in any law or rule of law shall be construed to limit the transferability of the credit allowed by this section through sale and repurchase agreements.

''(6) REPORTING.—Issuers of qualified Amtrak bonds shall submit reports similar to the reports required under section 149(e).''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest), as amended by section 505(d), is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON QUALIFIED AMTRAK BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54(g) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54(f)(2)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A) of this paragraph, subsection (b)(4) of this section shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i).

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Subpart H. Nonrefundable Credit for Holders of Qualified Amtrak Bonds.''.

(2) Section 6401(b)(1) is amended by striking ''and G'' and inserting ''G, and H''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after September 30, 2001.

(e) MULTI-YEAR CAPITAL SPENDING PLAN AND OVERSIGHT.—

(1) AMTRAK CAPITAL SPENDING PLAN.—

(A) IN GENERAL.—The National Railroad Passenger Corporation shall annually submit to the President and Congress a multi-year capital spending plan, as approved by the Board of Directors of the Corporation.

(B) CONTENTS OF PLAN.—Such plan shall identify the capital investment needs of the Corporation over a period of not less than 5 years and the funding sources available to finance such needs and shall prioritize such needs according to corporate goals and strategies.

(C) INITIAL SUBMISSION DATE.—The first plan shall be submitted before the issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 of the Internal Revenue Code of 1986 (as added by this section).

(2) OVERSIGHT OF AMTRAK TRUST ACCOUNT AND QUALIFIED PROJECTS.—

(A) TRUST ACCOUNT OVERSIGHT.—The Secretary of the Treasury shall annually report to Congress as to whether the amount deposited in the trust account established by the National Railroad Passenger Corporation under section 54(j) of such Code (as so added) is sufficient to fully repay at maturity the principal of any outstanding qualified Amtrak bonds issued pursuant to section 54 of such Code (as so added), together with amounts expected to be deposited into such account, as certified by the National Railroad Passenger Corporation in accordance with procedures prescribed by the Secretary of the Treasury.

(B) PROJECT OVERSIGHT.—The National Railroad Passenger Corporation shall contract for an annual independent assessment of the costs and benefits of the qualified projects financed by such qualified Amtrak bonds, including an assessment of the investment evaluation process of the Corporation. The annual assessment shall be included in the plan submitted under paragraph (1).

(C) OVERSIGHT FUNDING.—Not more than 0.5 percent of the amounts made available through the issuance of qualified Amtrak bonds by the National Railroad Passenger Corporation pursuant to section 54 of such Code (as so added) may be used by the National Railroad Passenger Corporation for assessments described in subparagraph (B).

(f) PROTECTION OF HIGHWAY TRUST FUND.—

(1) CERTIFICATION BY THE SECRETARY OF THE TREASURY.—The issuance of any qualified Amtrak bonds by the National Railroad Passenger Corporation or the Alaska Railroad pursuant to section 54 of the Internal Revenue Code of 1986 (as added by this section) is conditioned on certification by the Secretary of the Treasury, after consultation with the Secretary of Transportation, within 30 days of a request by the issuer, that with respect to funds of the Highway Trust Fund described under paragraph (2), the issuer either—

(A) has not received such funds during fiscal years commencing with fiscal year 2002 and ending before the fiscal year the bonds are issued, or

(B) has repaid to the Highway Trust Fund any such funds which were received during such fiscal years.

(2) APPLICABILITY.—This subsection shall apply to funds received directly, or indirectly from a State or local transit authority, from the Highway Trust Fund established under section 9503 of the Internal Revenue Code of 1986, except for funds authorized to be expended under section 9503(c) of such Code, as in effect on the date of the enactment of this Act.

(3) NO RETROACTIVE EFFECT.—Nothing in this subsection shall adversely affect the entitlement of the holders of qualified Amtrak bonds to the tax credit allowed pursuant to section 54 of the Internal Revenue Code of 1986 (as so added) or to repayment of principal upon maturity.

(g) EXEMPTION FROM TAXES FOR HIGH-SPEED RAIL LINES AND IMPROVEMENTS.—Notwithstanding any other provision of law, no rail carrier (as defined in section 24102 of title 49, United States Code) shall be required to pay any tax or fee imposed by the Internal Revenue Code of 1986 with respect to the acquisition, improvement, or ownership of personal or real property funded by the proceeds of qualified Amtrak bonds (as defined in section 54(d) of the Internal Revenue Code of 1986 (as added by this section) or with respect to revenues or income derived from such acquisition, improvement, or ownership (other than revenues or income derived from expanded operations resulting from such acquisition, improvement, or ownership).

(h) ISSUANCE OF REGULATIONS.—The Secretary of the Treasury shall issue regulations required under section 54 of the Internal Revenue Code (as added by this section) not later than 90 days after the date of the enactment of this Act.

(i) ISSUANCE OF TAX-EXEMPT BONDS FOR RAIL PASSENGER PROJECTS.—

(1) FUNDING STATE MATCH REQUIREMENT.—Section 142(a) (relating to exempt facility bond) is amended by striking ''or'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', or'', and by adding at the end the following new paragraph:

''(13) the State contribution requirement for qualified projects under section 54.''.

(2) REPEAL OF GOVERNMENTAL OWNERSHIP REQUIREMENT FOR MASS COMMUTING FACILITIES.—Section 142(b)(1)(A) (relating to certain facilities must be governmentally owned) is amended by striking ''(3),''.

(3) DEFINITION OF HIGH-SPEED INTERCITY RAIL FACILITIES.—Section 142(i)(1) is amended by striking ''in excess of 150 miles per hour'' and inserting ''prescribed in section 104(d)(2) of title 23, United States Code,''.

(4) EXEMPTION FROM VOLUME CAP.—Subsection (g) of section 146 (relating to exception for certain bonds) is amended by striking paragraph (4) and the last sentence of such subsection and inserting the following new paragraph:

''(4) any exempt facility bond issued as part of an issue described in paragraph (3), (11), or (13) of section 142(a) (relating to mass

commuting facilities, high-speed intercity rail facilities, and State contribution requirements under section 54).''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to bonds issued after the date of enactment of this Act.

SA 677. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 66, in the table set forth between lines 1 and 2, strike that matter relating to years 2007, 2008, 2009, and 2010 and insert the following:

''2007 and 2008 ..... 46 percent

''2009 and 2010 ..... 45 percent.''.

At the end of subtitle A of title VIII, add the following:

SEC. ___. CREDIT FOR MEDICAL RESEARCH RELATED TO DEVELOPING VACCINES AGAINST WIDESPREAD DISEASES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 620, is amended by adding at the end the following new section:

''SEC. 45G. CREDIT FOR MEDICAL RESEARCH RELATED TO DEVELOPING VACCINES AGAINST WIDESPREAD DISEASES.

''(a) GENERAL RULE.—For purposes of section 38, the vaccine research credit determined under this section for the taxable year is an amount equal to 30 percent of the qualified vaccine research expenses for the taxable year.

''(b) QUALIFIED VACCINE RESEARCH EXPENSES.—For purposes of this section—

''(1) QUALIFIED VACCINE RESEARCH EXPENSES.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the term 'qualified vaccine research expenses' means the amounts which are paid or incurred by the taxpayer during the taxable year which would be described in subsection (b) of section 41 if such subsection were applied with the modifications set forth in subparagraph (B).

''(B) MODIFICATIONS; INCREASED INCENTIVE FOR CONTRACT RESEARCH PAYMENTS.—For purposes of subparagraph (A), subsection (b) of section 41 shall be applied—

''(i) by substituting 'vaccine research' for 'qualified research' each place it appears in paragraphs (2) and (3) of such subsection, and

''(ii) by substituting '100 percent' for '65 percent' in paragraph (3)(A) of such subsection.

''(C) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified vaccine research expenses' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(2) VACCINE RESEARCH.—The term 'vaccine research' means research to develop vaccines and microbicides for—

''(A) malaria,

''(B) tuberculosis,

''(C) HIV, or

''(D) any infectious disease (of a single etiology) which, according to the World Health Organization, causes over 1,000,000 human deaths annually.

''(c) COORDINATION WITH CREDIT FOR INCREASING RESEARCH EXPENDITURES.—

''(1) IN GENERAL.—Except as provided in paragraph (2), any qualified vaccine research expenses for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 for such taxable year.

''(2) EXPENSES INCLUDED IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any qualified vaccine research expenses for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(d) SPECIAL RULES.—

''(1) LIMITATIONS ON FOREIGN TESTING.—No credit shall be allowed under this section with respect to any vaccine research (other than human clinical testing) conducted outside the United States.

''(2) PRE-CLINICAL RESEARCH.—No credit shall be allowed under this section for preclinical research unless such research is pursuant to a research plan an abstract of which has been filed with the Secretary before the beginning of such year. The Secretary, in consultation with the Secretary of Health and Human Services, shall prescribe regulations specifying the requirements for such plans and procedures for filing under this paragraph.

''(3) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (1) and (2) of section 41(f) shall apply for purposes of this section.

''(4) ELECTION.—This section (other than subsection (e)) shall apply to any taxpayer for any taxable year only if such taxpayer elects to have this section apply for such taxable year.

''(e) CREDIT TO BE REFUNDABLE FOR CERTAIN TAXPAYERS.—

''(1) IN GENERAL.—In the case of an electing qualified taxpayer—

''(A) the credit under this section shall be determined without regard to section 38(c), and

''(B) the credit so determined shall be allowed as a credit under subpart C.

''(2) ELECTING QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'electing qualified taxpayer' means, with respect to any taxable year, any domestic C corporation if—

''(A) the aggregate gross assets of such corporation at any time during such taxable year are $500,000,000 or less,

''(B) the net income tax (as defined in section 38(c)) of such corporation is zero for such taxable year and the 2 preceding taxable years,

''(C) as of the close of the taxable year, the corporation is not under the jurisdiction of a court in a title 11 or similar case (within the meaning of section 368(a)(3)(A)),

''(D) the corporation provides such assurances as the Secretary requires that, not later than 2 taxable years after the taxable year in which the taxpayer receives any refund of a credit under this subsection, the taxpayer will make an amount of qualified vaccine research expenses equal to the amount of such refund, and

''(E) the corporation elects the application of this subsection for such taxable year.

''(3) AGGREGATE GROSS ASSETS.—Aggregate gross assets shall be determined in the same manner as such assets are determined under section 1202(d).

''(4) CONTROLLED GROUPS.—A corporation shall be treated as meeting the requirement of paragraph (2)(B) only if each person who is treated with such corporation as a single employer under subsections (a) and (b) of section 52 also meets such requirement.

''(5) SPECIAL RULES.—

''(A) RECAPTURE OF CREDIT.—The Secretary shall promulgate such regulations as necessary and appropriate to provide for the recapture of any credit allowed under this subsection in cases where the taxpayer fails to make the expenditures described in paragraph (2)(D).

''(B) EXCLUSION OF CERTAIN QUALIFIED VACCINE RESEARCH EXPENSES.—For purposes of determining the credit under this section for a taxable year, the qualified vaccine research expenses taken into account for such taxable year shall not include an amount paid or incurred during such taxable year equal to the amount described in paragraph (2)(D) (and not already taken into account under this subparagraph for a previous taxable year).''.

(b) INCLUSION IN GENERAL BUSINESS CREDIT.—

(1) IN GENERAL.—Section 38(b), as amended by section 620, is amended by striking ''plus'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting '', plus'', and by adding at the end the following new paragraph:

''(16) the vaccine research credit determined under section 45G.''.

(2) TRANSITION RULE.—Section 39(d), as amended by section 620, is amended by adding at the end the following new paragraph:

''(12) NO CARRYBACK OF SECTION 45G CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to the vaccine research credit determined under section 45G may be carried back to a taxable year ending before the date of the enactment of section 45G.''.

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:

''(d) CREDIT FOR QUALIFIED VACCINE RESEARCH EXPENSES.—

''(1) IN GENERAL.—No deduction shall be allowed for that portion of the qualified vaccine research expenses (as defined in section 45G(b)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45G(a).

''(2) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (c) shall apply for purposes of this subsection.''.

(d) DEDUCTION FOR UNUSED PORTION OF CREDIT.—Section 196(c) (defining qualified business credits) is amended by striking ''and'' at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting '', and'', and by adding at the end the following new paragraph:

''(10) the vaccine research credit determined under section 45G(a) (other than such credit determined under the rules of section 280C(d)(2)).''.

(e) TECHNICAL AMENDMENTS.—

(1) Section 1324(b)(2) of title 31, United States Code, is amended by inserting ''or from section 45G(e) of such Code,'' after ''1978,''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 620, is amended by adding at the end the following new item:

''Sec. 45G. Credit for medical research related to developing vaccines against widespread diseases.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SA 678. Mr. KERRY submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 66, in the table set forth between lines 1 and 2, strike that matter relating to years 2007, 2008, 2009, and 2010 and insert the following:

''2007 and 2008 ..... 46 percent
''2009 and 2010 ..... 45 percent.''.

At the end of subtitle A of title VIII, add the following:

SEC. ___. CREDIT FOR MEDICAL RESEARCH RELATED TO DEVELOPING VACCINES AGAINST WIDESPREAD DISEASES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits), as amended by section 620, is amended by adding at the end the following new section:

''SEC. 45G. CREDIT FOR MEDICAL RESEARCH RELATED TO DEVELOPING VACCINES AGAINST WIDESPREAD DISEASES.

''(a) GENERAL RULE.—For purposes of section 38, the vaccine research credit determined under this section for the taxable year is an amount equal to 30 percent of the qualified vaccine research expenses for the taxable year.

''(b) QUALIFIED VACCINE RESEARCH EXPENSES.—For purposes of this section—

''(1) QUALIFIED VACCINE RESEARCH EXPENSES.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, the term 'qualified vaccine research expenses' means the amounts which are paid or incurred by the taxpayer during the taxable year which would be described in subsection (b) of section 41 if such subsection were applied with the modifications set forth in subparagraph (B).

''(B) MODIFICATIONS; INCREASED INCENTIVE FOR CONTRACT RESEARCH PAYMENTS.—For purposes of subparagraph (A), subsection (b) of section 41 shall be applied—

''(i) by substituting 'vaccine research' for 'qualified research' each place it appears in paragraphs (2) and (3) of such subsection, and

''(ii) by substituting '100 percent' for '65 percent' in paragraph (3)(A) of such subsection.

''(C) EXCLUSION FOR AMOUNTS FUNDED BY GRANTS, ETC.—The term 'qualified vaccine research expenses' shall not include any amount to the extent such amount is funded by any grant, contract, or otherwise by another person (or any governmental entity).

''(2) VACCINE RESEARCH.—The term 'vaccine research' means research to develop vaccines and microbicides for—

''(A) malaria,

''(B) tuberculosis,

''(C) HIV, or

''(D) any infectious disease (of a single etiology) which, according to the World Health Organization, causes over 1,000,000 human deaths annually.

''(c) COORDINATION WITH CREDIT FOR INCREASING RESEARCH EXPENDITURES.—

''(1) IN GENERAL.—Except as provided in paragraph (2), any qualified vaccine research expenses for a taxable year to which an election under this section applies shall not be taken into account for purposes of determining the credit allowable under section 41 for such taxable year.

''(2) EXPENSES INCLUDED IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any qualified vaccine research expenses for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(d) SPECIAL RULES.—

''(1) LIMITATIONS ON FOREIGN TESTING.—No credit shall be allowed under this section with respect to any vaccine research (other than human clinical testing) conducted outside the United States.

''(2) PRE-CLINICAL RESEARCH.—No credit shall be allowed under this section for preclinical research unless such research is pursuant to a research plan an abstract of which has been filed with the Secretary before the beginning of such year. The Secretary, in consultation with the Secretary of Health and Human Services, shall prescribe regulations specifying the requirements for such plans and procedures for filing under this paragraph.

''(3) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (1) and (2) of section 41(f) shall apply for purposes of this section.

''(4) ELECTION.—This section (other than subsection (e)) shall apply to any taxpayer for any taxable year only if such taxpayer elects to have this section apply for such taxable year.

''(e) CREDIT TO BE REFUNDABLE FOR CERTAIN TAXPAYERS.—

''(1) IN GENERAL.—In the case of an electing qualified taxpayer—

''(A) the credit under this section shall be determined without regard to section 38(c), and

''(B) the credit so determined shall be allowed as a credit under subpart C.

''(2) ELECTING QUALIFIED TAXPAYER.—For purposes of this subsection, the term 'electing qualified taxpayer' means, with respect to any taxable year, any domestic C corporation if—

''(A) the aggregate gross assets of such corporation at any time during such taxable year are $500,000,000 or less,

''(B) the net income tax (as defined in section 38(c)) of such corporation is zero for such taxable year and the 2 preceding taxable years,

''(C) as of the close of the taxable year, the corporation is not under the jurisdiction of a court in a title 11 or similar case (within the meaning of section 368(a)(3)(A)),

''(D) the corporation provides such assurances as the Secretary requires that, not later than 2 taxable years after the taxable year in which the taxpayer receives any refund of a credit under this subsection, the taxpayer will make an amount of qualified vaccine research expenses equal to the amount of such refund, and

''(E) the corporation elects the application of this subsection for such taxable year.

''(3) AGGREGATE GROSS ASSETS.—Aggregate gross assets shall be determined in the same manner as such assets are determined under section 1202(d).

''(4) CONTROLLED GROUPS.—A corporation shall be treated as meeting the requirement of paragraph (2)(B) only if each person who is treated with such corporation as a single employer under subsections (a) and (b) of section 52 also meets such requirement.

''(5) SPECIAL RULES.—

''(A) RECAPTURE OF CREDIT.—The Secretary shall promulgate such regulations as necessary and appropriate to provide for the recapture of any credit allowed under this subsection in cases where the taxpayer fails to make the expenditures described in paragraph (2)(D).

''(B) EXCLUSION OF CERTAIN QUALIFIED VACCINE RESEARCH EXPENSES.—For purposes of determining the credit under this section for a taxable year, the qualified vaccine research expenses taken into account for such taxable year shall not include an amount paid or incurred during such taxable year equal to the amount described in paragraph (2)(D) (and not already taken into account under this subparagraph for a previous taxable year).

''(f) TERMINATION.—

''(1) IN GENERAL.—This section shall not apply to any amount paid or incurred after June 30, 2004.

''(2) COMPUTATION OF BASE AMOUNT.—In the case of any taxable year with respect to which this section applies to a number of days which is less than the total number of days in such taxable year, the base amount with respect to such taxable year shall be the amount which bears the same ratio to the base amount for such year (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year.''.

(b) INCLUSION IN GENERAL BUSINESS CREDIT.—

(1) IN GENERAL.—Section 38(b), as amended by section 620, is amended by striking ''plus'' at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting '', plus'', and by adding at the end the following new paragraph:

''(16) the vaccine research credit determined under section 45G.''.

(2) TRANSITION RULE.—Section 39(d), as amended by section 620, is amended by adding at the end the following new paragraph:

''(12) NO CARRYBACK OF SECTION 45G CREDIT BEFORE ENACTMENT.—No portion of the unused business credit for any taxable year which is attributable to the vaccine research credit determined under section 45G may be carried back to a taxable year ending before the date of the enactment of section 45G.''.

(c) DENIAL OF DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:

''(d) CREDIT FOR QUALIFIED VACCINE RESEARCH EXPENSES.—

''(1) IN GENERAL.—No deduction shall be allowed for that portion of the qualified vaccine research expenses (as defined in section 45G(b)) otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for such taxable year under section 45G(a).

''(2) CERTAIN RULES TO APPLY.—Rules similar to the rules of paragraphs (2), (3), and (4) of subsection (c) shall apply for purposes of this subsection.''.

(d) DEDUCTION FOR UNUSED PORTION OF CREDIT.—Section 196(c) (defining qualified business credits) is amended by striking ''and'' at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting '', and'', and by adding at the end the following new paragraph:

''(10) the vaccine research credit determined under section 45G(a) (other than such credit determined under the rules of section 280C(d)(2)).''.

(e) TECHNICAL AMENDMENTS.—

(1) Section 1324(b)(2) of title 31, United States Code, is amended by inserting ''or from section 45G(e) of such Code,'' after ''1978,''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1, as amended by section 620, is amended by adding at the end the following new item:

''Sec. 45G. Credit for medical research related to developing vaccines against widespread diseases.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SA 679. Mr. ROCKEFELLER (for himself, Mr. GRAHAM, Mr. WELLSTONE, Mr. KENNEDY, Mr. HARKIN, Mr. JOHNSON, Mr. KERRY, Mrs. CLINTON, Mr. DAYTON, and Ms. STABENOW) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 9, between lines 14 and 15, insert the following:

''(4) DELAY OF TOP RATE REDUCTION.—

''(A) IN GENERAL.—Notwithstanding paragraph (2), with respect to a calendar year, no percentage described in that paragraph shall be substituted for 39.6 percent until the requirement of subparagraph (B) is met.

''(B) MEDICARE OUTPATIENT PRESCRIPTION DRUG BENEFIT ENACTED.—Legislation is enacted that adds an outpatient prescription drug benefit to the medicare program established under title XVIII of the Social Security Act, without using funds generated from any surpluses in any trust fund established under the Social Security Act, that is—

''(i) voluntary,

''(ii) accessible to all medicare beneficiaries,

''(iii) designed to assist medicare beneficiaries with the high cost of prescription drugs, protect them from excessive out of pocket costs, and give them bargaining power in the marketplace,

''(iv) affordable to all medicare beneficiaries and the medicare program,

''(v) administered using private sector entities and competitive purchasing techniques, and

''(vi) consistent with broader reform of the medicare program.''.

SA 680. Mr. SMITH of New Hampshire submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 802, after line 21, add the following:

SEC. 803. REMOVAL OF LIMITATION.

(a) IN GENERAL.—Section 101(h) of the Internal Revenue Code of 1986 (relating to exclusion of survivor benefits from gross income) is amended by adding after paragraph (2) the following new paragraph:

''(3) APPLICATION.—This subsection shall apply to amounts received after December 31, 2000.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SA 681. Mr. SMITH of New Hampshire submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 802, after line 21, add the following:

SEC. 803. PERMANENT MORATORIUM ON IMPOSITION OF TAXES ON THE INTERNET.

Section 1101(a) of the Internet Tax Freedom Act (title XI of division C of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999; 47 U.S.C. 151 note) is amended by striking ''during the period beginning on October 1, 1998, and ending 3 years after the date of the enactment of this Act'' and inserting ''after September 30, 1998''.

SA 682. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

TITLE ____—SECTION 527 POLITICAL ORGANIZATION REPORTING REQUIREMENTS

SEC. ____01. EXEMPTION FOR STATE AND LOCAL CANDIDATE COMMITTEES FROM NOTIFICATION REQUIREMENTS.

(a) EXEMPTION FROM NOTIFICATION REQUIREMENTS.—Paragraph (5) of section 527(i) (relating to organizations must notify Secretary that they are section 527 organizations) is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by adding at the end the following:

''(C) which is a political committee of a State or local candidate.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by Public Law 106–230.

SEC. ____02. EXEMPTION FOR CERTAIN STATE AND LOCAL POLITICAL COMMITTEES FROM REPORTING AND ANNUAL RETURN REQUIREMENTS.

(a) EXEMPTION FROM REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Section 527(j)(5) (relating to coordination with other requirements) is amended by striking ''or'' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting '', or'', and by adding at the end the following:

''(F) to any organization described in paragraph (7), but only if, during the calendar year—

''(i) such organization is required by State or local law to report, and such organization reports, information regarding each separate expenditure and contribution (including information regarding the person who makes such contribution or receives such expenditure) with respect to which information would otherwise be required to be reported under this subsection, and

''(ii) such information is made public by the agency with which such information is filed and is publicly available for inspection in a manner similar to reports under section 6104(d)(1).

An organization shall not be treated as failing to meet the requirements of subparagraph (F)(i) solely because the minimum amount of any expenditure or contribution required to be reported under State or local law is greater (but not by more than $100) than the minimum amount required under this subsection.''.

(2) DESCRIPTION OF ORGANIZATION.—Section 527(j) is amended by adding at the end the following:

''(7) CERTAIN ORGANIZATIONS.—An organization is described in this paragraph if—

''(A) such organization is not described in subparagraph (A), (B), (C), or (D) of paragraph (5),

''(B) such organization does not engage in any exempt function activities other than activities for the purpose of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any State or local public office or office in a State or local political organization, and

''(C) no candidate for Federal office or individual holding Federal office—

''(i) controls or materially participates in the direction of such organization,

''(ii) solicits any contributions to such organization, or

''(iii) directs, in whole or in part, any expenditure made by such organization.''.

(b) EXEMPTION FROM REQUIREMENTS FOR ANNUAL RETURN BASED ON GROSS RECEIPTS.—Paragraph (6) of section 6012(a) (relating to persons required to make returns of income) is amended by striking ''organization, which'' and all that follows through ''section)'' and inserting ''organization—

''(A) which has political organization taxable income (within the meaning of section 527(c)(1)) for the taxable year, or

''(B) which—

''(i) is not a political committee of a State or local candidate or an organization to which section 527 applies solely by reason of subsection (f)(1) of such section, and

''(ii) has gross receipts of—

''(I) in the case of political organization described in section 527(j)(5)(F), $100,000 or more for the taxable year, and

''(II) in the case of any other political organization, $25,000 or more for the taxable year''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the amendments made by Public Law 106–230.

SEC. ____03. NOTIFICATION OF INTERACTION OF REPORTING REQUIREMENTS.

(a) IN GENERAL.—The Secretary of the Treasury, in consultation with the Federal Election Commission, shall publicize—

(1) the effect of the amendments made by this title, and

(2) the interaction of requirements to file a notification or report under section 527 of the Internal Revenue Code of 1986 and reports under the Federal Election Campaign Act of 1971.

(b) INFORMATION.—Information provided under subsection (a) shall be included in any appropriate form, instruction, notice, or other guidance issued to the public by the Secretary of the Treasury or the Federal Election Commission regarding reporting requirements of political organizations (as defined in section 527 of the Internal Revenue Code of 1986) or reporting requirements under the Federal Election Campaign Act of 1971.

SEC. ____04. WAIVER OF PENALTIES.

(a) WAIVER OF FILING PENALTIES.—Section 527 is amended by adding at the end the following:

''(k) AUTHORITY TO WAIVE.—The Secretary may waive all or any portion of the—

''(1) tax assessed on an organization by reason of the failure of the organization to give notice under subsection (i), or

''(2) penalty imposed under subsection (j) for a failure to file a report,

on a showing that such failure was due to reasonable cause and not due to willful neglect.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to any tax

assessed or penalty imposed after June 30, 2000.

SA 683. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 19, beginning with line 21, strike all through the matter preceding line 1 on page 20, and insert:

''(7) APPLICABLE PERCENTAGE.—For purposes of paragraph (2), the applicable percentage shall be determined in accordance with the following table:

"For taxable years beginning in calendar year—	The applicable percentage is—
2002	170
2003	175
2004	180
2005	185
2006	190
2007	195
2008 and thereafter	200.''.

On page 20, line 14, strike ''2004'' and insert ''2001''.

SA 684. Mr. KENNEDY (for himself, Mr. DODD, and Mr. JOHNSON) submitted an amendment intended to be proposed by him to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; which was ordered to lie on the table; as follows:

On page 9, between lines 14 and 15, insert:

''(4) DELAY OF TOP RATE REDUCTION.—

''(A) IN GENERAL.—Notwithstanding paragraph (2), with respect to a calendar year, no percentage described in that paragraph shall be substituted for 39.6 percent until the requirement of subparagraph (B) is met.

''(B) FULLY FUNDING BASIC EDUCATION SERVICES.—The requirement of this subparagraph is that legislation be enacted that appropriates funds for core education programs at or above the levels that have been authorized for such programs by the Senate in the following amendments to Senate bill 1 (the Better Education for Students and Teachers Act, 107th Congress):

''(i) Senate Amendment 360 (107th Congress; as offered by Senator Hagel and Senator Harkin), which passed the Senate on a voice vote with no dissenters, to honor the Federal commitment to provide States with 40 percent of the cost of implementing the Individuals with Disabilities Education Act, instead of the 17 percent of costs that the Federal Government currently provides.

''(ii) Senate Amendment 365 (107th Congress; as offered by Senator Dodd), which passed the Senate on a vote of 79 to 21, to provide support under title I of the Elementary and Secondary Education Act of 1965 (as amended by the Better Education for Students and Teachers Act) for 100 percent of the economically disadvantaged children rather than the 33 percent who are currently aided under such title.

''(iii) Senate Amendment 375 (107th Congress; as offered by Senator Kennedy), which passed the Senate on a vote of 69 to 31, to improve teacher quality for all students under the bipartisan agreement reflected in part A of title II of the Elementary and Secondary Education Act of 1965 (as amended by the Better Education for Students and Teachers Act).

''(iv) Senate Amendment 451 (107th Congress; as offered by Senator Lincoln), which passed the Senate on a vote of 62 to 34, to improve the quality of education available to bilingual students with limited English proficiency, especially in light of the nation's growing immigrant population.

''(v) Senate Amendment 563 (107th Congress; as offered by Senator Boxer), which passed the Senate on a vote of 60 to 39, to ensure that more of the nation's 7,000,000 latchkey children have access to safe, constructive activities after school while their parents are at work.

SA 685. Mr. BAYH (for himself, Ms. SNOWE, Mr. CHAFEE, Ms. LANDRIEU, Mrs. FEINSTEIN, Ms. COLLINS, Ms. STABENOW, Mr. JEFFORDS, Mr. KOHL, Mr. CARPER, Mr. NELSON of Florida, and Mrs. CLINTON) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

At the appropriate place, insert the following:

SEC. ___. ENSURING DEBT REDUCTION.

(a) TRIGGER.—

(1) IN GENERAL.—Notwithstanding any other provision of this Act or any other law, the effective date of a provision of law described in paragraph (2) shall be delayed as provided in paragraph (3).

(2) PROVISION DESCRIBED.—A provision of law described in this paragraph is—

(A) a provision of this Act that takes effect in fiscal year 2005 or 2007 and results in a revenue reduction; or

(B) a provision of law that—

(i) is enacted after the date of enactment of this Act; and

(ii) takes effect in fiscal year 2005 or 2007 and causes increased outlays through mandatory spending.

(3) DELAY.—If, on September 30 of 2004 and 2006, the Secretary of the Treasury determines that the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 will be exceeded in the fiscal year beginning October 1 of the following year, the effective date of any a provision of law described in paragraph (2) that takes effect during that fiscal year shall be delayed by 1 calendar year.

(4) DISCRETIONARY SPENDING LIMITATION.—Notwithstanding any other provision of law, in any fiscal year subject to the delay provisions of paragraph (3), the amount of discretionary spending in each discretionary spending account shall be the level provided for that account in the preceding fiscal year plus an adjustment for inflation.

(5) REPORTS TO CONGRESS.—On July 1 and September 5 of 2003 and 2005, the Secretary of the Treasury shall report to Congress the estimated amount of the debt held by the public for the fiscal year beginning on October 1 of that year.

(6) CONGRESSIONAL ACTION.—

(A) TRIGGER.—

(i) MODIFICATION.—In fiscal year 2005 or 2007, if the level of debt held by the public for that fiscal year would be below the level of debt held by the public for that fiscal year in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985, due to the provisions of paragraphs (3) and (4) any Member of Congress may move to proceed to a bill that would make changes in law to increase discretionary spending and direct spending and increase revenues (proportionately) in a manner that would increase the debt held by the public for that fiscal year to a level not exceeding the level provided in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985. The motion to proceed shall be voted on at the end of 4 hours of debate. A bill considered under this clause shall be considered as provided in section 310(e) of the Congressional Budget Act of 1974 (2 U.S.C. 641(e)). Any amendment offered to the bill shall maintain the proportionality requirement.

(ii) WAIVER.—The delay and limitation provided in paragraphs (3) and (4) may be disapproved by a joint resolution. A joint resolution considered under this clause shall not be advanced to third reading in either House unless a motion to proceed to third reading is agreed to by three-fifths of the Members, duly chosen and sworn.

(B) OTHER FISCAL YEARS.—

(i) IN GENERAL.—In fiscal year 2003, 2005, 2007, 2008, 2009, or 2010, if the level of debt held by the public for that fiscal year would exceed the level of debt held by the public for that fiscal year in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985, any Member of Congress may move to proceed to a bill that would defer changes in law that take effect in that fiscal year that would increase direct spending and decrease revenues and freeze the amount of discretionary spending in each discretionary spending account for that fiscal year at the level provided for that account in the preceding fiscal year plus an adjustment for inflation (all proportionately) in a manner that would reduce the debt held by the public for that fiscal year to a level not exceeding the level provided in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985. The motion to proceed shall be voted on at the end of 4 hours of debate. Any amendment offered to the bill shall either defer effective dates or freeze discretionary spending and maintain the proportionality requirement.

(ii) CONSIDERATION OF LEGISLATION.—A bill considered under clause (i) shall be considered as provided in section 310(e) of the Congressional Budget Act of 1974 (2 U.S.C. 641(e)).

(b) PUBLIC DEBT TARGETS.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in section 250(c)(1), by inserting '' ' debt held by the public' '' after ''outlays', ''; and

(2) by inserting after section 253 the following:

"SEC. 253A. DEBT HELD BY THE PUBLIC LIMIT.

''(a) LIMIT.—The debt held by the public shall not exceed—

''(1) for fiscal year 2002, $2,955,000,000,000;

''(2) for fiscal year 2003, $2,747,000,000,000;

''(3) for fiscal year 2004, $2,524,000,000,000;

''(4) for fiscal year 2005, $2,279,000,000,000;

''(5) for fiscal year 2006, $2,011,000,000,000;

''(6) for fiscal year 2007, $1,724,000,000,000;

''(7) for fiscal year 2008, $1,418,000,000,000;

''(8) for fiscal year 2009, $1,089,000,000,000; and

''(9) for fiscal year 2010, $878,000,000,000.

''(b) ADJUSTMENTS TO DEBT TARGETS FOR INABILITY TO REDEEM.—

''(1) IN GENERAL.—The debt held by the public targets may be adjusted in a specific fiscal year if the Secretary of the Treasury certifies that the target cannot be reached because the Department of the Treasury will be unable to redeem a sufficient amount of securities from holders of Federal debt to achieve the target.

''(2) CERTIFICATION.—The certification shall—

''(A) be transmitted by the President to Congress;

''(B) outline the specific reasons that the targets cannot be achieved and the estimated amount of excess reserves that will accumulate due to an inability of the Treasury to redeem Federal debt; and

''(C) not be the result of a lack of surplus revenues being available to redeem debt held by the public.

''(3) CONGRESSIONAL ACTION.—The adjustment provided in this subsection may be disapproved by a joint resolution. A joint resolution considered under this paragraph shall not be advanced to third reading in either House unless a motion to proceed to third reading is agreed to by a majority of the whole body.''.

(c) CONGRESSIONAL BUDGET PROCESS.—

(1) POINT OF ORDER.—Section 301 of the Congressional Budget Act of 1974 is amended by adding at the end the following:

''(j) DEBT HELD BY THE PUBLIC POINT OF ORDER.—It shall not be in order in the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would—

''(1) increase the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985; or

''(2) provide additional borrowing authority that would result in the limit on the debt held by the public in section 253A(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 being exceeded.''.

(2) SUPERMAJORITY WAIVER AND APPEAL.—Subsections (c)(1) and (d)(2) of section 904 of the Congressional Budget Act of 1974 are amended by striking ''305(b)(2),'' and inserting ''301(j), 305(b)(2),''.

(3) ADDITIONAL AMENDMENTS TO THE BUDGET ACT.—The Congressional Budget Act of 1974 is amended—

(A) in section 3, by adding at the end the following:

''(11)(A) The term 'debt held by the public' means the outstanding face amount of all debt obligations issued by the United States Government that are held by outside investors, including individuals, corporations, State or local governments, foreign governments, and the Federal Reserve System.

''(B) For the purpose of this paragraph, the term 'face amount', for any month, of any debt obligation issued on a discount basis that is not redeemable before maturity at the option of the holder of the obligation is an amount equal to the sum of—

''(i) the original issue price of the obligation; plus

''(ii) the portion of the discount on the obligation attributable to periods before the beginning of such month.'';

(B) in section 301(a) by—

(i) redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectfully; and

(ii) inserting after paragraph (5) the following:

''(6) the debt held by the public; and''; and

(C) in section 310(a) by—

(i) striking ''or'' at the end of paragraph (3);

(ii) by redesignating paragraph (4) as paragraph (5); and

(iii) inserting the following new paragraph;

''(4) specify the amounts by which the statutory limit on the debt held by the public is to be changed and direct the committee having jurisdiction to recommend such change; or''.

SA 686. Ms. LANDRIEU (for herself, Mr. CRAIG, and Mrs. LINCOLN) proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

On page 18, between lines 14 and 15, insert the following:

SEC. 202. EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL.—

(1) ADOPTION CREDIT.—Section 23(a)(1) (relating to allowance of credit) is amended to read as follows:

''(1) IN GENERAL.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter—

''(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(B) in the case of an adoption of a child with special needs, $10,000.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137(a) (relating to adoption assistance programs) is amended to read as follows:

''(a) IN GENERAL.—Gross income of an employee does not include amounts paid or expenses incurred by the employer for adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program. The amount of the exclusion shall be—

''(1) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

''(2) in the case of an adoption of a child with special needs, $10,000.''.

(b) DOLLAR LIMITATIONS.—

(1) DOLLAR AMOUNT OF ALLOWED EXPENSES.—

(A) ADOPTION EXPENSES.—Section 23(b)(1) (relating to allowance of credit) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'',

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)(A)''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(1) (relating to dollar limitations for adoption assistance programs) is amended—

(i) by striking ''$5,000'' and inserting ''$10,000'', and

(ii) by striking ''($6,000, in the case of a child with special needs)'', and

(iii) by striking ''subsection (a)'' and inserting ''subsection (a)(1)''.

(2) PHASE-OUT LIMITATION.—

(A) ADOPTION EXPENSES.—Clause (i) of section 23(b)(2)(A) (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(B) ADOPTION ASSISTANCE PROGRAMS.—Section 137(b)(2)(A) (relating to income limitation) is amended by striking ''$75,000'' and inserting ''$150,000''.

(c) YEAR CREDIT ALLOWED.—Section 23(a)(2) (relating to year credit allowed) is amended by adding at the end the following new flush sentence:

''In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.''.

(d) REPEAL OF SUNSET PROVISIONS.—

(1) CHILDREN WITHOUT SPECIAL NEEDS.—Paragraph (2) of section 23(d) (relating to definition of eligible child) is amended to read as follows:

''(2) ELIGIBLE CHILD.—The term 'eligible child' means any individual who—

''(A) has not attained age 18, or

''(B) is physically or mentally incapable of caring for himself.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs) is amended by striking subsection (f).

(e) ADJUSTMENT OF DOLLAR AND INCOME LIMITATIONS FOR INFLATION.—

(1) ADOPTION CREDIT.—Section 23 (relating to adoption expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(1)(B) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(2) ADOPTION ASSISTANCE PROGRAMS.—Section 137 (relating to adoption assistance programs), as amended by subsection (d), is amended by adding at the end the following new subsection:

''(f) ADJUSTMENTS FOR INFLATION.—In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b) shall be increased by an amount equal to—

''(1) such dollar amount, multiplied by

''(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.''.

(f) LIMITATION BASED ON AMOUNT OF TAX.—

(1) IN GENERAL.—Section 23(c) (relating to carryforwards of unused credit) is amended by striking ''the limitation imposed'' and all that follows through ''1400C)'' and inserting ''the applicable tax limitation''.

(2) APPLICABLE TAX LIMITATION.—Section 23(d) (relating to definitions) is amended by adding at the end the following new paragraph:

''(4) APPLICABLE TAX LIMITATION.—The term 'applicable tax limitation' means the sum of—

''(A) the taxpayer's regular tax liability for the taxable year, reduced (but not below zero) by the sum of the credits allowed by sections 21, 22, 24 (other than the amount of the increase under subsection (d) thereof), 25, and 25A, and

''(B) the tax imposed by section 55 for such taxable year.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 26(a) (relating to limitation based on amount of tax) is amended by inserting ''(other than section 23)'' after ''allowed by this subpart''.

(B) Section 53(b)(1) (relating to minimum tax credit) is amended by inserting ''reduced by the aggregate amount taken into account under section 23(d)(3)(B) for all such prior taxable years,'' after ''1986,''.

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

SA 687. Mr. GRAHAM (for himself, Mr. CORZINE, and Mr. DAYTON) proposed an amendment to the bill H.R. 1836, to

provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

Strike all after the first word and insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Economic Insurance Tax Cut of 2001''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

SEC. 2. 10-PERCENT INCOME TAX RATE BRACKET FOR INDIVIDUALS.

(a) RATES FOR 2001.—Section 1 (relating to tax imposed) is amended by striking subsections (a) through (d) and inserting the following:

''(a) MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES.—There is hereby imposed on the taxable income of—

''(1) every married individual (as defined in section 7703) who makes a single return jointly with his spouse under section 6013, and

''(2) every surviving spouse (as defined in section 2(a)),

a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $19,000	10% of taxable income.
Over $19,000 but not over $45,200.	$1,900, plus 15% of the excess over $19,000.
Over $45,200 but not over $109,250.	$5,830, plus 28% of the excess over $45,200.
Over $109,250 but not over $166,500.	$23,764, plus 31% of the excess over $109,250.
Over $166,500 but not over $297,350.	$41,511.50, plus 36% of the excess over $166,500.
Over $297,350	$88,617.50, plus 39.6% of the excess over $297,350.

''(b) HEADS OF HOUSEHOLDS.—There is hereby imposed on the taxable income of every head of a household (as defined in section 2(b)) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $14,250	10% of taxable income.
Over $14,250 but not over $36,250.	$1,425, plus 15% of the excess over $14,250.
Over $36,250 but not over $93,650.	$4,725, plus 28% of the excess over $36,250.
Over $93,650 but not over $151,650.	$20,797, plus 31% of the excess over $93,650.
Over $151,650 but not over $297,350.	$38,777, plus 36% of the excess over $151,650.
Over $297,350	$91,229, plus 39.6% of the excess over $297,350.

''(c) UNMARRIED INDIVIDUALS (OTHER THAN SURVIVING SPOUSES AND HEADS OF HOUSEHOLDS).—There is hereby imposed on the taxable income of every individual (other than a surviving spouse as defined in section 2(a) or the head of a household as defined in section 2(b)) who is not a married individual (as defined in section 7703) a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $9,500	10% of taxable income.
Over $9,500 but not over $27,050.	$950, plus 15% of the excess over $9,500.
Over $27,050 but not over $65,550.	$3,582.50, plus 28% of the excess over $27,050.
Over $65,550 but not over $136,750.	$14,362.50, plus 31% of the excess over $65,550.
Over $136,750 but not over $297,350.	$36,434.50, plus 36% of the excess over $136,750.
Over $297,350	$94,250.50, plus 39.6% of the excess over $297,350.

''(d) MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—There is hereby imposed on the taxable income of every married individual (as defined in section 7703) who does not make a single return jointly with his spouse under section 6013, a tax determined in accordance with the following table:

"If taxable income is:	The tax is:
Not over $9,500	10% of taxable income.
Over $9,500 but not over $22,600.	$950, plus 15% of the excess over $9,500.
Over $22,600 but not over $54,625.	$2,915, plus 28% of the excess over $22,600.
Over $54,625 but not over $83,250.	$11,882, plus 31% of the excess over $54,625.
Over $83,250 but not over $148,675.	$20,755.75, plus 36% of the excess over $83,250.
Over $148,675	$44,308.75, plus 39.6% of the excess over $148,675.''.

(b) INFLATION ADJUSTMENT TO APPLY IN DETERMINING RATES FOR 2002.—Subsection (f) of section 1 is amended—

(1) by striking ''1993'' in paragraph (1) and inserting ''2001'',

(2) by striking ''1992'' in paragraph (3)(B) and inserting ''2000'', and

(3) by striking paragraph (7).

(c) CONFORMING AMENDMENTS.—

(1) The following provisions are each amended by striking ''1992'' and inserting ''2000'' each place it appears:

(A) Section 25A(h).
(B) Section 32(j)(1)(B).
(C) Section 41(e)(5)(C).
(D) Section 42(h)(3)(H)(i)(II).
(E) Section 59(j)(2)(B).
(F) Section 63(c)(4)(B).
(G) Section 68(b)(2)(B).
(H) Section 132(f)(6)(A)(ii).
(I) Section 135(b)(2)(B)(ii).
(J) Section 146(d)(2)(B).
(K) Section 151(d)(4).
(L) Section 220(g)(2).
(M) Section 221(g)(1)(B).
(N) Section 512(d)(2)(B).
(O) Section 513(h)(2)(C)(ii).
(P) Section 685(c)(3)(B).
(Q) Section 877(a)(2).
(R) Section 911(b)(2)(D)(ii)(II).
(S) Section 2032A(a)(3)(B).
(T) Section 2503(b)(2)(B).
(U) Section 2631(c)(2).
(V) Section 4001(e)(1)(B).
(W) Section 4261(e)(4)(A)(ii).
(X) Section 6039F(d).
(Y) Section 6323(i)(4)(B).
(Z) Section 6334(g)(1)(B).
(AA) Section 6601(j)(3)(B).
(BB) Section 7430(c)(1).

(2) Subclause (II) of section 42(h)(6)(G)(i) is amended by striking ''1987'' and inserting ''2000''.

(d) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 1(g)(7)(B)(ii)(II) is amended by striking ''15 percent'' and inserting ''10 percent''.

(2) Section 1(h) is amended by striking paragraph (13).

(3) Section 3402(p)(1)(B) is amended by striking ''7, 15, 28, or 31 percent'' and inserting ''5, 10, 15, 28, or 31 percent''.

(4) Section 3402(p)(2) is amended by striking ''15 percent'' and inserting ''10 percent''.

(e) DETERMINATION OF WITHHOLDING TABLES.—Section 3402(a) (relating to requirement of withholding) is amended by adding at the following new paragraph:

''(3) CHANGES MADE BY SECTION 2 OF THE ECONOMIC INSURANCE TAX CUT OF 2001.—Notwithstanding the provisions of this subsection, the Secretary shall modify the tables and procedures under paragraph (1) through the reduction of the amount of withholding required with respect to taxable years beginning in calendar year 2001 to reflect the effective date of the amendments made by section 2 of the Economic Insurance Tax Cut of 2001, and such modification shall take effect on the first day of the first month beginning after the date of the enactment of such Act.''

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) AMENDMENTS TO WITHHOLDING PROVISIONS.—The amendments made by paragraphs (3) and (4) of subsection (d) shall apply to amounts paid after December 31, 2000.

SA 688. Mr. GRAHAM proposed an amendment to the bill H.R. 1836, to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002; as follows:

Beginning on page 64, line 17, strike all through page 66, before line 2, and insert:

Subtitle B—Reduction of Gift Tax Rate

SEC. 511. REDUCTION OF GIFT TAX RATE AFTER REPEAL.

On page 66, line 2, strike ''(d)'' and insert ''(a)''.

On page 67, line 1, strike ''(e)'' and insert ''(b)''.

Beginning on page 67, line 12, strike all through page 68, line 6, and insert:

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to gifts made after December 31, 2010.

On page 68, strike the table between lines 14 and 15, and insert:

"In the case of estates of decedents dying during:	The applicable exclusion amount is:
2002 and 2003	$1,000,000
2004, 2005, and 2006	$2,000,000
2007, 2008, 2009, and 2010	$3,000,000.''.

Beginning on page 70, line 20, strike all through page 79, line 6.

NOTICE OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that the hearing previously scheduled before the Committee on Energy and Natural Resources for Tuesday, May 22 at 2:30 p.m. in SH–216 has been rescheduled for Wednesday, May 23, 2001 at 9:30 a.m. in room SD–366 of the Dirksen Senate Office Building in Washington, D.C.

The purpose of this hearing is to receive testimony on the Administration's National Energy Policy report.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, 364

Dirksen Senate Office Building, Washington, D.C. 20510–6150.

For further information, please call Trici Heninger, Staff Assistant, or Bryan Hannegan, Staff Scientist, at (202) 224–4971.

SUBCOMMITTEE ON WATER AND POWER

Mr. SMITH. Mr. President, I would like to announce for the information of the Senate and the public that the oversight hearing regarding the Lower Klamath River Basin which had been previously scheduled for Wednesday, May 23, 2001 at 2 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, D.C. has been postponed until further notice.

For further information, please call Trici Heninger, Staff Assistant, or Colleen Deegan, Counsel, at (202) 224–8115.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Thursday, May 17, 2001, at 4:30 p.m., in executive session to consider certain pending nominations.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on the nominations of Michael Powell, Kathleen Abernathy, Kevin Martin, and Michael Copps to be members of the Federal Communications Commission on Thursday, May 17, 2001, at 9:30 a.m.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet to conduct a hearing on Thursday, May 17, at 9:30 a.m. to receive testimony regarding the following nominees:

Linda Fisher to be Deputy Administrator, Environmental Protection Agency;

Jeffrey Holmstead to be Assistant Administrator for Air and Radiation, Environmental Protection Agency;

Stephen Johnson to be Assistant Administrator for Toxic Substances, Environmental Protection Agency; and

James Connaughton to be a Member, Council on Environmental Quality.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, May 17, 2001, at 2 p.m. and 4 p.m. to hold two hearings as follows: at 2 p.m., in room SD–419, the Honorable William J. Burns, of the District of Columbia, to be Assistant Secretary of State for Near Eastern Affairs; and at 4 p.m. in room SD–419, Mrs. Christina B. Rocca, of Virginia, to be Assistant Secretary of State for South Asian Affairs; and Mr. Walter H. Kansteiner, of Virginia, to be Assistant Secretary of State for African Affairs.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Thursday, May 17, 2001 at 10 a.m. for a hearing to consider the nominations of John D. Graham to be Administrator of the Office of Information and Regulatory Affairs at the Office of Management and Budget, Stephen A. Perry to be Administrator of the General Services and Angela Styles to be Administrator of the Office of Federal Procurement Policy.

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

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet for a hearing on Addressing Direct Care Staffing Shortages during the session of the Senate on Thursday, May 17, 2001, at 9:30 a.m.

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

COMMITTEE ON THE JUDICIARY

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a markup on Thursday, May 17, 2001 at 10 a.m., in SD–226.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, May 17, 2001 at 2 p.m. to hold a closed hearing on intelligence matters.

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

SPECIAL COMMITTEE ON AGING

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Special Committee on Aging be authorized to meet on Thursday, May 17, 2001 from 9:30 a.m.–12 p.m. in Dirksen 562 for the purpose of conducting a hearing.

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

SUBCOMMITTEE ON INTERNATIONAL TRADE AND FINANCE

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on International Trade and Finance of the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on May 17, 2001 to conduct a hearing on ''Reauthorization of the U.S. Export-Import Bank.''

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

PRIVILEGES OF THE FLOOR

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the following employees of the Joint Committee on Taxation be allowed on the Senate floor for the duration of the debate on the tax RELIEF bill: Robert Bailey, Thomas A. Barthold, Ray Beeman, John Bloyer, Roger Colinvaux, H. Benjamin Hartley, Harold E. Hirsch, Deirdre James, Lauralee A. Matthews, Patricia McDermott, Brian Meighan, John Navratil, Joseph W. Nega, Samuel Olchyk, Lindy L. Paul, Oren S. Penn, Cecily W. Rock, Mary M. Schmitt, Todd C. Simmens, Carolyn E. Smith, and Barry L. Wold.

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

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the following interns of the Senate Finance Committee be allowed on the Senate floor for the duration of the debate on the tax RELIEF bill: Michael Whitmore, Zachary W. Paulson, and Paul Raak.

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

APPOINTMENTS

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, in accordance with 22 U.S.C. 1928a–1928d, as amended, appoints the following Senators as members of the Senate Delegation to the NATO Parliamentary Assembly during the First Session of the 107th Congress, to be held in Vilnius, Lithuania, May 27–31, 2001: The Senator from Ohio (Mr. VOINOVICH), the Senator from Maryland (Mr. SARBANES), the Senator from Maryland (Ms. MIKULSKI), and the Senator from Illinois (Mr. DURBIN).

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. GRASSLEY. In executive session, I ask unanimous consent that the Senate proceed to the consideration of the following nominations: Calendar Nos. 47, 49, and 78. I further ask unanimous consent that the nominations be confirmed, the motions to reconsider be laid upon the table, any statements relating to the nominations be printed in the RECORD, the President be immediately notified of the Senate's action, and the Senate then return to legislative session.

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

The nominations considered and confirmed are as follows:

DEPARTMENT OF DEFENSE

Victoria Clarke, of Maryland, to be an Assistant Secretary of Defense.

William J. Haynes II, of Tennessee, to be an Assistant Secretary of Defense.

EXPORT-IMPORT BANK OF THE UNITED STATES

John E. Robson, of California, to be President of the Export-Import Bank of the United States for a term expiring January 20, 2005, vice James A. Harmon, resigned.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

ORDERS FOR FRIDAY, MAY 18, 2001, AND MONDAY, MAY 21, 2001

Mr. GRASSLEY. I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 10 a.m. on Friday, May 18, for a pro forma session only. No business will be conducted during Friday's session of the Senate. I further ask that, on Friday, the Senate immediately adjourn until 9:30 a.m. on Monday, May 21, and immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then resume consideration of the reconciliation bill.

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

PROGRAM

Mr. GRASSLEY. For the information of all Senators, the Senate will resume consideration of the reconciliation bill at 9:30 a.m. on Monday. There will be approximately 8 hours for final remarks on the bill and debate on a few amendments. Under the previous order, the Carnahan amendment will be the first vote in a series to begin at 6 p.m. on Monday. Senators may expect numerous votes to follow, including final passage of H.R. 1836, the tax reconciliation bill.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. GRASSLEY. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate at 11:28 p.m., adjourned until Friday, May 18, 2001, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate May 16, 2001:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ANGELA ANTONELLI, OF VIRGINIA, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, VICE RICHARD F. KEEVEY.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

LORI A. FORMAN, OF VIRGINIA, TO BE AN ASSISTANT ADMINISTRATOR OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT, VICE ROBERT C. RANDOLPH, RESIGNED.

DEPARTMENT OF STATE

PIERRE-RICHARD PROSPER, OF CALIFORNIA, TO BE AMBASSADOR AT LARGE FOR WAR CRIMES ISSUES, VICE DAVID J. SCHEFFER.

CHARLES J. SWINDELLS, OF OREGON, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO NEW ZEALAND, AND TO SERVE CONCURRENTLY AND WITHOUT ADDITIONAL COMPENSATION AS AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO SAMOA.

MARGARET DEBARDELEBEN TUTWILER, OF ALABAMA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO THE KINGDOM OF MOROCCO.

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR A REGULAR APPOINTMENT IN THE GRADES INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 531:

To be lieutenant colonel

JEFFREY E. FRY, 0000

To be major

GEORGE A. MAYLEBEN, 0000

IN THE ARMY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTION 12203:

To be colonel

JOHN R. MATHEWS, 0000
WILLIAM M. MENNING, 0000
KARL C. THOMPSON, 0000

Executive Nominations Received by the Senate May 17, 2001:

ENVIRONMENTAL PROTECTION AGENCY

ROBERT E. FABRICANT, OF NEW JERSEY, TO BE AN ASSISTANT ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY, VICE GARY S. GUZY, RESIGNED.

EXECUTIVE OFFICE OF THE PRESIDENT

ALLEN FREDERICK JOHNSON, OF IOWA, TO BE CHIEF AGRICULTURAL NEGOTIATOR, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, WITH THE RANK OF AMBASSADOR, VICE GREGORY M. FRAZIER.

DEPARTMENT OF STATE

GEORGE L. ARGYROS, SR., OF CALIFORNIA, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO SPAIN, AND TO SERVE CONCURRENTLY AND WITHOUT ADDITIONAL COMPENSATION AS AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO ANDORRA.

HOWARD H. BAKER, JR., OF TENNESSEE, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO JAPAN.

THE JUDICIARY

SAM E. HADDON, OF MONTANA, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF MONTANA, VICE CHARLES C. LOVELL, RETIRED.

RICHARD F. CEBULL, OF MONTANA, TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF MONTANA, VICE JACK D. SHANSTROM, RETIRED.

DEPARTMENT OF STATE

DONALD BURNHAM ENSENAT, OF LOUISIANA, TO BE CHIEF OF PROTOCOL, AND TO HAVE THE RANK OF AMBASSADOR DURING HIS TENURE OF SERVICE, VICE MARY MEL FRENCH.

CONFIRMATIONS

Executive Nominations Confirmed by the Senate May 17, 2001:

DEPARTMENT OF DEFENSE

VICTORIA CLARKE, OF MARYLAND, TO BE AN ASSISTANT SECRETARY OF DEFENSE.

WILLIAM J. HAYNES II, OF TENNESSEE, TO BE GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE.

EXPORT-IMPORT BANK OF THE UNITED STATES

JOHN E. ROBSON, OF CALIFORNIA, TO BE PRESIDENT OF THE EXPORT-IMPORT BANK OF THE UNITED STATES FOR A TERM EXPIRING JANUARY 20, 2005.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

EXTENSIONS OF REMARKS

FALLEN HERO SURVIVOR BENEFIT FAIRNESS ACT OF 2001

SPEECH OF

HON. JACK QUINN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 15, 2001

Mr. QUINN. Mr. Speaker, I rise today in support of H.R. 1727, the Fallen Hero Survivor Benefit Act.

Under the Taxpayer Relief Act of 1997, survivor benefits are paid to the spouse and children of a slain public safety officer only if the officer was killed on or before December 31, 1996. H.R. 1727 would extend the inclusion to survivor benefits regardless of when the officer died. It will provide $46 million in tax relief over 10 years to the families of officers killed in the line of duty.

On average, one law enforcement officer is killed every 57 hours. Since 1991, there have been 1,555 federal, state and local law enforcement fatalities, 72 percent of those officers killed were married. For every officer killed, 1.85 children lost a parent.

Two police officers from my district of Buffalo, New York were killed in two years while honoring their duties. Officer Robert M. McClennan was hit by a car and killed while in pursuit of a suspect. Officer Charles ''Skip'' McDougal was off duty when he was brutally gunned down on the East Side of Buffalo. He left behind a wife and children. Too many families are left in this dire situation without the help they need.

While we cannot possibly remedy the emotional suffering these families have endured, we can help alleviate some of the financial hardship by passing this important legislation.

IN SINCERE TRIBUTE TO SHIRLEY PRUSSIN—LONG TIME ACTIVIST AND DEMOCRATIC CONSCIENCE OF THE CENTRAL COAST

HON. SAM FARR

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. FARR of California. Mr. Speaker, it is my privilege today to honor Shirley Prussin of Monterey County, California, on her 80th birthday, May 16, 2001. Inspired by Eleanor Roosevelt, Shirley has advocated for human rights throughout her active life.

Raised during the depression and coming of age during World War II, Shirley experienced the hardships and challenges of that generation. A native New Yorker, Shirley graduated from Brooklyn College in 1941 and shortly thereafter married Sam Prussin, a chemical engineer. As many returning veterans from World War II, the young Prussin family had a difficult time finding housing. This experience left a lasting impression on Shirley as she began her life dedicated to political activism.

Moving to Southern California in 1947, Shirley got her first taste of politics working for Tom Rees' race for the California State Assembly. This was just the beginning of a long list of Democratic campaigns Shirley would work on throughout her life, including my own. She was a tireless volunteer and leader in the party, working for the local Democratic Party headquarters during elections in Los Angles and later on in Monterey County.

Shirley's proudest moments were in the 1960's when she participated in Another Mother For Peace movement. She was a grassroots organizer and educated voters to lobby their legislators to end the war in Vietnam. Today she carries on her grassroots work advocating for reproductive freedom and human rights.

Shirley first moved to Monterey County, in 1975. The depth of her commitment to our community is truly outstanding. Shirley has had a leadership role in the ACLU, the Democratic Womens Club, the Reproductive Rights Coalition, the YWCA and Planned Parenthood. With her keen intellect and determination combined with her grace and warmth, Shirley has made a significant contribution to human rights for all individuals.

While doing all of this, Shirley also taught math and science to gifted students, was a businesswoman, a wife and mother of two sons. Humanitarian, social activist, Democratic leader, feminist, and steadfast friend, Shirley Prussin inspires and touches the lives of all who know her.

WE THE PEOPLE—THE CITIZEN AND THE CONSTITUTION PROGRAM

HON. DAVID WU

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. WU. Mr. Speaker, on April 21–23, 2001 more than 1200 students from across the United States came to Washington, D.C. to compete in the national finals of the We the People . . . The Citizen and the Constitution program. I am proud to announce that the class from Lincoln High School from Portland, Oregon placed third. I am also pleased to have been able to spend some time with the students. These young scholars have worked diligently to reach the national finals and through their experience have gained a deep knowledge and understanding of the fundamental principles and values of our constitutional democracy.

The names of the students are: Brett Bell, Michael Blank, Ben Brewer, Chris Chamness, Greg Damis-Wulff, Alex Dewar, David Dickey-Griffith, Heather Dunlap, Jenni Hamni, Jennifer Hill, Scott Huan, Nick Johnson, Kathayoon Khalil, Cali Lanza-Weil, Jennelle Milam, Jonathan Pulvers, Julie Rhew, Katie Rose, Andrew Rosenthal, Anay Shah, Chris Shay, Rafael Spielman, Jason Trombley, Jessica Vandermeer, Oliver Vandermeer, Ben Walsh, Colleen Wearn.

I would also like to recognize their teacher, Jennifer Vaught, who deserves much of the credit for the success of the class.

We the People . . . The Citizen and the Constitution is the most extensive educational program in the country developed specifically to educate young people about the Constitution and Bill of Rights. The three-day national competition is modeled after hearings in the United States Congress. These hearings consist of oral presentations by high school students before a panel of adult judges. The students' testimony is followed by a period of questioning by the simulated congressional committee. The judges probe students for their depth of understanding and ability to apply their constitutional knowledge.

The 250th anniversary of James Madison's birth in 1751 offers an appropriate opportunity to examine this Founder's contributions to American constitutionalism and politics. To this end, the Center for Civic Education has collaborated with James Madison's Montpelier to produce a supplement to We the People . . . The Citizen and the Constitution. The national finals will include questions on Madison and his legacy.

Following the 1999 national finals competition, a random sample of participating students was surveyed. Findings suggest that national finalists are more knowledgeable across virtually every aspect of civic education measured than national samples of high school seniors, college freshmen, and adults. They are less cynical about politics and public officials and participate in politics at a higher rate than do their peers. For example, when compared with various nationally representative samples, We the People... students scored an average of 25 percent higher on knowledge of democratic institutions and processes than students tested in the National Assessment for Educational Progress (NAEP).

Administered by the Center for Civic Education, the We the People... program has provided curricular materials at upper elementary, middle, and high school levels for more than 26.5 million students nationwide. The program provides students with a working knowledge of our Constitution, Bill of Rights, and the principles of democratic government. Members of Congress and their staff enhance the program by discussing current constitutional issues with students and teachers and by participating in other educational activities.

PERSONAL EXPLANATION

HON. MIKE McINTYRE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. McINTYRE. Mr. Speaker, Tuesday, May 15, 2001, I was unavoidably absent for rollcall votes 109 through 113. Had I been present I would have voted ''yea'' on rollcall vote 109, ''yea'' on rollcall vote 110, ''yea'' on rollcall vote 111, ''yea'' on rollcall 112, and ''yea'' on rollcall 113.

ROC PRESIDENT CHEN SHUI-BIAN MAKES A BRIEF STOPOVER IN NEW YORK

HON. MAURICE D. HINCHEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. HINCHEY. Mr. Speaker, Republic of China President Chen Shui-bian will be making a goodwill tour of Latin American later this month and will be stopping briefly in New York. We welcome this distinguished visitor to New York and hope that he will come back to the United States more often.

Moreover, May 20th marks President Chen Shui-bian's first anniversary in office. Voters in Taiwan have given President Chen high approval ratings during his presidency. He has maintained a slow but steady economic growth, minimizing the impact of a worldwide economic slowdown on Taiwan's economy. Abroad, President Chen has been strengthening relations with allies and friends and continues to pursue a fruitful dialogue with leaders in the People's Republic of China. Due in part to President Chen's diplomatic efforts, peace continues to reign in the Taiwan Strait.

President Chen has also fortified Taiwan's relations with the U.S. Taiwan is the eighth largest trading partner of the United States. Taiwanese tourists and students all prefer the United States and spend their dollars here. Bilateral relations between Taiwan and the U.S. are excellent. Both countries share the same fundamental values of freedom, democracy, human rights, peace and prosperity.

I am pleased to express my congratulations to President Chen on his first anniversary in office and to wish him a pleasant and productive visit to my home state of New York.

EXPEDITING CONSTRUCTION OF WORLD WAR II MEMORIAL IN THE DISTRICT OF COLUMBIA

SPEECH OF

HON. BART STUPAK

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 15, 2001

Mr. STUPAK. Mr. Speaker, on May 15, 2001 I cast a vote in error. On Rollcall vote No. 109 I voted ''nay,'' when I should have voted ''yea.'' This vote, on whether Congress should expedite the construction of the World War II Memorial on the Mall in Washington, D.C., was a very important vote not only for me, but for all the World War II veterans in my district including my father and father-in-law, and in our country.

Mr. Speaker, the mixup with my vote occurred because I thought we were voting on approving the previous day's minutes, commonly called the Journal Vote. This is usually the first vote of each day we are in session, and it is a vote I always vote ''nay'' upon because I never read the minutes and therefore am not in a position to approve them.

However, the first vote on Tuesday, May 15 was the vote on the World War II Memorial. Again, I want to emphasize that I should have and would have voted yes because our World War II veterans, who are passing away at a rate of 1,000 a day, deserve no less.

The National Capital Planning Commission and the Commission on Fine Arts are responsible for approving the design and location of the memorial. Since planning began in 1995, the commissions have held 22 public meetings between them, and each has voted to approve the memorial no less than five times. I strongly believe construction should be completed quickly so as many Americans as possible from the generation Tom Brokaw calls ''the greatest'' will be alive to receive the national tribute that every American owes to these brave veterans.

It is a shame that the planning of this memorial has taken longer than the actual war. It is time we honor these veterans with their own memorial.

EXPEDITING CONSTRUCTION OF WORLD WAR II MEMORIAL IN THE DISTRICT OF COLUMBIA

SPEECH OF

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 15, 2001

Mr. BEREUTER. Mr. Speaker, this Member reluctantly voted against H.R. 1696 in the belief that the Congress should not intervene in the established procedures and legal requirements related to the siting of the National World War II Memorial on the National Mall and in a fashion that aborts any judicial proceedings regarding the Memorial's proposed characteristics, the administrative procedures, or the siting. This is especially necessary since the precise proposed location on the Mall and its design are so controversial. We certainly and emphatically do want to honor these veterans who served in World War II, ''the Greatest Generation,'' when as many of them as possible are still alive, but Congress should not have intervened in the instance without appropriate hearings and in such an irregular manner.

ANNUAL CONGRESSIONAL ARTS COMPETITION PARTICIPANTS HONORED

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. FRELINGHUYSEN. Mr. Speaker, once again, I come to the floor to recognize the great success of strong local school systems working with dedicated parents and teachers in raising young men and women. I rise today to congratulate and honor 30 outstanding high school artists from the 11th Congressional District of New Jersey. Each of these talented students participated in the Annual Congressional Arts Competition, ''An Artistic Discovery'' and they are honored at a reception and exhibit in Madison, New Jersey. Their works are exceptional!

Mr. Speaker, I would like to list each of them, their high school, and their contest entries for the official RECORD.

We had 30 students participate. That is a tremendous response and we'd very much like to build on that for next year's competition.

This year, Mr. Speaker, the winner of ''An Artistic Discovery'' was Yuan Gao from Montville High School for the work entitled ''Unfinished Drink.'' Second place went to Michael Lyons from Morris Knolls High School for ''Colored.'' Third place went to Daniel I. Jedell from Montville High School for ''Black Diamond Trail.'' The Viewer's Choice Award was given to Caroline from Wurster of Ridge High School for ''While Visions of Sugar Plums Danced in Their Heads.''

Honorable mentions were awarded to Peter Donahue of Morris Knolls High School for ''The Spare Room,'' Matthew Schwartz from Morris Hills High School for ''Morning Drive,'' Dominik Cymer from Ridge High School for ''Abracadabra,'' Amy Nemeth from Boonton High School for ''High School,'' Michael Hrynio from Dover High School for ''Remember When,'' and Nelson Chen from Morris Knolls High School for ''Life.''

Excellent art work was also submitted by Tara Kreitter of the Academy of St. Elizabeth, untitled; Jenny Blankenship of Boonton High School, ''Self Portrait;'' Ashley Lamwers of Boonton High School, ''Melting Pot;'' Laura Schaffnit of Boonton High School, ''The Rising Tide;'' Brian Bernal of Dover High School, ''Endless Garden;'' Jose Santana from Dover High School, ''Siempre Contigo;'' Christopher Stefanski of Dover High School, ''Winter Impression;'' Jeffrey Gurwin of Livingston High School, untitled; Yaldi Kasani of Livingston High School, ''My Life;'' Amanda Long of Livingston High School, ''A Reflective Moment;''; Jackie Romola of Montville High School, ''Self Portrait;'' Melanie Elizabeth Walits of Montville High School, ''Pieces of Me;'' Jamie Allen of Morris Knolls High School, ''Translucence;'' Tim Quirino of Mount Olive High School, untitled; Katherine Aliprando of Ridge High School, ''Mortal Mirror;'' Richard Joneleit of Ridge High School, ''Self Portrait;'' Kea Alcock of West Morris Mendham High School, ''Burnt Island'' and ''Curtain & Sunlight;'' Tiffany Frazier of West Morris Mendham High School, ''Shadows & Silent Water;'' and Robert Lamb

of West Morris Mendham High School, "Church in Contrast."

Each year the winner of the competition will have an opportunity to travel to our nation's capital to meet Congressional leaders and to mount his or her art work in a special corridor here at the U.S. Capitol, with winners from across the country. Every time a vote is called, I get a chance to walk through that corridor and am reminded of the vast talents of our young men and women.

Indeed, all of these young artists are winners, and we should be proud of their achievements so early in life.

Mr. Speaker, I urge my colleagues to join me in congratulating these talented young people from New Jersey's 11th Congressional District.

IN HONOR OF MARTIN J. BARRETT, FOR HIS MANY YEARS OF SERVICE TO THE MANHATTAN COMMUNITY

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mrs. MALONEY of New York. Mr. Speaker, I rise today to pay tribute to Mr. Martin J. Barrett, the former Chairman of Manhattan Community Board Six. Mr. Barrett has for decades been involved in numerous civic associations within Manhattan, most notably with Community Board Six.

Within my district in New York City, Community Boards serve a tremendously beneficial advisory role in ensuring that the opinions of members of the community are recognized by the city government when reviewing prospective neighborhood changes dealing with land use and zoning matters. Among other responsibilities, Community Boards have the important role of making recommendations to the city government in the allocation of the city budget.

Before beginning his term as the Chairman of Community Board Six in 1998, Mr. Barrett served as the Chairman of the Community Board's Public Safety Committee, the Chairman of the Parks and Landmarks Committee, and as the Chairman of the Budget and Legislative Committee.

Mr. Barrett has taken a leadership role in numerous important East Side organizations, including the Stuyvesant Cove Park Association, which he has served as president since 1998, the 14th Street Business Improvement District, of which he has been a member since 1998, and the Friends of the Bellevue Park Association, where he served as vice-president from 1993–1999.

Mr. Speaker, Mr. Barrett's extensive involvement in the Manhattan community should serve as an inspiration to us all. His dedication to ensuring that the needs and hopes of his fellow community members were addressed by Community Board Six will serve as an admirable legacy for many years to come.

Although he may no longer be the Chairman of Community Board Six, I sincerely hope that Mr. Barrett continues his work in the community.

PERSONAL EXPLANATION

HON. JO ANN EMERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mrs. EMERSON. Mr. Speaker, I was attending my daughter Tori's college graduation and missed rollcall votes 106, 107, and 108 on May 10, 2001. Had I been present, I would have voted "yes" on rollcall vote 106, "yes" on rollcall vote 107, and "yes" on rollcall vote 108.

PERSONAL EXPLANATION

HON. ANNA G. ESHOO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Ms. ESHOO. Mr. Speaker, because I was not recorded as voting, I'd like to state for the RECORD that I would have voted against the Tancredo amendment (Roll Number 108).

PERSONAL EXPLANATION

HON. ALLEN BOYD

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. BOYD. Mr. Speaker, I was unavoidably delayed on rollcall vote 114. Had I been present, I would have voted "yea" on rollcall vote 114.

RETIREMENT OF LORETTA NEUMANN

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. UDALL of Colorado. Mr. Speaker, today is the final day of federal service for Loretta Neumann. Since January, she has been a member of my staff, but that was only the latest way she has been involved with important questions of public policy.

A graduate of Oklahoma State University, Loretta began her career in public service as a writer for the National Park Service, where she rose to become the Chief of the Branch of Internal Communications. From that, she became very familiar with the entire National Park System and the many issues related to management of those lands and the other functions performed by the National Park Service.

In 1973, Loretta began her Capital Hill career when she joined the staff of Representative John F. Seiberling of Ohio, who was a member of the Committee on Interior and Insular Affairs as well as the Judiciary Committee. During the next four years, she was responsible for advising Representative Seiberling on all issues relating to energy, environmental protection, land conservation, and historic preservation. She played a key role in helping achieve enactment of the legislation that established the Cuyahoga Valley National Recreation Area in Ohio as well as important provisions of the Surface Mining Control and Reclamation Act. She also was involved with development and enactment of the Federal Lands Policy and Management Act of 1976 and the Historic Preservation Act Amendments of 1976.

In 1977, Loretta joined the professional staff of the Interior Committee, and remained with the Committee for 10 years.

During that decade, she was instrumental in helping shape many important measures, including the Alaska National Interest Lands Conservation Act, the Archeological Resources Protection Act of 1979, and the National Historic Preservation Act Amendments of 1980, as well as bills establishing new parks and protected areas such as the Harry S Truman National Historic Site and the Illinois and Michigan Canal National Heritage Corridor. Many of these measures were of particular importance to my father, Mo Udall, as well as to Representative Seiberling and other Members of the committee and the House.

After that, Loretta next spent a number of years in the private sector. She built up her own consulting firm, CEHP Incorporated, which provided services in conservation, environmental protection and historic preservation. And she continued to be involved with many of the matters where she had gained expertise on Capital Hill, including the National Historic Preservation Act, the Native American Graves Protection and Repatriation Act, the Abandoned Shipwrecks Act, and the Archeological Resources Protection Act.

Among other things, she chaired the Four Corners Governors Conference that brought together agencies dealing with matters of importance to Colorado, Utah, Arizona, and New Mexico.

Loretta returned to service with the Federal Government in 1998, as an employee of the Department of Transportation. She served as DOT's representative to and director of the American Heritage Rivers Interagency Task Force of the White House Council on Environmental Quality. She also worked on other special projects for the Secretary of Transportation in a number of areas, including tourism and transportation and cultural and heritage tourism.

Mr. Speaker, it is no secret that last year's Presidential election did not have the result that I would have preferred. But for me there was at least one silver lining to that particular cloud—the change in Administrations gave me the opportunity to take advantage of Loretta's talents, at least for this brief period.

As a member of my staff, Loretta has worked on a number of conservation issues, especially focused on the issue of urban sprawl, an issue of great concern to Colorado and other states faced with rapid increase in population growth. She helped craft a bill to direct the Council on Environmental Quality to do a study of urban sprawl and smart growth. Building on her extensive experience with historic preservation and cultural heritage, she also helped draft the Cultural Heritage Assistance Partnership Act, which I am introducing today.

In conclusion, Mr. Speaker, I want to assure my colleagues that while Loretta is retiring from federal service, she will continue to be involved with public policy. She will soon begin work as the Director of Leadership Development for the Natural Resources Council of America. I look forward to her continued contributions as I work with our colleagues in the Congress and the Administration to promote sound policies regarding our natural and cultural resources, the environment, and other matters.

INTRODUCTION OF THE POST OFFICE COMMUNITY PARTNERSHIP ACT OF 2001

HON. EARL BLUMENAUER

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. BLUMENAUER. Mr. Speaker, I came to Congress dedicated to making the federal government a better partner in building livable communities. Perhaps the most important opportunity for realizing this goal is to ensure that the federal government lead by example through such simple actions as locating federal facilities in ways that support existing communities.

Today I am introducing the Post Office Community Partnership Act. This legislation, similar to the bills I introduced in the 105th and 106th Congresses, outlines minimum community contact procedures that the United States Postal Service must pursue for any proposed closing, consolidation, relocation, or construction of a post office. Simply put, the bill requires the Postal Service to comply with local zoning, planning, or other land use laws.

This bill is being introduced with 57 bi-partisan original cosponsors. In the 106th Congress this bill was supported by 240 bi-partisan cosponsors. Identical companion legislation is being introduced this week by Senators JAMES JEFFORDS of Vermont and MAX BAUCUS of Montana. This continued and widespread support, in addition to the multitude of letters received from constituents and stories in newspapers throughout the country, illustrates the important need for this bill to become law.

The Post Office Community Partnership Act takes another step in making the federal government a better partner with communities and local governments. It is important that local officials and citizens have input into the decisions that impact the daily livability of their communities. Additionally, this bill addresses the need for the Postal Service to abide by a community's own plans for growth management, land use, traffic management, and environmental protection—rules by which all citizens and businesses must adhere.

Communities and neighborhoods across the country have been subjected to Postal Service decisions that have negatively impacted service to postal customers and community development. This bill provides communities an opportunity to be notified of Postal Service plans in advance, which will allow for interaction in the decision-making process between local government officials, the public, and the Postal Service. The beneficial results of this type of interaction can be seen from Fairview Village in my congressional district to Castine, Maine.

In Fairview Village, Oregon, by working with the developers of the community, the post office was the first civic building constructed in the area and acted as an anchor for what has developed into a retail street. By centrally locating the post office as the developers proposed, residents can easily walk or drive to the post office from anywhere in Fairview Village. In Castine, Maine, the Postal Service proposed moving the oldest operating post office in the country—a national historic landmark—from its downtown location to the suburbs. After a public outcry, the Postal Service and the Town of Castine worked together to find a way to expand the existing building and keep the post office in its historic downtown location.

Despite these examples, too often the Postal Service does not involve the community and instead relies on the fact that they are not required to follow local land use laws when building new facilities or renovating existing facilities.

The Post Office Community Partnership Act puts in place basic procedures for notifying local officials and post office customers of any planned facility changes or construction. The Act also requires that the Postal Service follow local land use laws, procedures and public participation requirements to the same extent and manner as other private enterprises. It has been shown that the Postal Service can manage this process without hampering its mission of cost effective and efficient universal service as evidenced by Fairview Village, Oregon and Castine, Maine. It is time to ensure that the Postal Service operates within the same framework and rules that a community imposes on its own citizens and businesses.

The Post Office Community Partnership Act would establish community notification and land use policies and procedures that should have been in place all along. I urge my colleagues to support this legislation that will help ensure that the post office is a productive federal partner in building livable communities.

PAYING TRIBUTE TO GERRITT BENJAMIN MEYERS III, CHAE CARLSON AND OLIVER MARTIN

HON. MIKE ROGERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. ROGERS of Michigan. Mr. Speaker, I rise to honor the accomplishments of three Lansing, Michigan, 2001 high school graduates who have played a major role in the selection and celebration of the nation's Capitol 2001 Holiday Tree, which will be provided by the state of Michigan this year.

Mr. Gerritt Benjamin Meyers III, Ms. Chae Carlson, and Mr. Oliver Martin have worked with a group of underclassmen at Waverly High School in Lansing for the past five months to create and maintain the U.S. Holiday Tree 2001 web site. As the senior members of their "Webmasters" group, Mr. Meyers, Ms. Carlson and Mr. Martin provided leadership, working many volunteer hours with the team to produce an attractive, well-organized web site that is easy to navigate and filled with helpful information. Mr. Meyers designed the Michigan map with holiday tree that forms the artistic theme for the pages and each of these seniors has participated in developing graphics and page layouts and also in updating the pages as plans for the selection, cutting and transport of the tree continue.

Their efforts leave a legacy for Michigan and the citizens of this nation who will enjoy not only the holiday tree but also the web site designed by Mr. Meyers, Ms. Carlson, Mr. Martin and their classmates and instructor/advisor Ms. Janice Kesel. I urge my colleagues in the U.S. House of Representatives to join me in congratulating Mr. Gerritt Benjamin Meyers III, Ms. Chae Carlson and Mr. Oliver Martin for their mature, professional approach to chronicling the holiday tree and designing www.holidaytree2001.org

NATIONAL DAY OF AWARENESS FOR STURGE-WEBER SYNDROME

HON. ROBERT E. ANDREWS

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. ANDREWS. Mr. Speaker, Mr. MALONEY and I rise today to recognize today as a national day of awareness for Sturge-Weber syndrome. We feel that it is important to recognize this day because Mrs. Karla Priepke, a native of Haddon Heights, New Jersey and resident of Sandy Hook Connecticut, brought her son's plight to our attention. Her son is affected by this disease and rather than turn inward she has made it her mission to inform and educate members of the society and especially the medical community about this disease. This is why we wish to do our small part to increase awareness of this disease by submitting this Sturge-Weber Foundation press release for the CONGRESSIONAL RECORD on this national day of awareness of Sturge-Weber Syndrome.

Sturge-Weber Syndrome is a congenital disorder most easily recognized by a port wine stain on the face and/or body. No one is sure how or why it occurs. Babies born with Sturge-Weber can suffer from any or all of these complications: glaucoma, blindness, seizures that range from mild to the need to remove half the brain, mental retardation, and paralysis. The port wine stain often elicits rude stares and outrageously intrusive remarks from the public.

The Sturge-Weber Foundation (www.sturgeweber.com) is establishing May 16, 2001 as the second national Day of Awareness for Sturge-Weber Syndrome. People will make a donation to the Foundation and wear a Sturge-Weber sticker on May 16th. They will receive a packet of information about the syndrome and the work of the Foundation so they can answer questions from colleagues and friends.

The Sturge-Weber Foundation was created in 1987—the result of tenacious parents who refused to accept that all that was known about Sturge-Weber were three paragraphs in medical textbooks. Through Herculean volunteer efforts, the Foundation support group

started. Their outstanding web site links families all over the United States and in many parts of the world. The Foundation seeks to improve the quality of life for individuals with Sturge-Weber Syndrome by acting as a clearinghouse for information, providing emotional support, and facilitating research. A minuscule 8 percent of funds taken in goes towards administration. The rest, including what's collected for the National Day of Awareness, goes directly to education, emotional support and research.

The Foundation has attracted the attention and respect of a dozen teams of scientists who are tackling the question of how Sturge-Weber occurs from different angles Klippel-Trenaunay is a related syndrome in which port wine stains on limbs extend to muscle tissue and bone affecting circulation and mobility. Most children with port wine stains have neither Sturge-Weber Syndrome nor Klippel-Trenaunay. Of course, these can cause dermatological complications as the child matures.

Sadly, the culture in the United States overemphasizes the importance of physical beauty which adds to the emotional burdens of children and adults with Port Wine Stains, Klippel-Trenaunay, and Sturge-Weber. The Foundation has made progress in research and is determined to press on to find out everything they can about this family of syndromes.

LETTER FROM MELVIN HONOWITZ

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. WAXMAN. Mr. Speaker, a few months ago, I entered into the CONGRESSIONAL RECORD letters from individuals or their representatives who took issue with assertions made in the report released last fall by the House Government Reform Committee majority regarding the Department of Justice. Since then, yet another individual has written to complain of inaccuracies and unfairness in the majority's report. In the interest of a complete record on this matter, I submit into the RECORD this March 30, 2001, letter from Melvin Honowitz.

HONOWITZ & SHAW, ATTORNEYS AT LAW,
ONE MARITIME PLAZA, SUITE 1725,
San Francisco, CA, March 30, 2001.

Re: Palladino & Sutherland, and Jack Palladino.

The Honorable DAN BURTON,
Committee on Government Reform, Washington, DC.

The Honorable HENRY A. WAXMAN,
2204 Rayburn House Office Building, Washington, DC.

DEAR MESSRS. BURTON AND WAXMAN: This office represents Palladino & Sutherland and Jack Palladino, nationally known private investigators [hereafter the ''client'']. We write without waiver of any applicable privilege to address the false allegations, accusations, assumptions, innuendos, speculations and references to our client contained in Chapter 10 of the Committee's report entitled ''Janet Reno's Stewardship of the Justice Department: A Failure To Serve The Ends of Justice.''

The report's allegations as to Jack Palladino are premised on the *false* assumption that Mr. Palladino, or someone under his direction or control, had a ''source in the Bureau of Prisons,'' and that his ''source'' obtained NCIC information on Nabuo Abe. The Committee's assumption is false and defamatory.

Moreover, the record on which the Committee relies is void of evidence in support of this assumption. Page 157, Section 1.a. of the reports is entitled ''Soka Gakkai Illegally Obtained Information on Nabuo Abe Through Jack Palladino.'' Except for this defamatory heading, the report utterly fails to present evidence to support the accusation. In fact, the only references to Jack Palladino in this Section states, without supporting documentation, ''Palladino then *apparently* contacted a source in the Bureau of Prisons who had access to the NCIC data base.'' [emphasis added] This is untrue and never happened.

The report then goes on to make the untrue and unsubstantiated statement that ''the source at the Bureau of Prisons (BOP) broke the law, as did possibly Langberg and Palladino.'' [emphasis added] In a manner more reminiscent of Kafka or perhaps Alice's Adventures In Wonderland, the report makes allegations of criminal acts which, prior to publication, the Committee never gave our clients an opportunity to refute. Accordingly, one must not only question the lack of due process afforded our client, but the underlying bias of the report's findings and the Committee's investigation.

Then, in Section 1.b, the report gratuitously speculates as to why attorney Rebekah Poston may have sought NCIC records: ''perhaps they were concerned with the reliability of Mr. Palladino's work . . .'' In fact, in advancing this speculation the Committee ignores its own Exhibit 62 to the report which identifies where Ms. Poston obtained here alleged NCIC information, and makes no reference to Jack Palladino or Palladino & Sutherland or anyone under their direction and control.

Even a cursory review of the Committee's Report and attached Exhibits demonstrates a complete lack of evidence. The only mention of Mr. Palladino in the Exhibits supporting the report is contained in unfounded and false speculation and innuendo that Mr. Palladino (for reasons never made clear) might have ''set up'' Poston and Manuel in some undefined manner (Exhibit 97). Similar raw speculation appears in Exhibits 98 and 104 and is false.

In his letter of October 31, 2000 to the Committee, attorney Barry B. Langberg clearly states the truth:

''Simply put, there is no evidence that Soka Gakkai, Jack Palladino or I committed any crime, or engaged in any improper activity whatsoever. As the report acknowledges the staff failed even to interview Mr. Palladino or me about our role in this matter. These charges are particularly objectionable because they are not even relevant to the report's central thesis, that Ms. Poston and others working at her direction received favorable treatment at the hand of the Justice Department. Thus, these serious attacks are made almost casually, without any claim or relevance to any public purpose.

In fact, even a preliminary investigation would have revealed that the so-called ''reliable source,'' Richard Lucas, never met with Mr. Palladino or discussed with him any of the facts or issues concerning this matter. Further, an investigation would also have shown that I had no personal involvement with the activity criticized in the report.''

Mr. Langberg goes on to rebut and refute the allegations, including the speculation that something was planted in or deleted from the NCIC records. A copy of the entire Langberg letter is attached and incorporated by reference as Exhibit A, as are the four Committee exhibits referenced in this letter (Exhibits 62, 97, 98 and 104) attached as Exhibits B.

Be clear, my client did not access nor seek or direct anyone to access the NCIC data base. Accordingly, we request that this letter and Mr. Langberg's letter be read into the Congressional Record and that the report be corrected.

Sincerely,

MELVIN D. HONOWITZ,
Honowitz & Shaw.

IN TRIBUTE TO CONGRESSMAN JOHN DINGELL AND HIS WIFE, DEBBIE DINGELL ON THEIR 20TH WEDDING ANNIVERSARY

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. FROST. Mr. Speaker, I rise today to pay tribute to a longtime personal friend and colleague, Congressman John Dingell, the dean of the House of Representatives, and his wife, Debbie Dingell, on the occasion of their 20th wedding anniversary.

As all of us know, John Dingell's hard work and dedication to public service has improved the lives of all Americans. What many people do not know, is that he has had an unrecognized partner in those good works, his wife Debbie. Together they have done a tremendous amount of good for the American people, both with charity work, the work they do with our party and the support that they give to this institution.

Debbie and John met during their constant travels together between Michigan and Washington, DC. Mrs. Dingell was working for the General Motors Corporation, while John Dingell had already been a Congressman for 20 years. Debbie Dingell is a nationally recognized advocate for women and children around the country. She has been involved in countless charitable organizations, including the Susan B. Koman Foundation and the Children's Inn at the National Institutes of Health.

With both of them working as a strong team, John Dingell has worked to protect the environment, improve health care, and defend the consumer from unsafe products and unfair practices. In fact, John has authored some of America's most important environmental laws, including the Endangered Species Act of 1973, the Marine Mammal Protection Act, and the Clean Air Act Amendments of 1990.

It has been an honor and a privilege to serve in the House of Representatives with John Dingell. I congratulate him and Debbie for their 20 year wedding anniversary, and wish them every happiness.

HONORING JOELLE MARTINEZ OF THE SANTA FE BOYS AND GIRLS CLUB

HON. TOM UDALL

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. UDALL of New Mexico. Mr. Speaker, for the past 13 years, the Santa Fe Boys and Girls Club on Alto Street has been a source of inspiration for Joelle Martinez. On March 16, 2001, Ms. Martinez was rewarded for her hard work and determination when she was named the Boys and Girls Club Youth of the Year.

The Youth of the Year program serves to recognize outstanding young people for their superior leadership skills, academic achievements, triumph over personal hardships, as outstanding contributions to the community.

Ms. Martinez had to endure a rigorous selection process in which she submitted a packet that included essays regarding her involvement at school, in church, with her family, and at the Boys and Girls Club to show her leadership skills within the community. After her packet was evaluated, seven judges, most of whom were Boys and Girls Club Board of Directors, conducted interviews and selected Ms. Martinez for the award.

Ms. Martinez, a senior at Calvary Chapel Christian Academy, first came to the Boys and Girls Club when she was five years old, and she has actively participated ever since.

Over the years, Ms. Martinez has participated in numerous activities aimed at keeping at-risk students involved in the community and off the streets. She has been involved in basketball, swimming, photography, wrestling, dancing and cheerleading. Today, Ms. Martinez is a staff member of the Boys and Girls Club, working with the children of Santa Fe each day after school.

Ms. Martinez played varsity basketball at Calvary Chapel and was selected to the All-Star team. She is a member of the National Honor Society, successfully maintaining a 3.0 or better grade point average. Recently, Ms. Martinez went on a mission trip to Spain, France and England with Calvary Chapel, and she continues to work with the Keystone Club, a teen organization aimed at philanthropy in the community.

As part of her award, Ms. Martinez received a $4,000 scholarship to use at the college or university of her choice. She has already made plans for her future, looking at several New Mexico colleges and a few out-of-state Christian schools to continue her education, where she will pursue a degree in either Computer Science or Criminal Justice.

Ms. Martinez is living proof of how the Boys and Girls Clubs of America impact the lives of children in communities throughout the nation. They develop a solid foundation of positive moral and ethical values for our youths. The five Boys and Girls Clubs in Santa Fe County alone have more than 2,500 members and serve more than 55,000 people in the community.

Today, the Boys and Girls Clubs provide children of working parents with after-school alternatives to drugs and violence, yet President Bush's budget cuts funding from these programs. His plan would extinguish a flame that has been lighting the County of Santa Fe for more than 60 years, seriously impacting the community. I hope there will be sufficient funding so that future generations have the opportunity to work with mentors like Ms. Martinez, who provide beacons of light that guide the way for other youth across the country.

NATIONAL WOMENS' HEALTH WEEK

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mrs. MORELLA. Mr. Speaker, today I rise to honor National Women's Health Week. I commend all of the women who have worked so hard to improve the health of all women. You are making a difference in the healthcare of American women.

We have much to celebrate, in the past decade, funding for breast and ovarian cancer at the National Cancer Institute has more than quadrupled, and funding for osteoporosis has grown from only two osteoporosis-specific grants in the entire country in the early 1980's to more than $80 million in osteoporosis-specific research grants today.

However, our job is far from over, we need to protect the work we have done, and more work remains for the 21st Century. Despite great strides on women's health research, we still must be vigilant and must address issues that are not receiving the public attention and research priority that they deserve.

One example is microbicides. Today the United States has the highest incidence of sexually transmitted diseases (STDs) in the industrialized world—15.4 million Americans acquired an STD in 1999 alone. STDs cause serious, costly, even deadly conditions for women and their children, including infertility, pregnancy complications, cervical cancer, infant mortality, and higher risk of contracting HIV.

Microbicides are a potential new class of products that women can use, like today's spermicides, to prevent HIV infection as well as other STDs.

Microbicides have the potential to save billions in health care costs. The total cost to the U.S. economy of STDs, excluding HIV infection, was approximately $10 billion in 1999 alone. When the cost of sexually transmitted HIV infection is included, that total rises to $17 billion.

With sufficient investment, a microbicide could be available around the world within five years. Microbicide research and development receives less than 1% of the federal AIDS research budget, and best estimates show that less than half this amount is dedicated directly to product development. Clearly this is not nearly enough to keep pace with the growing STD and HIV epidemics.

Mr. Speaker, because of the need for focuses research on women's health, I have introduced legislation, that can serve as a catalyst for women's health. The "Women's Health Office Act of 2001" H.R. 1784, will provide for permanent authorization for offices of women's health in five federal agencies: the Department of Health and Human Services (HHS); the Centers for Disease Control and Prevention (CDC); the Agency for Health Care Research and Quality (AHRQ); the Health Resources and Services Administration (HRSA); and the Food and Drug Administration (FDA).

This bill includes authorization for appropriations to ensure that future funding will be adequate to support these offices' missions and programs.

Providing statutory authorization for federal women's health offices is a critical step in ensuring that women's health research continue to receive the attention it requires in the twenty-first century.

I can say without exaggeration that women working together—as patients, lawyers, advocates, medical researchers, and members of Congress—have been a powerful catalyst for the advances we have made in the research and treatment of breast, ovarian, and cervical cancer, osteoporosis, and heart disease.

I look forward to the continuation of our work together and a strong record of high achievements.

I look forward to supporting legislation and programs to address the health needs of our citizens and the fundamental challenges posed by our nation's health care system.

CONGRATULATIONS, CAL DARDEN

HON. JOHN LEWIS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. LEWIS of Georgia. Mr. Speaker, I rise today to congratulate Calvin "Cal" Darden on his election to the Board of Directors for United Parcel Service. Mr. Darden, senior vice President of all U.S. operations for UPS, is the highest ranking African-American ever to serve at UPS. As a person who has invested a great deal of my life working to break down the racial barriers that divide our society, I commend him for his success. Through the success of Mr. Darden and others like him, we continue our journey toward a truly integrated society, toward what Dr. Martin Luther King, Jr., called "the Beloved Community."

Jim Kelly, the UPS Chairman of the Board, also appreciates the contributions of Cal Darden, albeit for different reasons. "Cal Darden has devoted his professional life to making this company what it is today. It is due in no small measure to his efforts in the arenas of operations and customer service that Fortune Magazine just recognized UPS for the 18th consecutive year as 'America's Most Admired' transportation company."

Cal Darden joined UPS in 1971 as a part-time package handler while attending Canisius College. In 1972, he graduated from college and began his climb up the UPS corporate ladder as he was promoted into management. In addition to his successs at UPS, Mr. Darden has been active in the community as a member of the National Urban League's Board of Directors, 100 Black Men of North Metro Atlanta, and his work with the United Way.

Congratulations and best wishes, Cal Darden. Keep your eyes on the prize.

POST OFFICE COMMUNITY PARTNERSHIP ACT OF 2001 LETTER OF ENDORSEMENT

HON. EARL BLUMENAUER

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. BLUMENAUER. Mr. Speaker, please accept the following letter of endorsement for the CONGRESSIONAL RECORD, which corresponds with my introduction today of the Post Office Community Partnership Act of 2001.

AMERICAN PLANNING ASSOCIATION,
1776 MASSACHUSETTS AVE., NW, SUITE 400,
Washington, DC, May 15, 2001.

Hon. EARL BLUMENAUER,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE BLUMENAUER: The American Planning Association is pleased to endorse the Post Office Community Partnership Act of 2001. APA applauds your outstanding vision and leadership in introducing this legislation and once again bringing this important issue before the U.S. House of Representatives. This legislation recognizes and protects the central and compelling role that the local post office plays in the economic and social life of a community by providing a needed method for community input and support for local planning.

The Postal Service has too often closed or relocated facilities in ways that abandon service for some communities, vacate historic structures in downtown areas, and contribute to urban sprawl without providing for adequate community involvement in the decision-making process. This measure gives local citizens a greater voice in decisions about the location of postal facilities and ensures that local plans addressing growth management, land use, traffic congestion, environmental protection, downtown revitalization and historic preservation are respected by the Postal Service.

Increasingly, communities across the nation are developing comprehensive plans to better manage development, preserve vital resources and encourage sustainable economic development. It is essential that the Federal Government is a good neighbor and partner in these smart growth communities. The Post Office Community Partnership Act simply guarantees that the Postal Service operates within the guidelines that a community develops for all other citizens and businesses, without establishing an unduly burdensome mandate on the Postal Service.

In a national voter survey sponsored by APA and conducted at the end of 2000, we found that an overwhelming 82% of voters support legislation ensuring that federal facilities are located in places that are easily accessible to citizens and are consistent with local growth management plans. This support transcended partisan affiliation, demographic group and regional location.

The post office is an institution at the heart of any community, particularly small towns. By protecting the values and vision of local citizens as embodied in the planning process, this bill lives up to its title by creating a real and lasting partnership between the Postal Service and communities.

APA lends its enthusiastic support to your efforts and urges the United States Senate to enact this legislation.

Sincerely,

BRUCE MCCLENDON,
FAICP President.

CULTURAL HERITAGE ASSISTANCE PARTNERSHIP ACT

HON. MARK UDALL

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. UDALL of Colorado. Mr. Speaker, today I am introducing the Cultural Heritage Assistance Partnership Act. The legislation would establish a program within the National Park Service to help preserve and enhance the cultural heritage of the United States. The program would coordinate Federal activities and provide information, technical assistance and grants to States, Indian tribes, local governments and non-profit organizations.

Our nation's cultural heritage is a diverse array of natural, historical, cultural, scenic, and recreational resources. The hallmark of these treasures is that they are authentic.

Together they define an area or region's distinct character. Communities increasingly recognize their cultural heritage as a valuable resource, both esthetically and economically. Cultural heritage tourism is now a $50 billion segment of the $600 billion US travel industry.

Within Colorado are six state heritage areas, designated by the Colorado Heritage Area Partnership and the governor. Colorado also has one federally designated heritage area, Cache La Poudre. The Colorado program is still relatively young and depends largely on volunteers and some small grants. Yet the heritage they share is very important not just to Colorado, but to the rest of the country as well.

Other states—such as Louisiana, Maryland, New York, Ohio, Pennsylvania, South Carolina and Utah—have developed or are in the process of developing heritage area programs. I'm told that at least 20 states have developed cultural heritage tourism programs.

At the national level, however, no Federal agency has the role of coordinating the many government programs that could assist the cultural heritage programs being developed by States, tribes, local governments and private organizations.

My legislation would create the Cultural Heritage Assistance Partnership Program in the National Park Service to provide information and technical assistance on cultural heritage resources and activities, including heritage areas, heritage tourism and related economic and community development.

Technical assistance would include developing models of cultural heritage partnership agreements; holding workshops, conferences, training and public meetings; developing guidance on ways to access Federal programs; and coordinating meetings with Federal agencies and non-federal partners. An awards program would be established to recognize exemplary projects or program that carry out the purposes of this Act.

The legislation also provides for a modest grant program, to provide grants, on a competitive basis, to States, Indian tribes, local governments and nonprofit organizations. Annual funding for the grants is capped at $9 million. No applicant could receive more than $50,000 in grants in any fiscal year, all grants must be matched on a 50 percent basis, and all recipients must have at least one partner who also contributes facilities, supplies or services for the project.

Mr. Speaker, my bill has gained support from many international, national and local interests—not only from my own State of Colorado, but organizations from all over the country. Many of them are listed below, and the list grows daily.

They speak far more eloquently than I can about what the bill would do to further their efforts to preserve and enhance the cultural heritage of our great nation.

ORGANIZATIONS SUPPORTING CULTURAL HERITAGE ASSISTANCE PARTNERSHIP ACT

COLORADO

Colorado Preservation, Inc.
Colorado Community Revitalization Association.
City of Lafayette, Colorado.
Operation Healthy Communities (Durango Colorado).
Park County Historical Society, Colorado.

OTHER STATE AND LOCAL ORGANIZATIONS:

Connecticut River Watershed Council—Connecticut, Massachusetts, New Hampshire, Vermont.
Historic Staunton Foundation, Virginia.
Kentucky Organization of Professional Archaeologists.
New River Community Partners, North Carolina, Virginia and West Virginia.
New York State Archaeological Association.
Public Policy Information Fund, Austin, Texas.
Rio Grande Institute, Marathon, Texas.

NATIONAL ORGANIZATIONS

American Association of Museums.
American Cultural Resources Association.
American Planning Association.
National Conference of State Historic Preservation Officers.
National Trust for Historic Preservation.
Partners in Parks.
Preservation Action.
Scenic America.
Society for American Archaeology.
US/ICOMOS.

SELECTED STATEMENTS IN SUPPORT OF THE CULTURAL HERITAGE ASSISTANCE PARTNERSHIP ACT

COLORADO

Colorado Community Revitalization Association (CCRA) wholeheartedly endorses the Cultural Heritage Assistance Partnership Act that Congressman Udall will be introducing this week in Congress.

CCRA is a statewide nonprofit organization that has, as one of its programs, the Colorado Heritage Area Partnership program (CHAP). Within Colorado there are six state heritage areas.

The heritage areas in Colorado are volunteer efforts that receive sporadic project funding from grants. Two of the areas have been fortunate to have volunteers who have had the flexibility to provide minor assistance to the heritage areas as part of their employment.

As Colorado wrestles with ways to control and direct its growth, the goals of Colorado's heritage areas become more difficult to realize and simultaneously all the more critical. Recognition of the importance of our heritage and providing ways to identify, inventory, preserve and enhance all the elements that make up what we call ''heritage'' is vital to securing our place in history. We

must protect and enhance the qualities that make Colorado, Colorado.

BARBARA SILVERMAN,
Executive Director,
Colorado Community Revitalization Association.

On behalf of Colorado Preservation, Inc. (CPI), I write in support of the Cultural Heritage Resources Partnership Act which you are sponsoring and the assistance it could provide to heritage areas.

As Colorado's statewide historic preservation organization, CPI sees the needs of historic preservation around the state more clearly than most organizations. As CPI members, we see these needs through the lens of one of our own programs, Colorado's Most Endangered Places Program. As a citizen-driven initiative, this program identifies historic places that are about to be lost forever.

Most of the places that get placed on the Endangered Places List each year would not have been noticed had it not been for this annual listing and the publicity it generates. Yet, even with recognition that a historic place is threatened, many of these endangered places are located in small towns or rural areas where there is little funding for them. Local citizens typically want to save a beloved building in their town but often have no idea where to turn for help.

The bill which you are sponsoring would provide much needed technical assistance to these sites which otherwise would have no one to advocate on their behalf And the program could generate good partnerships with already existing programs. For example, it could link to other Endangered Places Programs around the country since many statewide historic preservation organizations like CPI sponsor such a program.

This bill is a good idea and one that could provide needed assistance to areas that could really use it. Additionally, the bill could bring economic relief to local economies particularly those in rural areas.

As the public loves heritage areas and will travel to visit them, there is tourism potential So add tourism development to the list of ways in which a local area could benefit from the bill.

Thank you so much for your efforts to take on this issue of helping heritage areas and for understanding that these areas bring an economic advantage to places that need it the most.

MONTA LEE DAKIN,
Executive Director,
Colorado Preservation, Inc.

This legislation sounds like an answer to some of the prayers of local preservation organizations, especially in rural areas. We have been involved as partners with Park County, Colorado, and several state and federal organizations and agencies to strengthen the mechanisms to preserve our important cultural heritage resources.

This is difficult work when you are starting from scratch, and there is little or no technical advice available. The National Trust and the NPS websites and publications are excellent sources, but sometimes it comes down to being able to hire the expertise to get the pump primed, to get the local people sensitized and trained.

Colorado is fortunate in having the magnificent State Historical Fund that grants funds for historic preservation projects. However, there are areas of cultural heritage that do not qualify for this program—developing archives of documents and photographs, assisting local museums, conducting oral histories, writing community histories that are not directly related to preserving sites and structures.

Partnerships are ''Best Practice'' for accomplishing significant work in rural communities. Bringing together everyone who is interested in and responsible for cultural heritage preservation is essential. The proposed legislation will go a long way to help us in our efforts.

JACKIE W. POWELL,
Director, Park County Historical Society.

FORT COLLINS, CO.

As someone who has done applied research and community outreach on cultural heritage issues, especially as they relate to local economic development, I strongly support the passage of the Cultural Heritage Partnership Act.

If possible, I'd appreciate any further information on the bill as it develops. Thanks!

STEPHAN WEILER, PH.D.,
Assistant Professor & Regional Economist, Department of Economics, Colorado State University.

I serve on the boards of directors of the South Park Historical Foundation, Inc., The South Park Symposium, and the Park County Advisory Board on the Environment. The proposal by Representative Mark Udall to establish a Cultural Heritage Assistance Partnership Program as part of the Cultural Heritage Assistance Partnership Act would be beneficial to the three organizations I serve on in Park County, Colorado.

Park County has an abundance of cultural heritage worth preserving but the pressure to build for the expanding population could sweep much of it away. Assistance to preserve and manage a significant portion of this rich cultural heritage is needed.

GARY MINKE,
Park County, CO.

I am in full support of Rep. Mark Udall's proposed legislation establishing a Cultural Heritage Resources Partnership Program. Many communities are trying to preserve their heritage resources.

In Park County, we have several programs such as a local historic register, a State Heritage Area, historical archives, historic preservation/rehabilitation, river conservation/recreation, and view corridor preservation, which are actively working on small budgets with dedicated volunteers to preserve cultural resources and promote heritage tourism.

This legislation would benefit all communities by recognizing the importance of heritage preservation, acting as an informational base/disseminator, and providing small grant programs. Please add my name to the list of supporters for Rep. Mark Udall's proposed legislation.

LYNDA JAMES,
Bailey, Co.

As a non profit organization that supports community development and mobilization, I am expressing our interest in the Act that Rep. Mark Udall is planning to introduce. Feel free to add the name of our organization. We serve 5 counties in SW Colorado.

LAURA LEWIS,
Executive Director,
Operation Healthy Communities.

NATIONAL ORGANIZATIONS

The American Association of Museums is proud to support Rep. Mark Udall's outstanding legislation, the Cultural Heritage Assistance Partnership Act. Please list us as a supporter of this legislation.

Founded in 1906, the American Association of Museums (AAM) is dedicated to promoting excellence within the museum community. AAM currently represents more than 16,000 members—11,500 individual museum professionals and volunteers, 3,100 institutions, and 1,700 corporate members. Individual members span the range of occupations in museums, including directors, curators, registrars, educators, exhibit designers, public relations officers, development officers, security managers, trustees, and volunteers.

Museums are first and foremost educational Institutions and are entrusted to care for over 750 million objects and specimens. We strongly support programs, such as the one that would be established by the Cultural Heritage Assistance Partnership Act, to preserve and protect our national heritage for both recreational as well as educational purposes.

We strongly support preserving and protecting our wealth of cultural, scientific, technological, historic and artistic treasures so that they may be available to current and future generations as a learning resource. In this way, we can provide our children with the most well rounded and comprehensive education possible.

EDWARD ABLE, JR.,
President and CEO,
American Association of Museums.

US/ICOMOS (the US National Committee of the International Council on Monuments and Sites) welcomes the proposed Cultural Heritage Assistance Partnership Act (CHAP) and its efforts to foster and support cooperative partnerships designed to preserve and enhance the cultural heritage of the United States.

We are particularly pleased to see that you have included international organizations including ICOMOS as one of those involved in coordination efforts. We believe that ICOMOS with its 6000 members who are part of its 116 national committees (of which the US Committee, US/ICOMOS, is the largest) has much to bring to such a partnership program and we strongly believe that cultural heritage programs and activities in the US can gain from intellectual contributions to their efforts from professional colleagues in other countries.

The need for coordination and collaboration among players in the field of cultural heritage protection is great and we applaud the Cultural Heritage Assistance Partnership Act as a step toward enriching a variety of programs large and small in this country and elsewhere through the program of partnerships that you have proposed.

With best wishes for the success of your efforts to achieve a truly collaborative and cooperative program where knowledge, expertise and technical information in the field of cultural heritage can be shared by Americans and their colleagues, at home and abroad.

ROBERT WILBURN,
President, US/ICOMOS, Washington, D.C.
ANN WEBSTER SMITH,
Vice President, ICOMOS, Paris, France.

OTHER STATES AND LOCAL ORGANIZATIONS AND INDIVIDUALS

Florida

I am a Ph.D. Candidate at the Univ. of Florida (Dept. of Anthropology), finishing in

August. I could see many groups in Florida benefiting from the grants to be included in this act. Also, the idea of people striving to form partnerships is much needed.

It seems that many people talk about collaborating, but never know how to go about implementing such an effort. I hope the act passes Congress, as it is widely beneficial.

TANYA M. PERES,
Ph.D. Candidate,
Dept. of Anthropology, Univ. of Florida

Indiana

Since 1996 in southwestern Indiana, we have developed a partnership of 10 organizations to present public education programs about regional archaeology, and we invite the public and school groups to visit our ongoing excavations. We do this in conjunction with the celebration of Indiana Archaeology Week, but our various public events extend over a month.

See the web site below for a list of our partners, and the kind of program we present with thousands of volunteered hours. The public loves our programs, and we do receive contributions from local businesses, but you might guess that we are always searching for grant funds.

Rep. Udall's Cultural Heritage Resources Partnership bill would create the kind of program that could help us continue giving the public a ''first hand view'' of the past, which teaches about the value of archaeological research and preservation of heritage resources.

CHERYL ANN MUNSON,
Department of Anthropology,
Indiana University, Bloomington, IN.

Kentucky

I was recently forwarded a copy of the Cultural Heritage Resources Partnership Act, and wanted to applaud your efforts on behalf of the Kentucky Organization of Professional Archaeologists. I have participated in numerous educational projects involved in Kentucky archaeology. They are always well received, and generate great public interest in the preservation of our cultural and historical resources.

As a professional, I often write reports that detail the specifics of archaeological sites in a scientific fashion. Programs that will be generated by this legislation will bring the stories of our cultural heritage directly to the public, rather than a dusty bookshelf. This legislation will serve to enhance the efforts of those who work to protect our history.

Thank you for your efforts. We are in full support of this legislation.

HANK MCKELWAY, PH.D.,
President, Kentucky Organization
of Professional Archaeologists.

Maryland

Please include my name on the list of supporters of the Cultural Heritage Assistance Partenrship Act. Thank you and good luck. If there is anything further that I can do on an individual level, please feel free to contact me. I will be happy to provide whatever assistance I can.

PATRICK LANG,
Historian,
Bethesda, MD.

New York

I would very much like to support your efforts in the introduction of this bill. There are numerous ''heritage areas'' in New York State and throughout the United States which the Cultural Heritage Resources Partnership Act will aid in preserving.

SUSAN WINCHELL-SWEENEY,
Secretary,
New York State Archaeological Association.

I would like to support your efforts in the introduction of this bill. It will serve as important in the effort to preserve our cultural heritage in the United States.

MARIE-LORRAINE PIPES,
Zooarchaeologist,
Victor, NY.

Virginia

Please include the Historic Staunton Foundation as a supporter of the bill. We are a local non-profit org. that could certainly use technical support of the NPS. Thanks

FRANK STRASSLER,
Executive Director,
Historic Staunton Foundation, Staunton, VA.

OVERVIEW OF CULTURAL HERITAGE ASSISTANCE PARTNERSHIP ACT

(By Representative Mark Udall)

Background and Need: Our nation's cultural heritage is a diverse array of natural, historical, cultural, scenic, and recreational resources. The hallmark of these treasures is that they are authentic. Together they define an area or region's distinct character. Communities increasingly recognize their cultural heritage as a valuable resource, both esthetically and economically. Cultural heritage tourism is now a $50 billion segment of the $600 billion US travel industry. Yet no Federal agency has the role of coordinating the many government programs that could assist the cultural heritage programs being developed by States, tribes, local governments and private organizations.

Program: The legislation would establish a Cultural Heritage Assistance Partnership Program within the National Park Service to coordinate Federal programs and to provide information, technical assistance and grants to States, Indian tribes, local governments and non-profit organizations. In turn it would also provide Federal agencies with opportunities to benefit from the knowledge and experience of their non-Federal, cultural heritage partners.

Federal Coordination: To carry out the purposes of the Partnership Program, the Act would establish a Federal Coordinating Council composed of the heads of 11 Federal departments and agencies. The Secretary of the Interior would serve as chair. The purposes of the Council are to:

Identify Federal programs that can assist the Partnership Program;

Establish methods to collaborate together and with other governmental and nongovernmental entities on cultural heritage programs and projects;

Find ways to cut red tape and increase efficiencies in delivering services under existing Federal programs to States, Indian Tribes, local governments, and private organizations; and

Assure that the Partnership Program is responsive to the diverse needs of communities, from urban centers to remote rural areas, and are balanced in outreach and funding.

Citizens Advisory Committee: The legislation establishes an 11 member Citizens Advisory Committee appointed by the Secretary of the Interior to provide independent advice from the private sector to the Partnership Program and the Federal Coordinating Council. Members would be chosen for 5 year terms from among individuals who represent a range of technical expertise as well as broad based interests in cultural heritage resources, heritage areas, heritage tourism and related economic and community development.

Partnerships: In carrying out the Partnership Program, the Secretary of the Interior would coordinate with and seek the participation of organizations and agencies involved in heritage areas and related cultural heritage tourism and economic and community development, including:

(1) Private sector non-profit organizations.

(2) Educational and training institutions.

(3) Professional societies and trade associations.

(4) State and local government agencies and affiliated organizations.

(5) Indian tribes and tribal organizations.

(6) Other offices and programs within the National Park Service, including Units of the National Park System.

(7) Federal agencies, including agencies not represented on the Federal Coordinating Council, and Federal organizations such as Coastal America and the National Rural Development Council; and

(8) International agencies and organizations.

Information, Technical Assistance, and Awards. The Partnership Program would provide information and technical assistance on cultural heritage resources and activities, including heritage areas, heritage tourism and related economic and community development. The information would be available electronically on the World Wide Web. Technical assistance would include developing models of cultural heritage partnership agreements; holding workshops, conferences, training and public meetings; developing guidance on ways to access Federal programs; and coordinating meetings with Federal agencies and non-federal partners. An awards program would be established to recognize exemplary projects or programs that carry out the purposes of this Act.

Grants. The legislation authorizes the Secretary of the Interior to make grants, on a competitive basis, to States, Indian tribes, local governments and nonprofit organizations. Annual funding for the grants is capped at $9 million. No applicant could receive more than $50,000 in grants in any fiscal year, and all grants must be matched on a 50 percent basis. All grant recipients must have at least one partner who also contributes facilities, supplies or services for the project. Priority would be given to projects that have more than two entities who contribute facilities, supplies or services or projects representing a broad base of interests that can increase community involvement.

Types of Projects: Among the types of projects that may be funded are projects that:

(1) Develop plans, programs, training, and informational materials relating to the development, management or interpretation of cultural heritage resources and heritage areas or potential heritage areas;

(2) Create innovative projects that address natural resource conservation, environmental education, outdoor recreation, economic revitalization, archaeology, historic, scenic and cultural preservation, and the arts, humanities and folklore;

(3) Carry out cultural heritage activities in conjunction with libraries, museums and schools

(4) Improve the organizational and management capacity of cultural heritage organizations and agencies;

(5) Create or implement innovative ways to combine historic property restoration and conservation with economic and community development;

(6) Provide electronic access, including equipment and training, especially in rural or underserved urban communities, to promote cultural heritage activities or heritage areas;

(7) Develop alliances among heritage areas within a State and among the States;

(8) Share information with other nations on cultural heritage programs in the United States; and

(9) Develop programs for collecting information on cultural heritage activities and resources in other nations that might serve as models for similar activities in the United States.

Report: The legislation directs the Secretary of the Interior to prepare a report to Congress within 4 years of enactment that describes the accomplishments of Partnership Program; identifies any problems that were encountered in implementing the provisions of this Act; and recommends any changes that are needed in the Partnership Program, including amendments to the Act.

Definitions: Standard definitions are provided for terms used throughout the Act. The term ''Heritage Area'' is defined as ''a discrete geographic area or region (including trails, corridors, rivers, and watersheds) designated by Federal, State, tribal or local legislation or executive action and having a distinctive sense of place embodied in its historic buildings, communities, traditions, cultural and natural features.''

Annual Funding: In addition to the $9 million authorized annually to be appropriated for the grants program, the $500,000 is authorized for information and technical assistance and $500,000 for program administration.

RECOGNITION OF ''STAMP OUT HUNGER'' FOOD DRIVE

HON. STEPHEN HORN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. HORN. Mr. Speaker, I rise today to recognize the men and women of the United States Postal Service for their tireless efforts on behalf of the ''Stamp Out Hunger'' program. On Saturday May 12th letter carriers in all 50 states, the District of Columbia, Puerto Rico, the Virgin Islands and Guam collected food donations from postal customers along their routes in what has become the largest volunteer effort in America.

Saturday's collection marks the ninth consecutive year that the National Association of Letter Carriers, in conjunction with the Postal Service and Campbell's Soup, has conducted this food drive. The nationwide effort began with a generous donation of one million pounds of food from Campbell's Soup. Since the ''Stamp Out Hunger'' program's inception nearly 400 million pounds of food have been collected and distributed to hundreds of local food banks and pantries. The food drive comes at a critical time to help food banks and pantries restock their bare shelves that have emptied from the winter months.

I commend the thousands of letter carriers and the millions of postal customers that contributed to the success of this years ''Stamp Out Hunger'' food drive. These individuals can should be proud knowing that their contributions will make a difference.

RECOGNIZING ANN BANCROFT

HON. BILL LUTHER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. LUTHER. Mr. Speaker, my home state of Minnesota is proud of its strong and historic pioneer spirit. The often-brutal winters of Minnesota that early inhabitants endured, however, are no match for the icy tundra of Antarctica, recently traversed by a woman from Scandia, Minnesota.

Ann Bancroft is the first woman ever to cross the ice to the North and South Poles. She dogsledded 1,000 miles to the North Pole as the only female member of the Steger Expedition and led the 67-day American Women's Expedition to the South Pole on skis. Not content with these outstanding achievements, she also founded and led the nonprofit Ann Bancroft Foundation, dedicated to celebrating the successes of women and girls.

In the true spirit of a pioneer, Ms. Bancroft not only crossed geographic boundaries, but she traveled across gender barriers as well to become an inspiration for women and girls around the globe. Her work continues to celebrate the potential and the victories of women every day. I want to take this opportunity to recognize Ann Bancroft for her bravery not only to go where no woman has gone before, but also for encouraging young women to reach for their own dreams.

HUMAN RIGHTS PROBLEMS IN KAZAKHSTAN

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. SMITH of New Jersey. Mr. Speaker, I rise today to call attention to the lamentable human rights situation in Kazakhstan. On April 4, in a meeting with Kanat Saudabaev, Kazakhstan's new Ambassador to Washington, I welcomed his desire for cooperation and his willingness to improve his country's image, but I emphasized that Kazakhstan's reputation has indeed been badly tarnished and that concrete actions, not implausible pledges of democratization, were necessary. Considering the recent political trends in that important Central Asian country, I would like to share with my colleagues a number of the concerns I raised with Ambassador Saudabaev.

As a Washington Post editorial pointed out on May 1, President Nursultan Nazarbaev has recently been intensifying his longstanding campaign of repression against the political opposition, independent media, and civil society. Especially alarming is the escalation in the level of brutality. In the last few months, several opposition activists have been assaulted. Platon Pak of the ''Azamat'' Party was stabbed on February 7. Fortunate to survive, he said his attackers told him to ''deliver their message to the head of his political party.'' On March 1, Ms. Gulzhan Yergalieva, the Deputy Head of the opposition ''People's Congress of Kazakhstan'' and a well-known journalist, was—along with her husband and son—attacked and robbed in her home. Prior to these incidents, both opposition parties strongly criticized the Kazakh Government's running of an electoral reform working group. In late February, Alexandr Shushannikov, the chairman of the East Kazakhstan branch of the ''Lad'' Slavic Movement, was beaten by unknown assailants in the town of Ust-Kamenogorsk.

Less violent harassment of the opposition has continued unabated. Amirzhan Kosanov, the Acting Head of the Executive Committee of the opposition Republican People's Party of Kazakhstan (RNPK), found threatening graffiti in the stairwells of his apartment building, on the doors of his apartment, and on neighboring buildings on March 17. Later that night, hooligans threw rocks at the windows of the apartment of Almira Kusainova, the RNPK's Press Secretary. In one case, a large rock shattered one of the windows.

To add insult to injury, Mr. Kosanov has been barred from leaving Kazakhstan. He is the former Press Secretary of Akezhan Kazhegeldin, Kazakhstan's former Prime Minister and now the exiled head of the RNPK. Claiming Mr. Kosanov had access to ''state secrets,'' the authorities have confiscated his passport—even though he had left Kazakhstan many times before. To round out the campaign against Mr. Kosanov, a series of articles and reports in pro-government media have accused him of adultery and pedophilia.

In addition, Pyotr Afanasenko and Satzhan Ibrayev, two RNPK members who were Mr. Kazhegeldin's bodyguards, were sentenced in April 2000 to three years in prison for a weapons offense; an appeals court upheld the convictions. The OSCE Center in Almaty has stated that it considers the charges to be political in nature. Moreover, these two individuals, as former members of the security forces, should be in special prisons instead of being incarcerated among the general prison population, where they are in danger.

Along with the targeting of opposition activists, the ongoing crackdown on freedom of the press has continued. Most media outlets have long been under the direct or indirect control of members of the president's family, leaving independent and opposition media under constant pressure and at serious risk. After the opposition weekly XX1st Century printed articles last October about alleged corruption by President Nazarbaev, the publication's editor, Bigeldy Gabdullin, was charged with ''harming the honor and dignity of the President.'' On April 3, Yermurat Bapi, editor of the opposition weekly SolDat, was convicted of ''publicly insulting the dignity and honor of the President.'' The court also ordered that the print run of SolDat in which the offending article appeared be destroyed.

Mr. Bapi, who was sentenced to one year in jail and ordered to pay $280 in court expenses, was immediately pardoned under a presidential amnesty. Still, his conviction remains on the books, which will prevent him from traveling abroad, among other restrictions. Mr. Bapi is appealing the verdict. As for Mr. Gabdullin, the prosecutor's office issued a press release on April 6 stating that it had dropped the case against him due to ''the absence of [a] crime,'' although his newspaper has not yet received formal confirmation.

While both editors are currently at liberty, as the Committee to Protect Journalists (CPJ) points out, their newspapers cannot publish in Kazakhstan because local printers will not risk angering local officials. In an April 17 letter to President Nazarbaev, CPJ concluded that ''we remain deeply concerned about your government's frequent use of politically-motivated criminal charges to harass opposition journalists'' and called on him ''to create an atmosphere in which all journalists may work without fear of reprisal.''

Apart from intimidating individual journalists and publications, Kazakhstan's authorities have taken legal action to restrict freedom of speech. The country's Senate on April 17 approved a draft media law that limits the retransmission of foreign programs and will also subject Internet web pages to the same controls as print media. Moreover, media outlets can be held responsible for news not obtained from official sources. In other words, if the New York Times or CNN runs stories Kazakhstan's leadership finds distasteful, Kazakh media outlets risk legal sanction for re-running those reports. Considering the ongoing investigations by the U.S. Department of Justice into high-level corruption in Kazakhstan, it is easy to draw inferences about what kinds of stories the authorities would eagerly spike. Indeed, although Mr. Gabdullin and Bapi were formally prosecuted for articles in their newspapers, both had also previously signed an open letter, published in the January 15 edition of Roll Call, expressing their support for the investigation.

Mr. Speaker, Kazakh authorities have also stepped up harassment of NGOS. The OSCE Center in Almaty, the Washington-based National Democratic Institute (NDI), and Internews-Kazakhstan had jointly organized public forums in 9 regions of Kazakhstan to educate local citizens, media, and interested parties about the proposed amendments to the media law. After the law's passage, local organizers of these Forums on Mass Media were called in to the Procuracy for ''conversations.'' Other government agencies which took part in this intimidation were the Tax Police and the Financial Police.

According to OSCE sources, the authorities offered local NGOs ''friendly'' advice about not working with the OSCE and NDI. In Atyrau, one NGO contacted by the Financial Police did not even participate in these forums but that did not stop the police from sending a written request for information on ''whether or not your organization had contacts with the OSCE or NDI in 2000–2001.'' Clearly, the authorities are singling out NGOs which maintain contacts with the OSCE and NDI and warning them about the possible consequences. In some instances, the authorities have made good on the implied threat and opened tax investigations into NGOs, seizing their documents and even computers, as happened in Almaty and Karaganda. This campaign is a blatant attack on the activities of the OSCE, of which Kazakhstan is a participating State, and other international organizations which promote demoncratization.

Finally, Mr. Speaker, to round out a very depressing picture, Kazakhstan's parliament is reportedly working towards the adoption of amendments to the law on religion that will severely limit freedom of conscience. The draft provisions would require at least 50 members for a religious association to be registered (the law currently requires 10). In order to engage in ''missionary activity,'' which would involve merely sharing religious beliefs with others, individuals—citizens or not—would have to be registered with the government, and religious activity would be permitted only at the site of a religious organization, which could bar meetings in rented facilities or even private homes. Violation of these provisions could lead to a sentence of one-year in prison or even two years of ''corrective labor,'' and to the closing of religious organizations.

These draft amendments to the religion law were introduced in Kazakhstan's parliament in early April. According to the U.S. Embassy in Almaty, no date has been scheduled for discussion of the legislation though it is expected the measure will be considered before the current session ends in June. The U.S. Government, the OSCE, and other international agencies have expressed concern about the possible restriction of religious liberty, and there is reason to fear the worst.

In recent months, the attitude underlying these draft amendments has already had a real impact on believers. American citizens who did humanitarian work in several cities in Kazakhstan have been harassed, intimidated and eventually deported. The formal cause of their expulsion was violation of administrative regulations but one official told an American the real reason was because they were Christians. In one particularly brutal, ugly case, Americans who had been told to leave the country were preparing to do so when the authorities brought them back from the airport so they could be videotaped for TV broadcasts portraying them as engaging in various sorts of subversive activities. An American family preparing to leave Ust-Kamenorgorsk was harassed by a Kazakh security official who threatened to spend the entire night in their tiny apartment to make sure they left. It took several hours before he could be persuaded to leave, despite the fact that his presence was frightening a pregnant American woman.

Jehovah's Witnesses have also reported stepped-up harassment and intimidation. Over the past few months, central and local media have been attacking Jehovah's Witnesses, who are depicted as religious extremists. In one bizarre case, according to the Witnesses, a television station broadcast video footage of Islamic terrorists, who were described as Jehovah's Witnesses, as well as footage of a police raid on a meeting held in a private home.

Kazakhstan's new Administrative Violation Code, which went into effect in February, allows the suspension or prohibition of religious organizations for evading registration or for violating assembly rules. This has already been used to suspend the activity of a group of Jehovah's Witnesses in Kyzyl-Orda. A similar case is pending in Taraz.

Just today, May 16, Keston News Service reports that authorities have declared a Baptist church in the town of Kulsary (Atyrau region) illegal and ordered it to stop all meetings, claiming that it may not function until it is registered. In fact, Kazakh law does not ban activity by religious communities without registration, but the regional prosecutor upheld the ban. Church leaders intend to appeal the decision, but local lawyers are afraid to take such a case.

Keston further reports that on April 10, the authorities in Kyzylorda fined a Baptist church 7,750 tenge (about $53) and suspended its activities until it obtains registration. In February, police had raided a Kazakh-language service at that church, demanding that participants show their identity documents and write statements about the gathering. They confiscated religious writings in Kazakh and Russian, and took five people, including the leader of the service, Erlan Sarsenbaev, to the police station. According to the Baptists, the police told them ''During the Soviet times, believers like you were shot. Now you are feeling at peace, but we will show you.'' When Sarsenbaev refused to write a statement, police officers ''began to hit him on his neck, abdomen and head with a plastic bottle filled with water.'' Finally, they forged his signature, and wrote the statement on his behalf.

As President Bush recently said, ''the newly independent republics of Central Asia impose troubling limits on religious expression and missionary work.'' This trend in Kazakhstan is especially disturbing because despite the consistent consolidation of presidential power and general crackdown on opposition and dissent, relative religious freedom had been one of the bright spots. It seems this bright spot is about to disappear.

Mr. Speaker, a few weeks ago, Erlan Idrisov, Minister of Foreign Affairs of Kazakhstan, visited Washington. In his public speaking engagements, he focused on Kazakhstan's emphasis on stability and its desire for good relations with its neighbors. These are understandable priorities which the United States has every reason to support. But Minister Idrisov simply discounted charges of human rights problems, arguing on May 2 at the Carnegie Endowment that the abovementioned Washington Post editorial is ''not the final word'' on the human rights situation in his country.

Minister Idrisov may disagree with any Washington Post editorial, if he likes. But when you consider many other sources, such as the State Department's report on human rights practices, the Committee to Protect Journalists (which last year named President Nazarbaev one of the world's ten worst enemies of the media), and the OSCE Center in Almaty, the overall impression is clear and indisputable. Despite official Kazakh claims about progress, the human rights situation is poor and threatens to get worse. If President Nazarbaev wants to change that impression and convince people that he is sincere about wanting to democratize his country, he must take concrete steps to do so. The time is long past when we could take his assurances at face value.

RECOGNIZING VERNA IRENE SWOBODA

HON. SAM GRAVES

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. GRAVES. Mr. Speaker, I rise today to congratulate Verna Irene Swoboda, a lifelong

resident of St. Joseph, Missouri, who is celebrating her 90th birthday, today, May 16, 2001. She was born in St. Joseph in 1911, the only daughter of Thomas and Vera Moore, along with her four brothers, Joseph, Wilbur, Norman, and Mason. She was married to her late husband, Ralph J. Swoboda, for 61 years.

Verna's four children, Rachel, Tom, Vera, and Gloria are hosting a birthday celebration for her on May 26th at the home of her daughter, Rachel, in St. Joseph. It is expected that her entire family, including nine grandchildren and eight great grandchildren will attend, many coming from out of state. Also, her many friends in the senior residence where she lives in her own apartment plan to celebrate with her on May 16th.

Verna enjoys good health and is very active with her family, her church, her friends, and her hobbies. She still enjoys painting, writing poetry, reading good books, and working on her scrapbooks and picture albums. She is a very spunky lady with a very sharp wit and is adored by all who know her. She can tell a very good story and has always been proud of her Irish heritage, and she is especially proud of her hometown of St. Joseph.

Again, I want to wish Verna Irene Swoboda all the very best on her 90th birthday.

THE STATE AND LOCAL CANDIDATE FAIRNESS ACT

HON. F. JAMES SENSENBRENNER, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. SENSENBRENNER. Mr. Speaker, today I am introducing legislation to extend to the principal campaign committee of state and local candidates for elective public office the same graduated tax rates which apply to the principal campaign committee of a candidate for Congress.

In running for Congress, Members of the House are made aware of the Section 527 tax laws that apply to congressional campaign committees. What many Members of Congress may not be aware of is the unfair tax treatment of campaign committees for state and local candidates. Recently, state representatives from my home state of Wisconsin brought to my attention the burdensome tax laws involving the graduated tax rates applicable to interest bearing accounts for state and local campaign committees. Under current law, the tax rate applied to the interest earned by a campaign committee is determined by which office the candidate seeks. State and local candidates are forced to pay a 35% tax rate while congressional candidates pay only 15% on interest bearing accounts for their primary campaign committees.

That is why I am introducing the State and Local Candidate Fairness Act. This legislation would allow state and local candidates to pay the same tax rate as congressional candidates on interest bearing accounts for their campaign committees.

As we are asking our state and local officials to build better and safer communities, we should be encouraging more involvement from our citizens and not discouraging them from participating in state or local government.

By addressing unfair tax burdens on state candidates, my legislation would also help to simplify the tax code. By making the tax rates the same for state and local candidates as they are for congressional candidates, the tax code will in a small way become simpler for everyone running for office. I urge my colleagues to support this legislation to fight against unfair tax rates for candidates for state and local office.

TRIBUTE TO DR. JOHN HORN

HON. PETE SESSIONS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. SESSIONS. Mr. Speaker, I would like to recognize today an outstanding educator from my district, Dr. John Horn. At the end of this school year, Dr. Horn will retire as Superintendent of the Mesquite Independent School District, bringing his long and distinguished career to a close.

During his 38-year career, Dr. Horn has been a visionary in public education, receiving numerous awards for his service. In 1995, he was honored as the Texas Superintendent of the Year by the Texas Association of School Administrators. The Mesquite ISD, with over 32,000 students, has thrived under his leadership, most recently earning the ''Recognized'' rating from the Texas Education Agency in 2000.

Dr. Horn involves the entire community in the improvement of education and involves himself in the community through various civic organizations. Often referred to as the ''superintendent's superintendent,'' Dr. Horn has thoroughly dedicated himself to the education and enrichment of his students.

Although he be will greatly missed, Dr. Horn's legacy will serve as a constant reminder of his extraordinary career. I ask my colleagues to join me in congratulating Dr. John Horn on all of his accomplishments and wishing him the best for his well-deserved retirement.

THE TREND OF PRIVATIZATION

HON. TED STRICKLAND

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. STRICKLAND. Mr. Speaker, I want to address a trend that I find very disturbing; a trend that I encounter again and again across a spectrum of seemingly unrelated issues. It is the trend of privatization, the trend of government forfeiting its responsibilities to those it serves.

I believe strongly that certain societal functions are so important that they simply must be carried out by the government, namely the imprisonment of criminals and the maintenance of a health care safety net for our most vulnerable citizens. Now, I realize that these two functions are extremely divergent, but both are vitally important to society. The purpose of imprisonment is to protect the public from dangerous individuals who are paying a debt to society, and the purpose of the public health safety net is to protect the public, particularly the poor, from the ravages of preventable and treatable disease.

These two public functions have one very important thing in common: once we privatize them and turn over their missions to profit-making entities, we will never be able to rebuild what we have lost.

Public hospitals and public health centers provide a vital service as part of our national health care delivery system; they provide care to those who would be turned away from other institutions for not having health insurance. They often serve the poorest and the sickest populations, and are particularly attuned to the health consequences of delayed care, poverty, poor nutrition and chronic disease. Because these institutions are directly accountable to the public, they serve the public well—better, I would argue, than a privatized counterpart. I am not saying that private hospitals are not important or that they do not provide their share of uncompensated care, because they do, and we need to have them around. I am saying that public health care providers play a very important role in the health care marketplace, and they are unique in that they are more directly accountable to the public than are their private counterparts. More important, once we break our commitment to providing public health care by privatizing this service, we will find it very difficult, if not impossible, to re-establish this vital component of our comprehensive health care delivery system. I fear that we are moving toward this unfortunate state of affairs right now in our nation's capitol with the proposed privatization of DC General Hospital. Mr. Speaker, I believe that the plan to privatize DC General is, like most privatization plans, an extremely shortsighted measure that will jeopardize the availability of quality health care for some of the city's poorest citizens.

Likewise, the privatization of our nation's prisons is a practice that I find equally repugnant. The need to make a profit creates an incentive for private prison companies to cut comers when it comes to the security of the facility and the quality of correction personnel. The result is understaffing, low wages, inadequate training, poor benefits, and difficult working conditions. Reports from various private facilities reveal a failure to fill staff positions, a failure to provide government mandated programs that involve proper correctional officer training and prisoner rehabilitation programs, and a failure to implement tested, comprehensive security measures. Additionally, when governments contract out with private prison operators, taxpayers lose much in the way of valuable oversight tools. Nevertheless, they are still forced to assume much of the financial and legal liability associated with the operation of private prisons. If there are riots or breakouts, local government authorities are called in to handle the situation. When a private prison official violates an inmates rights, the taxpayers from the community—not the prison corporation—foot the bill for the lawsuit.

Whether it's the security of our prison system or the health care of America's poorest citizens, privatization is a risky business that

could cost us dearly down the road. I hope that the Congress will take very seriously its responsibility to the American public and not continue efforts to privatize safety net health care providers or the nation's prison system.

TRIBUTE TO THE LATE MARGARET VILLAGRAN (SIERRA) MELENDEZ

HON. JOE BACA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. BACA. Mr. Speaker, it is with great sadness that I note the passing of Margaret Villagran (Sierra) Melendez, the mother of Ruby Ramirez on my staff.

Margaret was born to Milton Villagran & Juanita Palacios on June 10, 1910 in El Paso, Texas. She was the 15th child of a family of 17. Her father was employed for Santa Fe until he died in 1917. Her mother was a housewife for the most part, and followed her husband wherever he was sent. She did the laundry for the work crews at the different sites that they were assigned to.

Margaret came to California at the age of 10 with her sister who was 17. Her brothers were working at the Jurupa Quary in South Fontana and her sister came to work as a housekeeper for one of the owners of a winery in Guasti. They had to leave their mother behind until they had enough money to relocate them to California which was about two years later. She attended an elementary school named "Wineville" later changed to Guasti.

Margaret dropped out of school at 14 and went to live with her brother, Albert Villagran in Orange, CA. She was bilingual and went to work for Woolworths as a sales girl. Later she worked at the Hunts Co. and Sunkist Packing House. She came back to Fontana when she was 18 and met her husband, Pete Sierra. They got married and moved to Colton in 1927. They bought a house at 965 Jefferson Lane and she lived there until she was hospitalized.

Tragically, her first husband was killed in 1956 by a drunk driver. She was a widow for 19 years and then she remarried Frank Melendez in 1977. Frank and Margaret had dated before she married Pete. 32 years later, they met and got married. He died in 1999.

Margaret was a loving caring mother to everyone. Everyone that came to her house was welcome and the first thing she did was feed them. She was active in the Heart Association and once a year took care of collecting funds for the Heart Foundation. She volunteered for the Cancer Association, VFW, PTA, and was a member of San Salvador Catholic Church. She liked to work in her garden and cook on her wooden stove whenever she had a chance. Her house was a regular soup kitchen. Her house was located between the Union Pacific and the Southern Pacific Railroads. Every person that got off the train came knocking on her door and they never went away hungry.

Margaret never missed an election. She made sure that she had her absentee ballot. She was a good listener, helped wherever she was needed and never complained even with all the hardships she encountered throughout her life. Everyone called her "Grandma Margaret."

Margaret leaves behind five daughters, Tillie Rodriguez, Ruby Ramirez, Mary Ramirez, Lorraine Chavez, JoAnn Beckman; and five sons, Pete Sierra Jr., Charlie Sierra, Amador Sierra, Johnny Sierra, and Joe Madrigal; sixty-five grandchildren; and four great-grandchildren.

I extend to the family my condolences and wish blessings to them in their time of mourning. We say, "goodbye, we miss you, God bless."

IN SUPPORT OF NATIONAL WOMEN'S HEALTH WEEK

HON. CARRIE P. MEEK

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mrs. MEEK of Florida. Mr. Speaker, I rise today in support of National Women's Health Week, to speak of a topic near and dear to me which is Lupus.

I know firsthand the heartache that lupus causes. I lost a sister to lupus and have seen many others suffer from this incurable disease. I know all too well the difficulties persons with lupus face to maintain employment and lead normal lives. I have seen the often-devastating side effects of current treatment regimens. I also know the profound impact that my sister's disease had on me and that lupus often has on the family and friends of lupus patients.

More people have lupus than AIDS, cerebral palsy, multiple sclerosis, sickle-cell anemia and cystic fibrosis combined. Yet I believe that much of the public does not yet have this awareness. The Lupus Foundation of America estimates that between 1,400,000 and 2,000,000 people have been diagnosed with lupus. Many others have the disease, but have not even been diagnosed because of the insidious way in which lupus "masks" itself, thereby often making it difficult to diagnose. Many lupus victims are mis-diagnosed, and some victims even die, without even knowing that they have this disease.

Lupus is a wide-spread and devastating autoimmune disease that causes the immune system to attack the body's own tissue and organs, including the kidneys, heart, lungs, brain, blood, or skin. It afflicts women nine times more than it does men, and is three times more prevalent in women of color than Caucasian women. Lupus has its most significant impact on young women during their childbearing years (ages 15–44).

Lupus patients from poor or rural areas often cannot access the level of specialty care required to manage such a varied and complex disease. When first presenting symptoms of the disease, lupus patients usually contact their family physician. It is not unusual for people to have lupus for three to five years and to visit up to five doctors before they receive a correct diagnosis. Unfortunately, medical schools do not provide family physicians with sufficient training to recognize lupus.

I am sure that increased public awareness of the pervasiveness of lupus will substantially assist our efforts to increase funding not only for research, but also for the treatment and support services that the Congress authorized last November when It passed my lupus bill, H.R. 762, as part of the Public Health Improvement Act of 2000 (P.L. 106–505). Passage of H.R. 762 was an important step in the fight against lupus, one of which I am extremely proud. But it is not enough. It is time to take the next step this year by funding the research, treatment and support services that the Congress authorized last year when it passed my lupus bill.

Lupus affects multiple organ systems and can be an expensive disease to manage. Treatment requires the participation of many different medical specialists and expensive specialized testing and procedures. The average annual cost of medical treatment for a lupus patient is between $6,000 and $10,000. However, for some people with lupus, medical costs may exceed several thousand dollars every month. Lupus can be financially devastating for many families.

It was these human factors that caused me to offer H.R. 762 and to work so hard for so many years with all of you for its passage. The case management and comprehensive treatment services that we authorized in H.R. 762 for individuals with lupus, and the support services that we authorized for their families, will be tremendously helpful, but only if we adequately fund them. We need a coordinated, targeted, well-executed appropriations strategy to make the promise of these programs a reality.

My lupus bill that the Congress passed last year authorizes appropriations of such funds as are necessary for FY 2001 through FY 2003 for lupus research, education, and treatment, including a grant program to expand the availability of lupus services. It also empowers the Secretary of the Department of Health and Human Services to protect the poor and the uninsured from financial devastation by limiting charges to individuals receiving lupus services pursuant to the grant program, the way that we do under the Ryan White Care Act, should the Secretary deem it appropriate to adopt such limitations.

H.R. 762 authorizes research to determine the reasons underlying the increased prevalence of lupus in women, including African-American women; basic research concerning the etiology and causes of the disease; epidemiological studies to address, among other things, the differences among the sexes and among racial and ethnic groups with respect to the frequency of the disease; the development of improved diagnostic techniques; clinical research for the development and evaluation of new treatments, including new biological agents; and information and education programs for health care professionals and the public.

The bill also authorizes appropriations of such sums as are necessary for FY 2001 through FY 2003 for a grant program. This program would support a wide range of services for the diagnosis and disease management of lupus for lupus patients, as well as a broad range of support services for lupus patients and their families, including transportation services, attendant care, homemaker

services, day or respite care, counseling on financial assistance and insurance, and other support services.

I think it is appropriate during National Women's Health Week, that Congress fully fund research and treatment programs such as this.

TRIBUTE TO THE LATE FRANCISCA GARMON

HON. JOE BACA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. BACA. Mr. Speaker, it is with great sadness that I rise in memory of Francisca Garmon, of my district, who passed away on Mother's Day, May 13, 2001.

Francisca served as vice president of the local union, United Steelworkers of America Local 7600, which represents approximately 4,000 Kaiser Permanente Medical Center Employees in San Bernardino and Riverside counties. A woman of great faith, Francisca was known for her resilience and tenacity. A gifted communicator, she was asked by the union to serve as a spokeswoman because of her speaking abilities. A talented singer, she made a recording last year at the request of the Steelworkers International.

Francisca is survived by her husband, James Garmon, a physician's assistant at Kaiser Permanente's San Bernardino Clinic. She is also survived by her mother Virginia; Children Johnny, Troy and Anna (Sey), who is a customer service representative at Kaiser's Corona Call Center; grandchildren Dana, Kaleb and Jacob; brother, Richard; sisters Evelyn, Jeannie and Rosie; and many other relatives.

Francisca had worked for Kaiser Permanente for 18 years. Prior to becoming a grievance officer she served as an assistant grievance officer. In the year 2000, Fran became vice president of USWA Local 7600. She served as co-chair of the Legislative and Education Committee, was active in the Labor Management Partnership and was a political activist for State and Federal labor laws.

Francisca's presence, along with her efforts and hard work, will be missed tremendously by all her Brothers and Sisters of Local 7600, and indeed, all in our community, but our comforting memories of her will live on.

Francisca also served her country in the armed forces, in the Air Force from April 4, 1970, through September 11, 1970, being honorably discharged due to pregnancy; and also in the Army for two years, being honorably discharged on April 17, 1979.

Francisca made a lasting difference in her community. Our hearts go out to her family and loved ones. With God's grace we know she will have peace.

THE COST OF HIGH ENERGY PRICES ON OUR NATION'S AGRICULTURE PRODUCERS

HON. JERRY MORAN

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. MORAN of Kansas. Mr. Speaker, I rise today to call attention to the energy crisis that is draining the farm economy. My district, like many rural areas across the country, has suffered greatly as a result of high energy prices. Agricultural producers in particular have been hit hard as higher diesel and natural gas prices increase fuel, irrigation energy, and fertilizer costs.

Our reliance on foreign oil and dependency on imported fuel has created a crisis for our nation's farmers. Kansas producers' net income fell 7.7 percent in 2000, down 11 percent from the five-year average, largely because of the summer drought and dramatic increases in the price of energy. On a nationwide average, energy costs alone caused a 6 percent decrease in farm income.

According to the Kansas Farm Management Association, average cash operating expenses on Kansas farms increased 6.2 percent last year, and the increase was largely related to energy prices. Combined gas, fuel and oil expenses rose $2,551 per farm, a 33 percent increase. Prices for nitrogen fertilizers, a natural gas derivative, were the primary determinant in driving fertilizer costs up more than 10% above the 1999 average. Irrigation energy costs for a typical irrigated corn farm in western Kansas were $34,026, approximately one-fourth of the gross revenue generated. This figure represents an increase of almost $18 per acre just to run the irrigation system.

With commodity markets remaining at record lows and the tremendous increase in energy prices, last year it cost farmers more to produce grain than they were paid for it. Without emergency assistance, producers would have lost money.

Unfortunately, projections for the 2001 crop year are not optimistic. Given the current status of energy supply and demand, the Department of Agriculture predicts that producers will face a 15 percent decrease in net cash income due to energy and fertilizer costs. Losses will be still greater for irrigators.

In addition to the negative impact on crop producers, the livestock segment of the agriculture industry has also been affected by fuel costs. According to the National Cattleman's Beef Association Cattle-Fax, high energy prices have cost the fed cattle market $4 per hundred weight in decreased demand. The crises spreads across commodities and across all regions of the country, from rice producers in California, to Kansas wheat farmers, to New England dairies.

Since I arrived in Congress, I have asked both the Administration and my colleagues to develop a national energy policy. I look forward to reviewing the findings of the Domestic Energy Policy Task Force headed by Vice President CHENEY when their report is released tomorrow. As we finally begin to look at legislation regarding national energy policy, it is important to keep in mind both the short and long term challenges that exist in the agricultural sector.

TRIBUTE TO THE LATE TIMOTHY SECHRIST

HON. JOE BACA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

Mr. BACA. Mr. Speaker, it is with great sadness that I note the passing of Timothy Sechrist, formerly my Press Secretary and Senior Legislative Aide, who died of a heart attack in Los Angeles this past weekend (May 13, 2001).

In addition to working on my staff, Tim also worked for Congressman Doug Applegate (OH 1984–94); and the Honorable Ron DeLugo (PR). He also served on the staffs of the Honorable BART STUPAK and the Honorable MARCY KAPTUR and did some committee work.

Tim was from the old school, a different era, when the institution of Congress was perhaps a little bit smaller, a little bit more collegial, a little more productive. I think he sought to capture that quality in all that he did.

As a new Member, who was still learning how to get around the Capitol, I found Tim's guidance indispensable. He knew everything from how to advance briefings with the President at the White House and legislative meetings, to how to further a complicated parliamentary maneuver on the floor. Tim was a walking reference of the rules and procedures of the House, a mentor to staff, a tutor to Members.

As a long-time staff member on the Hill, Tim lived and breathed this institution. To walk around the Capitol with Tim was to be steeped in the history and lore of the place. One could not help but feel a sense of reverence, and even a little intimidation at the shoes one must fill coming to this great institution. He could make history come alive by describing the origin of a bullet hole in the Senate Chambers, and the story behind the portraits on the walls.

A gifted raconteur, Tim entertained us with legends about larger-than-life Members who have graced the Chambers and walked the Capitol grounds. Listening to Tim, one got the sense that this is the people's House, and it belongs to each of us who live in this wonderful country. We are temporary stewards with a mission that is almost sacred—the preservation of our democratic institutions.

Tim was a wonderful writer, turning out copy that was to the point and incisive. As a staff member handling appropriations and selected legislation, he was indefatigable, demanding nothing less than working to his highest potential, and seeking to bring the institution and his colleagues to increasingly greater heights of achievement.

Tim brought a confident and professional bearing to his work. And yet, lurking in all that seriousness was a man with a great sense of humor, who was not above playing a practical joke or laughing with his friends and colleagues at a particularly amusing story. It was wonderful to all of us to see that side of him, to counterbalance his seriousness and sense of purpose. It is from those happy times that

we know Tim as a kind and humane man, one who was liked and loved by his friends and colleagues.

A graduate of the University of California, Berkeley, and a native of California, Tim loved government. He was a public servant in the humblest and best manner. He genuinely liked what he did, and you got the sense that there really was no other calling he would prefer.

Even when Tim left the Hill, it was to work in a position advocating for transit for the disabled. He never tired of working for the betterment of society, forgoing many lucrative opportunities that would have embraced him had he chosen such a path.

In summary, Mr. Speaker, Tim left the institution a better place for his having been here. Many Members and colleagues on Capitol Hill mourned his abrupt passing, and have recalled the friendship they enjoyed with him.

He is survived by his wife, Connie Jillett, his father, and two brothers.

There is nothing so fitting for—Tim, as a man who loved this institution dearly, that we salute him on the floor of the House of Representatives. He will be missed. And so we say, "God Bless, we cherish your memory and your good works."

HONORING HOWARD JAY

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. McINNIS. Mr. Speaker, I would like to ask that Congress take a moment to recognize and thank Howard Jay of Glenwood Springs, Colorado for his years of teaching and service to the community. The National Association of Elementary School Principals honored Howard as the National Distinguished Principal for the state of Colorado.

Howard graduated with a Bachelor of Arts in Education degree from Arizona State University and received a Masters of Arts in Education from Western State College. He spent three years teaching special education classes in Roy, Utah before moving to Colorado, where he worked as a teacher for five years, and as a principal for 15 years. In 1986 he became the assistant principal at Glenwood Springs Elementary, and then in 1989 Howard started his career as a principal. He has spent the last four years at Sopris Elementary School. "It's quite an honor for our school and the community, as well as the district. The staff is just walking on air because of this, and I'm riding their coattails," said Howard.

Howard has the ability to involve parents in the day-to-day operations, which makes the school's successes a real community effort. He also takes a leadership role in the community by being involved in various organizations. "I'm thrilled for him. He's been with the district a long time and has worked hard to accomplish goals and to help teachers succeed with kids. I think that's what being a part of the community is all about . . . It's not just a job, it's your life," said Jim Phillips, former Glenwood Springs principal.

Howard is the first principal in the district to win this prestigious award. "We're as strong as the community we serve. If I'm being recognized, it just says great things for the community."

Mr. Speaker, Howard, his wife Mary, and his three sons Zack, Steven and Jon should be proud of this achievement. Howard Jay has helped shape the minds of children for over 15 years and is well deserving of this award as well as the thanks and praise of Congress.

Howard, congratulations on a job well done and best wishes for continued success and happiness!

STUDENT AWARDS

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. VISCLOSKY. Mr. Speaker, it is my distinct pleasure to announce that the Silver Bell Club, Lodge 2365 of the Polish National Alliance of the United States, will be hosting the 28th Annual Hank Stram-Tony Zale Sports Award Banquet on May 21, 2001, at the Radisson Hotel in Merrillville, Indiana. Twenty outstanding Northwest Indiana High School athletes will be honored at this notable event for their dedication and hard work. These outstanding students were chosen to receive the award by their respective schools on the basis of academic and athletic achievement. All proceeds from this event will go toward a scholarship fund to be awarded to local students.

This year's Hank Stram-Tony Zale Award recipients include Stacey Bailey of Hammond Clark High School, Michael Baron of Andrean High School, Phillip Barszczowski of Bishop Noll High School, Jason Carson of Lake Station Edison High School, Katie Dyer of Merrillville High School, Laura Helhowski of Hebron High School, Corrie Kaczmarek of Highland High School, Mark Korba of Portage High School, Amanda Meyer of Lake Central High School, Derrick Milenkoff of Hammond Morton High School, Sunny Oelling of Valparaiso High School, T. J. Pruzin of Crown Point High School, Courtney Schuttrow of Lowell High School, Kathryn Sliwa of Munster High School, Michael Tomaszewski of Griffith High School, Keith Turpin of Calumet High School, Robby Vrabel of Whiting High School, Natalie Vukin of Hobart High School, Christine Wajvoda of Hanover Central High School, and Sarah Zondor of Crown Point High School.

The featured speaker at this gala event will be Mr. Tom Dreesen. Tom Dreesen's name has appeared on major venue marquees in Las Vegas, Lake Tahoe, Reno and Atlantic City with artists like Frank Sinatra, Smokey Robinson, Natalie Cole and Sammy Davis, Jr. Dreesen, who opened for Frank Sinatra for well over a decade in club and concert appearances throughout the United States and Canada, has also appeared in many network television shows including the "Tonight Show," as well as "Columbo," "Gabriels Fire," "Murder, She Wrote" and "Touched by an Angel."

Kelly Komara, one of Purdue Women's Basketball's strongest players, will also be in attendance at this memorable event. Kelly was raised in Schererville, Indiana and graduated from Lake Central High School, where she played basketball and was named Indiana's Miss Basketball. While attending college at Purdue University in West Lafayette, Kelly has been an integral part of Purdue's successful basketball team. With Kelly's quick shooting, ball-handling skills and accurate free throws, she helped lead the Boilermakers to the final round of the 2001 NCAA tournament. Additionally, Kelly was named the Mideast Regional's Most Outstanding Player.

Mr. Speaker, I ask you and my distinguished colleagues to join me in commending the Silver Bell Club, Lodge 2365 of the Polish National Alliance of the United States, for hosting this celebration of success in sports and academics. The effort of all those involved in planning this worthwhile event is indicative of their devotion to the very gifted young people in Indiana's First Congressional District.

BOYS AND GIRLS CLUBS OF INDIANA

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Ms. CARSON of Indiana. Mr. Speaker, it is with great pride that I rise today to extend heartfelt congratulations to Boys and Girls Clubs of Indiana.

The Boys and Girls Clubs of America is the fastest growing youth guidance organization in the nation. They inspire and enable all young people, especially those from disadvantaged circumstances, to realize their fullest potential as productive, responsible and caring citizens. The core programs enrich the lives of our youth through character and leadership development, the arts, sports and fitness, health, and life skills. Though youth involvement reflects wonderful diversity of income, age, and gender, it is especially important that 66 percent of the youth involved come from families with an annual income under $15,000.

In Indiana, the Boys and Girls Clubs, harnessing energy and altruism, serve 90,000 youth with financial assistance from 35 corporations, helping at more than 60 sites. Board members, professionals, volunteers and youth members make possible the outstanding achievements of the clubs' youth, developing competence, usefulness, belonging, and power of influence of the participating young people of Indiana and Indianapolis. It is a matter of special pride to me that the Boys and Girls Clubs of Indianapolis is headquartered in the same building where the 10th Congressional District Home Office is located.

It is my distinct pleasure to ensure that the accomplishments of this special combination of effort in my district are forever memorialized in the CONGRESSIONAL RECORD of the United States of America. Today, I have the honor of paying special tribute to two Indiana Youth of the Year: State Winner Amy L. Gley and State Runner-Up Zachary Stavedahl.

Mr. Speaker, let all who read these pages know that a very special group of people offer an outstanding service to the communities of the Boys and Girls Clubs, while promoting superior leadership skills and a perseverance of overcoming life obstacles.

Finally, Mr. Speaker, two challenges seem in order today: I challenge our youth to remain steadfast in their leadership to preserve and enlarge the future accomplishments of the Boys and Girls Clubs. I challenge my colleagues in this House to act in all things they do here with special sensitivity to the contributions of this organization in its many efforts across the nation.

RACIAL PROFILING PROHIBITION ACT OF 2001

HON. ELEANOR HOLMES NORTON

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Ms. NORTON. Mr. Speaker, today we introduce the Racial Profiling Prohibition Act of 2001 (RPPA). Congress is decades late in doing its part to insure that law enforcement officers no longer stop or detain people on the street because of their color or their apparent nationality or ethnicity.

It was not until 37 years ago that Congress passed the first civil rights law that had any teeth. The 1964 Civil Rights Act finally barred discrimination against people of color in employment, public accommodations and funding of public institutions. Yet, today, irrefutable, and widespread evidence from every state confirms racially and ethnically motivated stops by police officers and shows that Congress has urgent, unfinished business to update the nation's civil rights laws.

This bill, which is overwhelmingly supported by both the Congressional Black Caucus (CBC) and the Congressional Hispanic Caucus (CHC) as original co-sponsors, seeks to eliminate both legal and constitutional problems that arise when a person is stopped by a police officer because of skin color, nationality or ethnicity. Title VI of the 1964 Civil Rights Act (CRA), enacted in part to implement the 14th Amendment requirement of equal protection, forbids the use of public money for discriminatory purposes. The bill we introduce today, is based on both the 14th Amendment, which gives power to Congress to implement its equal protection responsibilities and on the spending clause of the Constitution, which allows Congress to put conditions on the receipt of federal funds.

The federal funds that are the focus of our bill today are the vast sums contained in our transportation legislation. The last transportation bill, known as TEA–21 (Transportation Equity for the 21st Century Act) authorized $172 billion for highways in 1998. The new transportation bill, which Congress will enact next year, will authorize at least $250 billion in highway funding. By introducing our racial profiling bill today, we serve notice that Congress must not authorize another huge highway bill that does not effectively bar the use of transportation money to fund racial profiling stops on those highways.

The strength of our bill lies in what it requires and what it would do. The bill requires three important obligations if states are to qualify for federal transportation funds. First, law enforcement officers may not use race, national origin, or ethnicity in making decisions concerning a stop unless they are relying on a physical description that may include race to determine that a particular individual may be the person sought. Second, states must adopt and enforce standards prohibiting the use of racial profiling on streets or roads built with federal highway funds. Third, states must maintain and allow public inspection of statistical information on the racial characteristics and circumstances of each stop. Only three states even prohibit racial profiling today; ten others require only racial and ethnic data collection.

As important as information concerning who gets stopped is, what makes our bill effective is its sanction: the withholding of federal funds from states that fail to meet the three obligations of the statute. Money for streets, roads, bridges and other infrastructure is ardently pursued in the Congress. Each state and locality receives funds that are indispensable to building and maintaining major parts of its infrastructure. Next year's authorization will mean nearly 50 percent more in transportation funding to states and localities. These funds will either reinforce pervasive racial profiling or help eliminate it.

The power of transportation funding to command the necessary attention and bring quick results has been repeatedly demonstrated. Congress has successfully used federal highway funding to compel states to attack some of our most urgent problems, for example, reducing drunk driving among minors; requiring the revocation or suspensions of driving licenses of convicted drug offenders; and establishing a national minimum drinking age. Police stops of people on the streets because they are black or Hispanic or of any other nonmajority national origin requires the same urgent action.

Withholding federal highway funds works because it hurts. The threat of losing highway funds has proven to be a powerful incentive. We saw the power of this incentive as recently as last year's Transportation appropriation. Congress enacted a provision requiring states to enact .08 blood alcohol content (BAC) laws by 2004 or being forfeiting their highway funds. In only the first six months after that provision was enacted, six states have already passed .08 BAC laws. Many more are sure to follow in order to preserve precious highway funds. A racial profiling provision in the 2003 federal highway funding bill would give the same set of alternatives to the states—effective enforcement of racial profiling legislation or loss of federal funds. If Congress is serious about eliminating this last disgraceful scar of overt discrimination in our country, let us put our money where our mouth is.

I urge my colleagues to support this bill.

HONORING DEAN DENNIS

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. McINNIS. Mr. Speaker, I would like to take this opportunity to thank Dean Dennis of Pueblo, Colorado for his year of service to the community as the director of the Pueblo Convention Center. Dean is stepping down to move to Denver with his wife, former State Senator Gigi Dennis.

Dennis has been with the convention center since it opened in 1997. "Life's too short. We basically said we love each other and we like to be married to each other and we like to spend time with each other,: Dean said in a Pueblo Chieftain article.

Dean served as the Vice President of Conventions and Visitors for the Pueblo Chamber of Commerce, as well as President of the Tourism Industry Association of Colorado. In his spare time he works with the Historic Arkansas Riverwalk Project Commission, and has served on the Board of Directors for the United Way. Dean also serves on the Pueblo Board of Trustees for the Packard Foundation, and Pueblo Rotary 43.

His wife Gigi, has served in the Colorado State Senate since 1995, resigned at the end of March to accept an appointment from President George W. Bush to become the Colorado Director of the Department of Agriculture's Office of Rural Development.

Mr. Speaker, Dean Dennis has helped out the community in numerous ways, and his devotion, love and commitment to the wonderful city of Pueblo deserves the thanks and praise of this Congress. I hope that Dean and Gigi both find success and happiness in their new life.

Congratulations to both of you and good luck with your future endeavors!

TRIBUTE TO JOHN GREAVES

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. VISCLOSKY. Mr. Speaker, it gives me great pleasure to pay tribute to an outstanding citizen of Indiana's First Congressional District, John Greaves. On May 29, 2001, John will be honored for his dedicated service to the United Steelworkers of America Local 6787 at a dinner to be held at American Legion Post 260 in Portage, Indiana.

John's distinguished career in the labor movement has made his community and nation a better place in which to live and work. For more than 30 years, John has worked at Bethlehem Steel Corporation and has been a dedicated member of Local 6787.

While a member of Local 6787, John served as Treasurer from 1984–1987, Chairman of the Grievance Procedure from 1987–1989 and Trustee from 1990 until his retirement earlier this year. Additionally, he serves as President of the Northwest Indiana Federation of Labor. John has devoted his entire working career to the expansion of labor ideals and fair standards for all working people. He has been a strong voice for the steel industry, meeting frequently with legislators in Indianapolis and lobbying leaders in Washington. Additionally, he has worked on a county level as a liaison between labor, industry and government to make the interests of working men and women known.

While John has dedicated a substantial portion of his life to the betterment of union members, he has always found the time to serve

his community as well. He serves as a board member for the Westchester YMCA and the Porter County Chapter of the American Red Cross. He is a former member of the Jaycees of America and served as a Labor Board member for the Porter County United Way.

On this special day, I offer my heartfelt congratulations to John Greaves. His large circle of family and friends can be proud of the contributions he prominently has made. His work in the labor movement provided union workers in Northwest Indiana opportunities they might not have otherwise had. John's leadership kept the region's labor force strong and helped keep America working. Those in the labor movement will surely miss John's dedication and sincerity. I sincerely wish John Greaves a long, happy, and productive retirement.

CONGRATULATIONS TO THE ''WE THE PEOPLE'' ACADEMIC TEAM OF LAWRENCE CENTRAL HIGH SCHOOL

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Ms. CARSON of Indiana. Mr. Speaker, it is with a great sense of pride that I rise today to extend heartfelt congratulations to the ''We the People'' Academic Team from Lawrence Central High School.

''We the People'' was established by an Act of Congress in 1985 and is supported by the U.S. Department of Education. The program is designed to help students develop a commitment to the fundamental principles and values of our constitutional democracy and to foster civic competence and responsibility. ''We the People'' develops critical thinking skills such as the ability to distinguish among fact, opinion, and reasonable judgment as the basis for formulating an informed position on public policy issues. The use of cooperative learning techniques enhances students' participation, leadership, and public speaking skills. Under the tutelage of Mr. Drew Horvath and Mr. Karl Schneider, the students of Lawrence Central worked tirelessly to become Constitutional scholars.

It is my distinct pleasure of ensuring that the accomplishments of this special group of young people of my district are forever memorialized in the CONGRESSIONAL RECORD of the United States of America and I have the honor of paying special tribute to: Patricia Atwater, Bethany Barber, Jake Boyd, Bryce Cooper, Daniel Creasap, Lily Emerson, Marc Goodwin, Shayla Griffin, Sarah Hailey, Emily Jacobi, Andrew Johnson, Stevie Kelly, Andrew Kilpinen, Sarah King, Michael Leaming, Jeff Mirmelstein, James Henry Mohr, Elizabeth Molnar, Matt Musa, Tim Mundt, Adam Schwartz, Jim Shin, Megan Siehl, Kristin Smith, Oriana Taylor, Rachel Thomas, Marie Trimble, Adam VanOsdol, Julie Vargo, and Jeffrey Yoke.

Mr. Speaker, let all who read these pages know that a very special group of people came to our Nation's capital to demonstrate a commitment to political beliefs, attitudes, and values essential to a functioning democracy.

STATEMENT OF CONGRESSWOMAN ELEANOR HOLMES NORTON 125TH ANNIVERSARY OF THE OLDEST SYNAGOGUE IN THE DISTRICT OF COLUMBIA

HON. ELEANOR HOLMES NORTON

OF DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Ms. NORTON. Mr. Speaker, I would like to congratulate the Jewish Historical Society of Greater Washington on the 125th anniversary of the oldest synagogue in the District of Columbia. The Society is housed in the synagogue structure along with the Lillian and Albert Small Jewish Museum. The historic synagogue is listed on the National Register of Historic Places and the D.C. Inventory of Historic Sites.

The original dedication ceremonies took place on Friday, June 9, 1876 with President Ulysses S. Grant and Acting Vice President Ferry in attendance. Over the years the building has gone from being a synagogue to a church to a bicycle shop to a barber and a sandwich carryout.

In 1969, the Society saved the building from demolition by moving it from its original location at Sixth and G Streets Northwest, to make way for the Washington Metropolitan Area Transit Authority's headquarters, to the corner where it permanently sits at 701 Third Street, Northwest.

The Society is a nonprofit organization aimed at chronicling and preserving the Washington area's rich Jewish community history. The Society brings the community's past to life through museum exhibits, tours, lectures and children's educational programs.

Without the Society's work, our nation's capital would have lost an important part of its past. Through their work to preserve the synagogue they have also saved an important Washington landmark. The Jewish Historical Society of Greater Washington should be commended for their tireless work and dedication to the history and therefore, the future, of both the District of Columbia's secular and Jewish communities.

HONORING BOB COTÉ, ''NATIONAL SERVICE AWARD'' WINNER

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. McINNIS. Mr. Speaker, it is my honor to ask Congress to congratulate and thank Bob Coté of Denver, Colorado on receiving the prestigious ''National Service Award'', given by the Washington Times Foundation. The award honors Americans who have made outstanding contributions in the area of humanitarian service to their community. This is a proud moment for Bob, his family and his community.

Bob is one of over fifty outstanding faith-based leaders who were chosen for this award. Bob is the director and founder of Step 13, a 100-bed facility for the homeless in the skid-row district of Larimer Street in Denver, Colorado. Since its inception in 1984, Step 13 has touched the lives of more than 1,700 drug addicts and alcoholics. Graduates of Step 13 staff the program.

Being a former alcoholic is what fuels Bob's commitment to Step 13. ''You can't take someone who's been drunk for five years and expect him to get it turned around in thirty days. Staying at a shelter a few nights doesn't help. They need to build up their self-respect by learning how to do things for themselves.''

Step 13 is based on a clear and simple premise: ''Any system or program that takes responsibility away from a capable person dehumanizes that person.'' Since the founding of Step 13, many clients have become ''Total Successes'', which means that after leaving, they continue to work as productive tax paying members of society. Over half of those who make it to the transitional houses stay off the street permanently.

Bob has also received the Thousand Point of Light Award, the Achievement Against the Odds Award, and was voted ''One of America's Most Virtuous Citizens'' by George Magazine.

Mr. Speaker, it is a great honor for all citizens of Colorado to have such an exemplary hero such as Bob Coté to work to better the community. Bob has helped many over come life on the streets to become a member of society and for that he deserves the praise and thanks of Congress.

TRIBUTE TO THE LATE HANUS JAN STEINER

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. VISCLOSKY. Mr. Speaker, Northwest Indiana lost a great environmental leader late last year. Hanus Jan Steiner, who devoted every ounce of his spirit to conservation, passed away on December 28, 2000. On Saturday, May 19, 2001, Hanus Steiner's friends and family will gather to honor his memory at a Memorial Service in Chestertown, Indiana. Due to Hanus' dream, vision, and extraordinary efforts, Northwest Indiana retains numerous environmentally sensitive areas unique to our region and the world.

Hanus led a very eventful and interesting life. Born July 5, 1920, in Prague, Czechoslovakia, he was the only member of this family to survive the Holocaust. In the fall of 1939, he received a scholarship to New York University. He entered the United States in 1940 and received his bachelor's and master's degrees in chemistry from NYU. After leaving school, Hanus worked for over 40 ears as a chemist in paint research for Sherwin-Williams on the South Side of Chicago. In 1945, he married his wife, Mary Ann Pickrel, who survives him in Alameda, California.

In 1959, Hanus helped found the Porter Country Chapter of the Izaak Walton League of America and served as its president and treasurer. As a member of the League, he was dedicated to the continued success of the Chapter and the efforts to establish and protect the Indiana Dunes National Lakeshore.

Hanus received both State and national awards for his outstanding conservation work.

Additionally, during my tenure in Congress, I have had the privilege to work firsthand with Hanus on various pieces of legislation that affect the Indiana Dunes National Lakeshore. Hanus' latest effort was to increase the public awareness of E. coli occurring at Indiana Dunes' beaches, specifically Dunes Creek.

Mr. Speaker and my other distinguished colleagues, Hanus Jan Steiner's legacy is a superb example of how activism can make a difference. Hanus will be missed not only by his family, but also by all those who knew him and worked with him throughout the years.

CONGRATULATIONS TO THE PIKE HIGH SCHOOL BASKETBALL TEAM

HON. JULIA CARSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Ms. CARSON of Indiana. Mr. Speaker, it is with great pleasure that I rise today to extend heartfelt congratulations to the Pike High School Basketball team for winning the legendary Indiana State High School Basketball Championship.

The Pike Red Devils, under the leadership of coach Alan Darner, won an astonishing twenty-six games against just three losses. But being a champion is about more than wins and losses. It is about heart, persistence, perseverance, determination, and a commitment to accomplishing something together that no individual could accomplish alone. Together, the Pike Red Devils showed the people of Indiana that these old fashioned values can still take us to new heights.

It is my distinct pleasure of ensuring that the accomplishments of this special group of young people are forever memorialized in the CONGRESSIONAL RECORD of the United States of America and I have the honor of paying special tribute to: Keith Borgan, Drew Breeden, Devin Thomas, Curtis Thomas, Tony Weeden, Darren Yates, Chris Thomas, David Teague, Brandon Hurd, Donald Yates, Stacy Jenkins, Kyle Murphy, Justin Cage, and Parnell Smith,

Mr. Speaker, let all who read these pages until time immemorial know that on the 24th day of March, a very special group of people came together and won the historic Indiana State Basketball Championship. Let all rejoice and celebrate the Pike High School Basketball team.

TRIBUTE TO RETIRING GENERAL DANIEL W. CHRISTMAN

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. SKELTON. Mr. Speaker, I take this opportunity to speak on the upcoming retirement of Lieutenant General Daniel W. Christman, Superintendent of the United States Military Academy. In the very near future, General Christman will retire after over 30 years in the Army. He has distinguished himself, the Army and our nation with dedicated service.

General Christman began his service in the military in 1965, after graduating first in his class from the United States Military Academy. Throughout his career General Christman has continued his formal education. He received masters degrees in both civil engineering and public affairs from Princeton University and a law degree from George Washington University.

General Christman has held many command assignments and honorably served the American people throughout the world. He served as United States Representative to the NATO Military Committee. He served as Commander of the Savannah District, United States Army Corps of Engineers, Commander of the 54 Engineer Battalion, Company Commander in the 326th Engineer Battalion and Company Commander, 2nd Engineer Battalion.

General Christman also served as Staff Officer in the Office of the Deputy Chief of Staff for Operations, Department of the Army and as a Staff Assistant with National Security Council. In both of these positions General Christman was responsible for advising the Army Chief of Staff and senior staff on the Strategic Arms Limitation Talks.

Prior to his current assignment, General Christman served for nearly two years as Assistant to the Chairman of the Joint Chiefs of Staff General John Shalikashvili. He served for a year and a half as Army advisor to the Chairman of the Joint Chiefs of Staff, Admiral William J. Crowe and as Assistant to the Attorney General of the United States for National Security Affairs.

General Christman also served as Director of Strategy, Plans and Policy in Department of Army Headquarters. During this duty he briefed former President Bush, allied heads of state and the NATO Secretary General. He has also testified before Congress on numerous issues, including Conventional Forces in Europe, our NATO commitments and Army force structure.

Most notably, I personally got to know Dan Christman during his time as Commanding General, United States Army Engineer Center and Fort Leonard Wood and Commandant, United States Army Engineer Schook, Fort Leonard Wood, Missouri. During that time, I witnessed Dan as a remarkably talented military leader at the base and in the surrounding communities. His contributions to Fort Leonard Wood will truly be one of the many positive legacies he leaves to the Army.

Mr. Speaker, General Christman has had an impressive career in the military and established a great relationship among the civilian community. I know that the Members of the House will join me in paying tribute to this fine soldier.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2002 AND 2003

SPEECH OF

HON. KEN BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1646) to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes:

Mr. BENTSEN. Mr. Chairman, I rise in support of this authorization bill, which includes many important State Department priorities including funding for our diplomatic and Consular programs, embassy security, international peacekeeping activities, and migration and refugee assistance. I am also pleased that this measure also authorizes the release of the second and third installments of $926 million in back payments of arrears to the United Nations.

While I supported passage of the underlying bill, I have strong concerns about a number of the amendments offered, and the lack of consideration for an important amendment I attempted to offer to this bill. I am particularly concerned, and strongly opposed the Hyde-Smith amendment which would reinstate the so-called "global gag rule." This heavy-handed policy not only prevents overseas non-governmental organizations from using their own separate funds to provided information on the full range of family planning options, but forces them to withhold information on the abortion option. Moreover, this policy constrains such NGOs from engaging in any public debate on the abortion issue. Mr. Chairman, this policy does not block U.S. funds from being spent on abortions. The fact is, not since 1973, has U.S. aid been used to fund abortions. This undemocratic policy simply disqualifies otherwise qualified overseas groups from eligibility for U.S. family planning aid for engaging in speech-related activities that are at the heart of the U.S. political system and constitutionally protected for U.S. citizens. Accordingly, Mr. Speaker, I am hopeful that our colleagues in the Senate will vote to remove this misguided amendment.

Mr. Chairman, I would also like to express my disappointment that the Committee on Rules did not make in order a very important amendment that I had planned to offer to the State Department Authorization bill. Under the amendment, which I have introduced as a separate bill, H.R. 1338, the Secretary of State would be required to designate an existing Assistant Secretary of State to monitor efforts to bring justice to U.S. victims of terrorism abroad. Each year, hundreds of thousands of U.S. citizens work and travel overseas, including a growing number of U.S. employees who work for the energy industry, including many in my home state of Texas. Because of the confusing blend of multijurisdictional concerns, U.S. victims of terrorism and their families are often unable to obtain justice, even when the perpetrator's whereabouts are known by Federal authorities.

Under this measure, the Assistant Secretary of State would be required to work directly with the Justice Department and other applicable Federal agencies to identify and track terrorists living abroad who have killed Americans or who are engaged in acts of terrorism that have directly affected American citizens. In addition, the Assistant Secretary would provide an annual report to Congress, on the number of Americans kidnapped, killed, or otherwise directly affected by the actions of international terrorists. Also included in the annual report to Congress would be a thorough detailing of what actions State and Justice are undertaking to obtain justice for U.S. victims of international terrorism and a current list of terrorists living abroad. I regret that the committee did not see fit to report my amendment which addresses a very critical and legitimate issue. I am hopeful that my legislation will be considered by the Chairman and Ranking Member of the Committee on International Relations in the coming weeks.

I also strongly supported passage of the amendment offered by my colleague, HIRC Ranking Member TOM LANTOS, to prohibit International Military Education and Training (IMET) funds for Lebanon's military forces unless the President certifies that the Lebanese Army has deployed to the internationally recognized border with Israel. One year ago, Israel unilaterally withdrew from Lebanon, and the UN subsequently certified Israel's pull-out as complete, and called on the Lebanese government to take control of its southern region. However, Israel continues to face attacks, kidnappings and the threat of rocket attacks from southern Lebanon. Hezbollah terrorists, with the support of Syria and Iran continue to operate freely in Southern Lebanon because the government of Lebanon refuses to assert its authority in the region, as called for by the UN Security Council Resolution. I strongly support this amendment, which would block IMET funding to the Lebanese military, but does not block any other assistance. It simply mandates a Presidential report in six months about a possible termination of economic assistance. While I understand the concern of those who believe this amendment will embolden Hezbollah and increase Syrian influence in Lebanon, tens of thousands of Israeli citizens are within range of Hezbollah rockets and kidnappers, and the U.S. must take steps to ensure that the Lebanese government takes firm control of its own territory.

Mr. Chairman, the State Department Authorization bill helps fund some of the most critical programs administered by the State Department. I regret that the bipartisan-supported language stripping the Mexico City provisions was included in the final version of the bill we approved in this chamber. However, whenever possible, I believe Congress should stand in support of an Administration's foreign policy agenda. I believe that the underlying bill makes good on our commitment to fund many critical priorities. That is why I believe that amendments such as those that would disqualify legal medical services had no place in this bill. The Mexico City policy is not the way to cease abortions, and I hope that the original language—which was approved by the House Committee on International Relations without this provision—will be reinstated by the time this bill is delivered to the President's desk.

TRIBUTE TO TEACHERS FROM NORTHWEST INDIANA

HON. PETER J. VISCLOSKY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. VISCLOSKY. Mr. Speaker, It is my distinct honor to commend seven dedicated teachers from Northwest Indiana who have been voted outstanding educators by their peers for the 2000–2001 school year. These individuals, Darwin Kinney, Zita Dodge, Mary Hedges, Judy Seehausen, Sandra Baker, Pat Reyes and Pat Nemeth, will be presented the Crystal Apple Award at a reception sponsored by the Indiana State Teachers Association. This glorious event will take place at the Broadmoor Country Club in Merrillville, Indiana, on Wednesday, May 16, 2001.

Darwin Kinney, from Crown Point Community School Corporation, has taught for 34 years at Crown Point High School. While Darwin carries a heavy teaching load of Biology and Life Science, he has always been dedicated to maintaining personal interaction with his pupils. His commitment to students is obvious. As an educator, Darwin works closely with his students during and after school, ensuring that they maximize their potential. His desire to educate and enlighten the minds of the young adults who enter his room is evident in the way in which he interacts with his classes.

Zita Dodge, from Hanover Community School Corporation, uses several different learning styles to reach every student. The love and care that she shows the children is reflected on every student's face. Zita started teaching in Hanover in 1970, where her career began as a music teacher. She then taught kindergarten and later moved on to teach first grade. During her service as an educator, Zita has served on several district and building committees. Continuing to challenge herself through education, Zita went back to school to become a counselor and was hired as a Home School Facilitator. For the past five years, Zita has enjoyed being back in the classroom teaching first grade. Zita has always unselfishly dedicated herself to the field of education, both to the children who were in her many classes and to all the adults that she helped become better parents and teachers.

A dedicated teacher for 32 years, Mary Hedges of the School Town of Highland is a role model, inspiration and an outstanding professional. Mary is a wonderful caring teacher who frequently creates hands-on lessons for her students. She is always ready to listen to others. Mary is very active in the School Corporation. She is an officer of the PTO, sits on the Science Curriculum Committee and the Textbook Committee, and helps with the Performance Based Assessment.

Judy Seehausen began her teaching career in 1974 in Columbus, Georgia, and is currently employed in the Lake Central School Corporation in St. John, Indiana. When Judy and her family moved to Indiana, she taught at Kahler Middle School. In 1979, Judy earned a life license in English, Guidance and Counseling and began working as a counselor at the high school. Judy returns to the classroom every summer to teach English, maintaining her teacher-student perspective. Teachers turn to Judy as their strongest advocate and her peers describe her as an outstanding and dedicated professional. She is a diplomat, creative problem solver and a mediator for all.

As a professional educator during her thirty years of service to the School Town of Munster, Sandra Baker has been a valuable asset. Sandra is a leader in civic education, and has led her classes to superior rankings in the regional and state "We the People" constitutional hearings for eight consecutive years. In 1995, the American Lawyers Auxiliary named Sandra "Elementary Teacher of the Year." For the past 15 years, she has taught a full-time magnet class for academically talented 5th graders. Sandra's greatest desire is to leave a positive mark on the world through her work with children.

Pat Reyes from North Newton School Corporation in Morocco, Indiana, has been a third grade teacher at Lincoln Elementary School for twenty-six years. Pat is conscientious about having her students meet the standards expected of them, but she also gets involved in many extracurricular activities. For example, Pat works with the National Arbor Day Foundation in order to involve the school in an annual tree planting ceremony. She also is instrumental in coordinating special observances such as Read Across America Day, Grandparents' Day and PTA sponsored events. Pat is a continuous source of enthusiasm for her student and others.

Pat Nemeth's high school teaching career is coming to a close as she nears a well-deserved retirement. Pat has taught at North Newton High School, Hanover Central High School, and for 24 years at Lowell High School. In addition to teaching business courses in the Tri-Creek School Corporation, she also teaches courses at Davenport University. Pat is the past recipient of the Inland-Ryerson Steel Outstanding Teacher Award, I wish Pat a long, happy, and healthy retirement.

Mr. Speaker, I ask you and my distinguished colleagues to join me in commending these outstanding educators on their receipt of the 2000–2001 Crystal Apple Award. The years of hard work they have put forth in shaping the minds and futures of Northwest Indiana's young people is a true inspiration to us all.

FALLEN HERO SURVIVOR BENEFIT FAIRNESS ACT OF 2001

SPEECH OF

HON. SILVESTRE REYES

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 15, 2001

Mr. REYES. Mr. Speaker, I rise today in support of H.R. 1727, the Fallen Hero Survivor Benefit Fairness Act. This bill would allow a necessary extension of tax free benefits to the survivors of law enforcement and public safety officers killed in the line of duty before December 31, 1996. This bill provides all families of deceased public safety officers the opportunity

to receive an exclusion from the income accumulated from any survivor annuity granted on account of the death of a public safety officer killed in the line of duty. This legislation will help the families who have endured the loss of their safety officer family member.

Currently, 1.2 million men and women serve as firefighters or emergency medical technicians. Every year, our country can expect to lose over 100 men and women who bravely provide our communities with these essential public safety services. In 1999, the strong line held by our police and law enforcement agencies thinned by 134 officers killed in the line of duty. Many of these individuals left behind mothers, fathers, brothers, and sisters, wives, husbands, sons and daughters to carry out legacies and lives without their beloved peace officers and safety officials. The families of our deceased public safety officers deserve to continue their lives as free from unnecessary obligation as possible.

Law enforcement officers, their family and friends living in my district of El Paso, Texas will soon hold the El Paso Police Memorial Service in remembrance of police officers killed in the line of duty. This service will be held tomorrow, and will honor officers who have served El Paso and El Paso County from the late 19th century to the present. Officers of all description will be honored, such as Detective Charles Heinrich who died from a gunshot would to the head in 1985, two years after being shot by a perpetrator; Detective Norman Montion who was killed during a massive gunfight in October of 1989; and Officer Ernesto Serna, a Persian Gulf war veteran working off duty security who was fatally shot in November of 1991. They all served proudly and honorably in the face of danger. With the passage of this bill, their families may enjoy compensation without burdensome taxation.

Mr. Speaker, H.R. 1727 allows our country to lend assistance to families who have faced loss for the sake of public safety. We should approve this legislation as a tribute to the service of public safety officers, the lives that they save and protect, and the families who survive them.

TRIBUTE TO MISSOURI INDUSTRY OF THE YEAR—SCHOLASTIC INCORPORATED

HON. IKE SKELTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. SKELTON. Mr. Speaker, it is with pride that I announce that Scholastic Incorporated, of Jefferson City, Missouri, has been named Missouri Industry of the Year. Scholastic is Jefferson City's largest private employer.

Scholastic, which ships paperback books to students throughout the nation, was recognized at Missouri Industry Day. Missouri Industry Day was designed to help young people, legislators and the general public become more aware of the role of business and industry in Missouri's state economy. Criteria for the award include use of company resources to contribute to a municipality where the company is located, showing entrepreneurial spirit in the community and providing innovative leadership relating to products or services.

Scholastic excelled in all of these areas. They created an additional 1500 new jobs in Missouri, employing a total of 3000 Missourians. Scholastic offered on-site training programs for employees including English As a Second Language, GED classes and computer application classes. Scholastic employees are also eligible for 50 percent tuition reimbursement for post-high school education. Employees of Scholastic are involved in locals Chambers of Commerce, March of Dimes, United Way and other organizations.

Scholastic and the Missouri General Assembly collaborated for the ''Missouri Reads'' program. An initiative where legislators read to students and the students receive a free copy of the book. So far Scholastic has donated over 80,000 to Missouri's children.

Mr. Speaker, Scholastic Inc., of Jefferson City, Missouri, has been an example to industry throughout Missouri and the Nation. I wish Scholastic and its employees all the best in the days ahead. I am certain that the Members of the House will join me in congratulating such a fine company.

28TH ANNUAL PASADENA, TEXAS, STRAWBERRY FESTIVAL HONORS COUNCILMAN GENE (IGGY) GARISON

HON. KEN BENTSEN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. BENTSEN. Mr. Speaker, I rise to recognize my friend and constituent, Councilman Gene (Iggy) Garison of Pasadena, TX. The 28th Annual Pasadena Strawberry Festival which takes place from May 18 through May 20, 2001, will honor Councilman Garison by making him Honorary Grand Marshal of the parade and dedicating the festival to him. In his honor a special monument is being constructed at the Pasadena Fairgrounds for display at the Festival and feature a history of his many accomplishments.

Gene was born in the city of Houston and graduated from Stephen F. Austin High School. He attended the University of Houston while working construction as a Member of Hodd Carriers Local and Carpenters Local. He also worked as a deep-sea diver in Texas and Louisiana. He served in the Air Force and Air National Guard before joining the Pasadena Police Department in 1966. While on the Pasadena Police Force he was also a Pasadena Volunteer Fireman. He started several local businesses, becoming President/CEO of Emergency Safety Products in 1982.

In 1992, Gene was elected Councilman for District D. He will leave this position on June 30, 2001, after serving the people of Pasadena for four successful terms. During his tenure as Councilman, some of his many accomplishments include: revitalization of the North End, the Capitan Theatre and the Corrigan Center; creation of the hike and bike trail between Thomas and Harris; hiking trail at Deepwater; repaving of Harris and Burke; miles of new sewer lines, water lines, and street lights; and cleaning of ditches for flood control.

In addition to his tireless efforts as a Councilman, Gene's giving heart also comes through for many charities. He never turns his back on anyone in need or a charitable cause. He loves donating his time cooking for many local charitable fundraisers. He has always believed in being active and involved in community organizations. His civic involvement includes: The Elks; The Eagles; American Legion; San Jacinto Day Foundation; Strawberry Festival; Pasadena Livestock Show and Rodeo; South Pasadena Rotary Club; Pasadena Volunteer Fire Department; Life Member of the 100 Club; Life Member of the National Guard Association of Texas; Pasadena Chamber of Commerce; Deer Park Chamber of Commerce; Chef for Deer Park's Men Who Cook; Former Pasadena Police Officers' Association; CASI Pasadena POD; Board of Directors for Houston Fire Museum; CITA Council for City of Pasadena; 1st graduating class of Pasadena Police Citizen's Academy; Disaster Chairman for American Red Cross; Life Member of Stephen F. Austin High School Alumni; and Parliamentarian for S.F. Austin High School Alumni.

Mr. Speaker, I congratulate Gene Garison on his continued outstanding contributions to our community. Everyone who knows Iggy knows of his great sense of humor and his tremendous dedication to his family—wife, Susie, son John, stepdaughter Tammy, stepson Sam, grandson Tyler, and mother-in-law, Jane. He is an inspiration to all of us in public service and this honor by the Pasadena Strawberry Festival is well deserved.

INTRODUCTION OF THE CLEAN EFFICIENT AUTOMOBILES RESULTING FROM ADVANCED CAR TECHNOLOGIES ACT (THE CLEAR ACT)

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. CAMP. Mr. Speaker, today, I am reintroducing legislation that would provide incentives to encourage the development of alternative fuel technologies and consumer acceptance of these products. The primary purpose of the legislation is to enhance overall energy security and diversity goals by reducing U.S. dependency on foreign oil. Transportation accounts for nearly 2/3 of all oil consumption and is almost 97% dependent on petroleum.

Providing tax incentives for a limited period of time to consumers is needed to help offset the higher costs associated with new technology and alternative fuel vehicles. As the vehicles gain consumer acceptance and production volumes increase, the cost differential between these vehicles and conventional vehicles will be reduced or eliminated.

This legislation will develop market acceptance of a wide range of advanced technology and alternative fuel vehicles including: Fuel Cell Vehicles, Hybrid Vehicles, Dedicated Alternative Fuel Vehicles and Battery Electric Vehicles.

Historically, consumers have faced three basic obstacles to accepting the use of alternative fuels and advanced technologies: the

cost of the vehicles, the cost of alternative fuel, and the lack of an adequate infrastructure of alternative fueling stations.

My legislation provides a tax credit of 50 cents per gasoline-gallon equivalent for the purchase of alternative fuels at retail establishments. To give customers better access to alternative fuel, we are extending an existing deduction for the capital costs of installing alternative fueling stations. We also provide a 50 percent credit for the installation costs of retail and residential refueling stations.

Finally, my legislation provides tax credits to consumers to purchase alternative fuel and advanced technology vehicles. To make certain that the tax benefits we provide translates into a corresponding benefit to the environment, we split the vehicle tax credit into two. One part provides a base tax credit for the purchase of vehicles dedicated to the use of alternative fuels or vehicles using advanced technologies. The other part offers a bonus credit based on the vehicle's efficiency and reduction in emissions.

Tax incentives will sunset within 6 years for all applications with the exception of fuel cell vehicles which are extended to 10 years. With minimum development cycles of 2–4 years for new vehicles, incentives are needed now to move existing designs to the market so they can accelerate the process for customer acceptance.

COMMEMORATING DEDICATION AND SACRIFICES OF LAW ENFORCEMENT OFFICERS

SPEECH OF

HON. SILVESTRE REYES

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 15, 2001

Mr. REYES. Mr. Speaker, I rise today in support of House Resolution 116, a resolution expressing the sense of the House of Representatives that a Peace Officers Memorial Day should be established to honor law enforcement officers killed or disabled in the line of duty. This resolution also calls upon the citizens of the United States to commemorate and pay homage to these officers with appropriate ceremonies of appreciation and remembrance as well as respect for the sacrifices they have made while protecting and serving our communities and our country.

As someone who spent twenty six and a half years as a law enforcement officer, I realize how important it is to recognize the men and women who stand in the line of fire everyday and protect our cities and our neighborhoods. The establishment of a Peace Officers Memorial Day will ensure that everyone in this country recognizes the service given to us by our law enforcement community. Most of us can imagine such a day to include the flying of flags of tribute; the attendance of memorial services for fallen officers; the embraces given by family members, some to comfort and some to express gratitude; many will offer their thanks in knowing that our streets are safer since they are being watched by men and women brave enough to carry the badge of a law enforcement officer. The time has come to declare such a day of commemoration.

Twenty-two police officers from my district of El Paso, Texas who were killed in the line of duty will be remembered at the El Paso Police Memorial Service to be held on Wednesday, May 16, 2001. The dates of their service range from the late 19th century to the present. Proud public servants such as Assistant City Marshal Thomas Mode who was killed on July 11, 1883 while answering a report of disturbing the peace; Officer Newton Stewart who died on February 17, 1900 during a jailbreak; Officer William Paschall who was killed by suspected burglars on the night of December 4, 1914; Detective Guillermo Sanchez, a two-year veteran of the El Paso Police Department and father-to-be who was killed by burglars on December 14, 1957; and Officers Arthur Lavender and Roger Hamilton who both died in traffic accidents respectively in 1966 and 1970. These officers will forever be remembered within the El Paso law enforcement community. These men served their community proudly, and I ask that they receive the recognition and respect they deserve by granting them a national day of remembrance.

Finally, I am reminded of one of the most honored monuments that rests in our Nation's capital. The National Law Enforcement Officers Memorial, which has inscribed on its marble walls the names of more than 14,000 officers who have been killed in the line of duty, dating back to the first known death in 1794, contains an inscription that captures the spirit of all who are blessed upon seeing this Memorial. It reads: ''In Valor, There is Hope.'' May that hope live on forever, and continue along with the memory of every officer etched on that wall.

RECOGNIZING CAROLE KENT FOR HER ACHIEVEMENTS IN CARING FOR CHILDREN

HON. MIKE THOMPSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. THOMPSON of California. Mr. Speaker, I rise today to honor Carole Kent for her continuing work in improving the lives of the children in our community. Carole has been invaluable to the people of the Napa Valley by directly working with our community's children and by teaching her unique skills to her colleagues in child development.

Currently, Carole is a professor of Child and Family Studies at Napa Valley Community College. She has taught at Napa Valley College for over 23 years, and under her stewardship the number of students in the College's child development program has grown tenfold to a total of 1500 students in 32 classes today.

Carole's influence goes beyond the classroom—she is a founding member of both the Napa County Self Esteem Task Force and Napa County Community Resources for Children. Moreover, she has been actively involved in national and international child development issues. In addition to her research into the Reggio Emilia method in Italy and her role as an exchange professor to Napa Valley College's sister school in Tasmania, Carole has been described by her peers as ''a role model for child advocacy throughout the nation.''

Carole is being honored this week by the Napa County Child Development Consortia during its ''Caring for Those who Care for Children Conference'' at Napa Valley College. The Napa Valley is truly fortunate to have someone of Carole's caliber who works so tirelessly to improve the condition of the children of our community.

Mr. Speaker, at a time when our society is facing a growing demand for child development services, leaders like Carole Kent are essential to enriching the lives of our children. Please join me in honoring Carol Kent, a talented individual who is an inspiration to us all.

WELCOME HOME MARISSA

HON. NICK LAMPSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. LAMPSON. Mr. Speaker, I rise today to recognize and congratulate a team of individuals who worked together to recover a missing child.

Marissa Meuse was a year old when her noncustodial father abducted her from Florida in October 2000. Posters of Marissa and her father were created by the National Center for Missing and Exploited Children and distributed around the country. On March 22, 2001, Alberta Morris and Glenda Kay Thomas recognized pictures of Marissa and her father on a NCMEC poster displayed on the bulletin board in a Wal-Mart store in Ada, Oklahoma. The witnesses remembered that they had seen the little girl and her father earlier at a local laundromat. The poster indicated a felony warrant had been filed for the father and that the case was being handled by the Haverhill, Massachusetts Police Department in Haverhill and Federal Bureau of Investigation in Boston. The witnesses alerted authorities in Ada, Oklahoma and then proceeded to call a lead into NCMEC's hotline. The witnesses stated that the child was going by the name of Camille. Law Enforcement responded and after a short investigation were able to locate Marissa and her father living in a house in Ada, Oklahoma.

On March 23, Marissa was reunited with her searching mother thanks to these two Ada, Oklahoma, Wal-Mart shoppers. This successful recovery, part of Wal-Mart's Missing Children's Network, was the 50th for Wal-Mart in the six years since it began to feature missing child images in their store lobbies.

This morning I'd like to recognize individuals from Wal-Mart, Ernie Allen, the President and CEO of the National Center for Missing and Exploited Children, Alberta Morris and Glenda Kay Thomas, and especially Susan Pane, Marissa's mother, and Marissa herself. The National Center for Missing & Exploited Children has found that one out of every six children featured in its photo distribution program is recovered as a direct result of someone in the public recognizing the image and reporting to authorities. NCMEC's annual May campaign, *Picture Them Home*, is a reminder to

the public to look at missing child flyers. This recovery is an example of how taking the time to look at a child's face can lead to a happy ending.

Again, congratulations to all involved and welcome home to Marissa.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2002 AND 2003

SPEECH OF

HON. RON LEWIS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

The House in Committee of the Whole House on the State of the Union had under consideration to the bill (H.R. 1646) to authorized appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes:

Mr. LEWIS of Kentucky. Mr. Chairman, I rise today in strong support of the Hyde-Smith Amendment. Once again, we are debating the use of federal tax dollars for abortion. in a poll taken last year, Fox News surveyed 900 Americans and found that 55% of them believed that abortion was wrong, with 15% not sure. Why are we using taxpayer dollars to fund abortion when the vast majority of Americans don't agree with it?

I am also amazed at the other side's argument that reversing the Mexico City policy will save lives! It does exactly the opposite by murdering children who just happen to have not yet been born. Don't let their rhetoric fool you! We do provide quality family planning for overseas family groups, and keeping the Mexico City policy in place will further protect the newest members of these families.

I urge my colleagues to vote "yes" on the Hyde amendment.

INTRODUCTION OF AN AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986 TO EXPAND THE CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES TO ENERGY PRODUCED FROM LANDFILL GAS

HON. DAVE CAMP

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. CAMP. Mr. Speaker, today, I am reintroducing legislation that would encourage the development of projects that capture landfill gas and use it as an alternative energy source. Furthermore, this bill would add incentives to landfill gas (LFG) projects by making the existing tax credit in Section 45 of the tax code available to them. Section 45 currently provides a tax credit for electricity generated by projects using wind, closed-loop biomass or poultry waste.

I believe the host of environmental and renewable energy benefits that can be provided by LFG projects, as described below, also deserve federal support. Additionally, our legislation would extend the current tax credits for wind, closed-loop biomass and poultry waste.

LFG is produced as waste decomposes in the many landfills that serve our communities. If not captured, the gas is odorous, presents a fire hazard, and contributes to local air pollution.

This tax credit will encourage the installation of LFG utilization projects which capture and use the gas which would otherwise go unused. This captured product can then be used to generate electricity or as a fuel for heating. In addition, the captured gas can be used for industrial and commercial use and fuel cells or alternative fuel vehicles, decreasing our dependence on foreign fuels.

For communities owning municipal solid waste landfills, sale of the electricity or gas from such projects can provide a welcome stream of revenues to offset the cost of environmental controls at the landfills, including Clean Air Act requirements, and other costs related to solid waste management and recycling services. LFG's use can also significantly reduce greenhouse gas emissions.

Currently, there are about 270 LFG projects in existence, the bulk of which were made possible by a previous federal tax credit for development of non-conventional fuels. It is estimated that between 400 and 500 additional LFG projects could be brought on line if a tax credit were provided. With these potential energy projects on line, the nation could save more than 40 million barrels of oil annually.

RECOGNIZING DAVE CURTIN FOR HIS TWENTY-SEVEN YEARS OF LAW ENFORCEMENT SERVICE

HON. MIKE THOMPSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. THOMPSON of California. Mr. Speaker, I rise today to recognize Dave Curtin as he retires from the St. Helena Police Department. Dave, a true friend of mine, has spent the last twenty-four years of his career serving the people of St. Helena, California.

As a native of St. Helena, I can attest to the strong embodiment of law enforcement that Dave proves on a daily basis. It is not solely in law enforcement that Dave has made a positive impact on; his involvement in numerous aspects of community life is invaluable to St. Helena. Dave is a fellow U.S. Army veteran, and he is also a colleague of mine in the American Legion, St. Helena Post 199. He has served as Post Commander five times in St. Helena. I am impressed with his unfailing commitment to our community.

Dave's dynamic experience includes stints as the Police Reserve Coordinator, Check Fraud Officer, Juvenile Officer, and acting Field Supervisor. In the greater community, he has served on the Napa College Criminal Justice Advisory Board, the St. Helena High School Attendance Review Board, and served on the negotiating team as president of the St. Helena Police Officers Association.

Dave is also involved internationally in law enforcement. As a member of the International Police Association he has been a host to numerous European and South African police officers visiting the Napa Valley.

A native of Northern California, Dave originally hails from Oakland, and he received his Bachelor of Arts Degree in Public Administration from California State University, Sacramento. He also holds a lifetime teaching credential from University of California, Davis.

Dave and his wife, Susan, have been married for over twenty-nine years. Their daughter Shayna, recently graduated form San Jose State University, and their son, Calen, is finishing his senior year at Justin Siena High School in Napa.

Mr. Speaker, it is appropriate at this time that we recognize Dave Curtin for his tremendous work for the people of the Napa Valley. He is a true asset to our community and I speak on behalf of the people of St. Helena when I thank Dave Curtin for his valued service.

TRIBUTE TO THE LATE JAMES EDWARDS, JR.

HON. NICK LAMPSON

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. LAMPSON. Mr. Speaker, I rise today with great sadness to honor James Edwards Jr., who passed away at age 68. James Edwards Jr. was a man who not only talked the talk, but walked the walk. He was a true visionary with a vision of a better life for all Americans. He spent his life fighting for equality, justice, and opportunity and was one of the first African-Americans elected to political office in Galveston County in modern times.

He was a community activist who believed in opportunity for all, and was always looking to the future of the Southeast Texas-Gulf Coast area. Throughout his long and successful career he provided opportunity to many. James was a long time union leader who joined the Oil, Chemical and Atomic Workers International Union in 1964 when he went to work at the Marathon Oil Co. Refinery in Texas City. He was named Texas state legislative director by OCAW's District 4 Council in 1983 and served as secretary-treasurer of the Texas City local from 1986 until the early 1990's. James was a tremendous influence on the labor and political community in Texas, and those in that arena often sought his advice.

James was a family man. He is survived by his wife, Johnnie Mae; their son, James Edwards III; and her children from a previous marriage, Deborah Boone, Pierce Boone and Joseph Boone.

Mr. Speaker, despite his great success, James Edwards Jr. remained a man of the people, honest and forthright. His was of the utmost character, and his attributes of selflessness and commitment to others are rare gifts that the Southeast Texas-Gulf Coast area was lucky to have. His work and his dedication to the people of this great country is unparalleled. James Edwards Jr. will be sorely missed.

CONGRATULATIONS TO THE REPUBLIC OF CHINA ON TAIWAN

HON. DAN BURTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. BURTON of Indiana. Mr. Speaker, on May 22nd, President Chen Shui-bian of the Republic of China will be completing his first year of service as Taiwan's head of state, and I would like to take this occasion to congratulate him and comment on a few of Taiwan's achievements.

For the last two decades, the republic of China on Taiwan has been a major trading partner of the United States. It has maintained friendly ties and relations with us for the last ninety years. Taiwan is one of the most successful models of rapid political reform in the entire world. Fifty years ago, Taiwan was a closed authoritarian society with no freedom of speech, freedom of assembly, or right to vote. Today, Taiwan is a full-fledged democracy. It is home to more than 90 political parties. Virtually every political office in Taiwan is hotly contested through free and fair elections.

Taiwan believes in free-market economics. Taiwan's economics. Taiwan's economy is so strong that it offers its people one of the highest standards of living in Asia, universal education, and free medical care for people of all ages. With respect to U.S.-Taiwan trade, Taiwan is our seventh largest export market, supporting many jobs for U.S. manufacturers. In addition, U.S. colleges and universities host more than 10,000 Taiwan students. The U.S. is the number one destination for most of Taiwan travelers. Lastly, Taiwan and the United States share many common values such as a respect for human rights, freedom of speech, and democracy.

I would like to offer my congratulations to President Chen and the people of Taiwan. I also would like to welcome President Chen as he transits New York on his way to Central America. Although his stay in New York will be brief, his visit is of tremendous importance to all of us Americans who recognize and value what a great, longstanding friend Taiwan has been to the United States.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2002 AND 2003

SPEECH OF

HON. C. L. "BUTCH" OTTER

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1646) to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes:

Mr. OTTER. Mr. Chairman, I rise today to voice my reasons for voting against final passage of H.R. 1646, the Foreign Relations Authorization Act. I wish for my colleagues and constituents to know the reasons for my action.

There were many good provisions in H.R. 1646 that I am glad were in the final bill that the House passed. I support the sale of *Kidd* class destroyers to Taiwan. I support the call for moving the United States Embassy in Israel to the capital of Israel, Jerusalem. I also voted for several amendments that made H.R. 1646 a better bill. I joined my colleagues in voting for Mr. DELAY's amendment to protect United States servicemen from the clutches of the United Nation's new international Criminal Court. America's service men and women serve our nation under our Constitution, not international bureaucrats under a foreign flag. I am pleased that this House voted to pass the amendment of the distinguished gentleman from California, Mr. LANTOS, prohibiting United States military aid to Lebanon until they step up their efforts to stop terrorist attacks against Israel. I am particularly pleased that the Hyde Amendment restoring the Mexico City policy was added to the final bill.

Despite these improvements, I could not vote for final passage of this bill for two reasons. The first reason is the failure of this House to pass the amendment of my friend and colleague from Colorado, Mr. TANCREDO. I cannot support a bill that authorizes $118 million for rejoining the United Nations Education, Scientific and Cultural Organization (UNESCO). UNESCO is a profoundly anti-western, anti-American organization. President Ronald Reagan was correct in withdrawing the United States from this group, and I will not vote to send my constituents' tax dollars to an unelected intelligentsia who hate this country.

The second reason I voted against this bill is because of language urging United States acceptance of the Kyoto treaty on the environment. There is no way I could vote for this bill with the language intact. This provision is unsound constitutionally and economically. The Kyoto language is unsound constitutionally because the other body has refused to ratify this treaty. The Constitution specifically reserves the treaty ratification power to the Senate. This house has no place urging the President to enforce a treaty that our country is not bound by. We have very strict laws restricting air and water pollution. If the House of Representative thinks these laws aren't strict enough, which I do not believe, then the House should pass a bill changing those laws. International negotiations are not the way the Founding Fathers intended for our environmental laws to be changed.

More importantly, Mr. Chairman, the Kyoto treaty is monumentally flawed. If ratified it would require the United States and other developed countries to reduce their emission of so-called "greenhouse gasses" at least 7% below 1990 levels by 2010. At the same time developing countries, such as China, Brazil, and India, were exempted from the greenhouse requirements.

If implemented, the Kyoto treaty would have driven manufacturing industries entirely out of the United States. The United States already has strict Clean Air laws. Requiring a 7% decline in emissions for every industry would impose enormous costs on manufacturers and has not been scientifically proven to prevent global warming. If given the opportunity to choose between a country with these strict laws and a nation that was not bound to reduce emissions, I am of no doubt as to which country that firm will move to.

In addition to driving industry off-shore, full implementation of the Kyoto treaty would require increases in gasoline and electricity prices of up to 50%, and an estimated job loss of 2.4 million, according to one study. Mr. Chairman, the Clinton Administration did not sign a treaty at Kyoto, they signed a death sentence for the American economy. President Bush sensibly announced on March 28 that the United States would not take steps to implement the Kyoto treaty. I could not join this House in urging our President to destroy the American economy, and voted against H.R. 1646.

PERSONAL EXPLANATION

HON. LORETTA SANCHEZ

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Ms. SANCHEZ. Mr. Speaker, during rollcall vote numbers 109, 110, 111, 112 and 113 on May 15, 2001 I was unavoidably detained. Had I been present, I would have voted "yea" on all five votes.

ROC PRESIDENT CHEN SHUI-BIAN'S FIRST YEAR IN OFFICE

HON. J. D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. HAYWORTH. Mr. Speaker, a year ago, Mr. Chen Shui-bian assumed the presidency of the Republic of China on Taiwan. Today I would like to join my colleagues and the people of Taiwan in wishing President Chen a happy one year anniversary in office. Also, a warm welcome to President Chen and his party as they transit through New York later this month. After a brief stop in New York, they will journey to Central America.

Mr. Speaker, Taiwan has a dynamic economy that is the envy of much of the world. Taiwan is now the world's 17th largest economy and holds $100 billion in foreign exchange reserves. The United States is a major trading partner of Taiwan.

Politically, Taiwan is one of the freest nations. It has a democratically elected head of state and holds free elections at all levels. People enjoy full human rights and press freedom.

By any measurable standard, Taiwan is an economic powerhouse and a beacon of democracy. Mr. Speaker, I salute President Chen and his people on the occasion of Mr. Chen's first year in office.

HONORING FATHER AMOS WISCHMEYER

HON. DALE E. KILDEE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. KILDEE. Mr. Speaker, I rise today to pay tribute to a man who has dedicated more

than 50 years to making our community a better place. On June 3, 2001, Father Amos Wischmeyer, of St. Mary's Catholic Church, will celebrate his Golden Jubilee.

Father Wischmeyer was ordained in 1951 and began his career at Holy Trinity in Fowlerville and then St. Phillips in Battle Creek. He later went on to serve at St. Joseph's in Gaines and St. Mary's of the Lake in New Buffalo. In 1967, he followed the Lord's calling to serve as the Pastor for St. Mary's Catholic Church in Swartz Creek, where he has served for the past 34 years.

One of the high points of Father Wischmeyer's priestly life was when he was able to meet Pope John Paul II in January of 2001. He was the great privilege and opportunity of having a private audience with Pope John Paul II at the Vatican. It was a truly memorable experience for Father Wischmeyer.

Since his assignment to St. Mary's in 1967, pastor Wischmeyer has been an effective advocate for the disadvantaged. He continually extends his arms to help anyone in need. Throughout his service at St. Mary's, Father Wischmeyer has also managed to keep the Parish School open and fully operational, enriching children's lives with faith and allowing them to open their hearts to God.

For the past 50 years, Pastor Wischmeyer has worked tirelessly to spread the Word of the Lord. He has made this his goal and dedicated his life to working not only within the parish, but also throughout the community to achieve this goal. Continually putting the needs of others above his own, Father Wischmeyer is an exemplary and loyal servant of God.

Mr. Speaker, I am very proud to acknowledge the fine work of Father Amos Wischmeyer. His dedication to proving food, clothing, shelter and education to anyone at anytime, without hesitation, serves as a fine example to us all. Our community would not be the same without the presence and influence of Father Wischmeyer. I know our community is a better place to live because of his spiritual mission. I am pleased to ask my colleagues in the 107th Congress to join in congratulating his 50 years of pastoral service.

ENIGMA CODE BROKEN MAINLY BY THE POLES

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. FRANK. Mr. Speaker, one of the most significant events in World War II other than those which took place on the battlefield was the cracking of the Germans' Enigma code. This great contribution to our victory in the war against Hitler was recently highlighted because of the theft of one of the Enigma machines last year in England. This led to some discussion in the newspapers about this event, and there are extremely well informed people who believe that the newspaper discussions of the event were inaccurate, particularly in not giving sufficient credit to the work of brilliant analysts from the University of Poznan in Poland in cracking this code. According to Edward Piwowarczyk of New Bedford, an authority on this matter, and the Program Director of the Polish Happy Time on WNBH radio, "by 1937, the Poles deciphered nearly three-quarters of all intercepted German military communications," and "in July 1939, the Poles offered their accomplishments to the potential allies."

Because it is important for us to get history right, and because the brilliant achievements of the Polish analysts who did this work deserve recognition now that this matter has once again come to the fore, I submit Edward Piwowarczyk's brief discussion of this history to be printed here.

[From the New Bedford (MA) Standard-Times, Oct. 13, 2000]

ENIGMA CODE BROKEN MAINLY BY THE POLES

(By Edward L. Piwowarczyk)

One can say that Poland's most significant contribution to the Allies winning World War II was cracking the masterful German war code Enigma. According to an Associated Press story in the Oct. 11 Standard-Times, "Historians say the codebreakers' work shortened the war by as much as two years." The British contribution was only to improve the Polish analytic machine called Bombe, which would process intercepted Engima-based communications and enable decipherment of them.

Here's the story. In the late 1920's, Polish radio monitoring stations of German messages started to receive a new type of machine code. The BS–4 section, department of German codes at the Main Staff in Warsaw, were helpless. So, the University of Poznan was chosen as an organizer of a cryptological course for military purposes.

Through a combination of hard work and brilliance, three members of this class, namely, Marian Rejewski, Jerzy Rozycki and Henry Zygalski, solved the puzzle. The cryptological success was also a scientific success of the Poles. A command of higher mathematics useful for investigation on code systems, especially the so-called permutation and cycle theory, was a prerequisite to master the Enigma Cipher Machine.

By 1937, the Poles deciphered nearly three-quarters of all intercepted German military communications, a tremendous aid to Allied forces. Major Maksymilian Ciezki, head of the German Department of the Polish Signal Intelligence, along with the group of Polish mathematicians mentioned, were responsible for decoding Hitler's enigma: the code name for their operation Wicher (Gale).

In July 1939, the Poles offered their accomplishments to the potential allies. Delegations from the French staff, Lt. Col. Gustave Bertrand and Capt. Henri Bracquentie, and the British staff, Commander Dillwyn Knox and Commander Alistair Denniston, arrived at the secret BS–4 Center situated in the Kabacki Forest outside of Warsaw. The Polish specialists acquainted them with the method of breaking the Nazi codes. Each delegation was presented with one Polish-made Enigma coding machine called Bombe.

Just this further note: Recently in Poland, the Polish government honored Marian Rejewski, Jerzy Rozycki and Henry Zygalski, posthumously, for their outstanding achievements.

The eminent English historian Ronald Lewin, in his book "Ultra Goes to War," details the indispensable Polish contribution to World War II. The dedication at the beginning of Lewin's book reads: "To the Poles who sowed the seed and to those who reaped the harvest."

PERSONAL EXPLANATION

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. SHAW. Mr. Speaker, on rollcall No. 121, passage of H.R. 1646, the Foreign Relations Authorization Act, I was unavoidably detained. Had I been present, I would have voted "yea."

THE ENERGY PROBLEM AND ITS EFFECTS ON WEST VIRGINIANS

HON. SHELLEY MOORE CAPITO

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mrs. CAPITO. Mr. Speaker, I would like to raise attention to the energy problem and how it is affecting people in the Second Congressional District of West Virginia. The recent energy crisis in California has become front-page news in papers throughout the country and rightfully so. Other regions are suffering too, though, and unless action is taken soon, the problems of Californians will become the problems of everyone. Evelyn P. Jones of Montrose, Randolph County, West Virginia, is a citizen in my district whose plight is particularly distressing. Her caring son, James A. Jones, who is the workers' compensation program manager for the Library of Congress, brought Evelyn's situation to my attention. I want to tell her story because I think that it is representative of others in my district and state as well as throughout the country.

Evelyn Jones is a retiree living on a fixed income of $500 a month. She lives on the family farm and takes care of her 90-year-old sister. The rising cost of home heating oil has placed Mrs. Jones in a terrible financial quandary. Her heating oil bills from last September 12 through March 3 totaled $1725.55. Fortunately for Evelyn, she has a close-knit family, many of whom live in nearby Elkins and help her buy food, medicine, and other necessities.

Were it not for Evelyn's family, she would likely have to make the difficult decision of choosing between adequate heating, food, or medicine. I have little doubt that many citizens of a similar disposition do, in fact, have to make such decisions. Congress has provided some relief in the form of the Low Income Home Energy Assistance Program (LIHEAP). However, many citizens in need are either not eligible for this program or do not like the idea of government help. Clearly, a more comprehensive policy approach is needed to provide both short-term relief and long-term solutions to high prices and energy shortages.

The Washington Post reports that gas prices have risen to a nationwide average of $1.68 per gallon of regular unleaded. The Energy Department has estimated that the cost this summer will range from $1.50 to $1.75, a five percent increase from last year. In some

areas of the country, prices may reach $3.00 per gallon. The rising price of gasoline is representative of the rising prices of petroleum products in general. Certainly a great many causes factor into such prices. A decline in domestic production and infrastructure accompanied by an increase in demand has left the country ill prepared for the current struggles. Congress and the Bush Administration must be receptive to new ideas and solutions to correct the neglect of the past.

The current energy situation was not created overnight and it will not be corrected easily. I look forward to working with my fellow members in the House of Representatives as well as the President and his administration to begin to solve this complex problem. The Evelyn P. Joneses of our country demand that effective action be taken soon.

TO HONOR THE U.S. COMMISSION ON INTERNATIONAL RELIGIOUS FREEDOM COMMISSIONERS FOR THEIR SERVICE, MAY 15, 1999–MAY 14, 2001

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. WOLF. Mr. Speaker, I rise today to honor and thank the nine men and women who have completed their two-year term of service to our nation as commissioners on the U.S. Commission on International Religious Freedom. This commission was created by Congress to generate a heightened awareness to the never ending atrocities associated with persecution of individuals around the world for their religious beliefs.

As a result of their investigations, hearings, and reports of religious rights abuses, these commissioners have provided Congress and the administration with timely and accurate information used to formulate U.S. policy. In this capacity, chairman Elliott Abrams and commissioners Nina Shea, Rabbi David Saperstein, Dr. Friuz Kazemzadeh, Michael K. Young, Laila Al-Marayati, John R. Bolton, Cardinal Theodore McCarrick, and Justice Charles Z. Smith have served our nation with distinction, honor and faithfulness from May 15, 1999, until May 14, 2001.

I was pleased to hear that because of her faithful commitment to religious freedom issues around the world and her stellar performance during her first term, Ms. Nina Shea has just been appointed to serve a second term on the commission.

These commissioners have made sound policy recommendations to the president, the secretary of state, and Congress with respect to matters involving international religious freedom. They have testified before Congress numerous times, held timely hearings to investigate religious persecution atrocities in such countries as Sudan, China, Vietnam, Indonesia and Burma, and have worked with the non-goverrimental organization community to bring aid and comfort to the oppressed of the world.

Those around the world suffering persecution for their religious beliefs have truly benefitted from the commitment of these nine servants of conscience. These commissioners have professionally completed their responsibilities by producing annual reports and conducting ongoing reviews of the facts and circumstances of violations of religious freedom around the world. Each of their activities has helped to bring visibility to any oppressor government that violates the basic freedoms of their citizens.

Mr. Speaker, I have come to appreciate each of these commissioners for their dedication and professionalism in protecting the rights of all citizens of the world who practice religious worship, be they Christian, Jewish, Muslim or any other faith. Their service to the American people and the peoples of the world has established credibillty and relevance of the U.S. Commission on International Religious Freedom. I know many of my colleagues in the House join me in saluting Elliott Abrams, Nina Shea, Rabbi David Saperstein, Dr. Friuz Kazemzadeh, Michael K. Young, Laila Al-Marayati, John R. Bolton, Cardinal Theodore McCarrick, and Justice Charles Z. Smith for representing the United States in the cause to protect religious freedom around the world for these past two years.

MOZART CLUB OF WILKES-BARRE CELEBRATES 95TH YEAR

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. KANJORSKI. Mr. Speaker, I rise today to pay tribute to the Mozart Club of Wilkes-Barre, which is celebrating its 95th year this month. The club, a group for those 50 and older led by President Elenora Butcofski Grant, is a member of both the Pennsylvania and National Federations of Music Clubs.

The Mozart Club was founded on October 10, 1906, by a young Miss Euda Hance, who later became Mrs. A. Livingston Davenport, and 14 of her friends in her living room.

The mission of the Mozart Club is stated in its constitution: ''The object of this club shall be to encourage and promote musical interest among its members; to encourage the development of musical talent in the youth of the community and to cooperate with the Pennsylvania Federation of Music Clubs and the National Federation of Music Clubs in their specific plans for the advancement of music.''

Over the years, the members of the Mozart Club have certainly fulfilled that mission. They have played major roles in establishing musical institutions such as the Community Concert Association, the Opera Guild and the Wyoming Valley Philharmonic Orchestra. They have fostered young talents through scholarships, and in 1926 they founded the Junior Mozart Club for children with musical interests.

Both the Pennsylvania and National Federations have awarded the Mozart Club honors through the years and in 1974, the National Federation granted it the Award of Highest Merit in the Parade of American Music from a panel of judges headed by composer Samuel Barber.

Active members of the Mozart Club must audition to be accepted as performing members. Many of these musicians are degreed performers who teach in schools or colleges or have their own private studios. At each monthly meeting, the club presents a musical program, which is open to the public. While the performers are sometimes guests, more often the club draws on the considerable talent within its own ranks.

Among the club's other activities are: providing a yearly scholarship to a local graduate musician, taking part in the Fine Arts Fiesta, celebrating National Music Week, providing help for the State Federation Festival, providing programs for nursing home residents and sponsoring a series of opera trips to New York City each spring and fall.

Mr. Speaker, I am pleased to call to the attention of the House of Representatives the many good works of the Mozart Club and its 95th anniversary, and I wish them its members all the best as they continue with their many endeavors.

NATIONAL WOMEN'S HEALTH WEEK

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mrs. MALONEY of New York. Mr. Speaker, I join with my colleagues of the Women's Caucus to discuss the importance of women's health.

It is an especially appropriate topic because this week is National Women's Health Week.

As a Caucus, we are working hard to improve health for all women. From protecting Social Security and strengthening Medicare to working for equality for all women.

And we are working to add a reliable, affordable prescription drug benefit.

Today, there are 6 million more women in the United States than men. Women are 51 percent of the U.S. population.

And the projected life expectancy for women in this country is 80 years.

Therefore, we must ensure that the progress we have made to improve women's health continues.

To this point, I urge my distinguished colleagues to join me in the following measures.

I am working to improve the health and well-being of women—young and old.

On May 2nd, I, joined with Mrs. MORELLA of Maryland, reintroduced the Osteoporosis Early Detection and Prevention Act, H.R. 1683.

May marks Osteoporosis Prevention Month. Osteoporosis is a disease characterized by low bone mass or brittle bones. The statistics are startling. 71 percent of women with osteoporosis are not diagnosed, leaving them at increased risk for fractures. And osteoporosis causes 300,000 new hip fractures each year. My bill would require private insurers to reimburse for bone mass measurement. Prevention and early detection are critical in combating this disease.

Last week, Congresswoman KELLY and I reintroduced the Cancer Screening Coverage Act, H.R. 1809, to give everyone a fighting chance in detecting cancer at its earliest stages. CASCA as we call this bill, applies to

private health insurance plans and to the Federal Employees Health Benefits plan, requiring these plans to cover cancer screenings.

Cancer screening allows for the detection of cancer in its earliest form, when the cost of treatment is the least. And more importantly, it is estimated that the rate of survival would increase from 80% to 95% if all Americans participated in regular cancer screenings. The legislation we introduced has the power to save thousands of lives.

I am also working with my distinguished colleague, CONNIE MORELLA, to make women's health research a priority. We, joined by many members of the Women's Caucus, introduced the Women's Health Office Act, H.R. 1784, to make the women's health offices at the Department of Health and Human Services permanent.

And for our littlest people and their moms, I have introduced the Breastfeeding Promotion Act, which supports and protects mothers who choose to breastfeed. Everyday, new medical studies are released highlighting the positive health effects of breastfeeding for both mother and child. Just today, a new study was released showing that breastfed babies are less likely to become overweight children.

Again, let's celebrate National Women's Health Week. We must continue to work hard to ensure that the priorities of our nation include policies that protect and promote the health and well-being of women and their families. I urge my colleagues to join me on these measures.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2002 AND 2003

SPEECH OF

HON. HILDA L. SOLIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1646) to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes:

Ms. SOLIS. Mr. Chairman, I rise in strong opposition to the Hyde amendment, which would prohibit foreign non-governmental organizations which receive population aid from the United States from using their OWN funds to provide abortion services or counsel women about abortion options.

This amendment would place an unfair restriction on family planning efforts in developing nations. How can a democratic country like the United States have in place a policy which has the very un-democratic effect of restricting free speech? The Hyde amendment would restrict the ability of foreign nongovernmental organizations to talk openly to patients about their health care options. It is simply unfair.

Reproductive health care is a matter of life and death in developing countries. Family planning programs provide critical health care services for women and families in the world's poorest regions. Taking away U.S. funds for foreign organizations who use their own money to counsel women about abortion options will do real harm to important international family planning efforts.

While opponents of international family planning may attempt to cast this vote as an abortion-related matter—it is not. It has been illegal to use U.S. funds for abortion overseas since 1973. This vote is about whether women overseas should have access to needed family planning information. I think they should and I urge my colleagues to vote against the Hyde amendment.

IN RECOGNITION OF WILLIAM HENRY SEWARD

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. GILMAN. Mr. Speaker, William Henry Seward was born in Florida, Orange County, New York on May 16, 1801; two-hundred years ago.

The son of Samuel Sweezy Seward and Mary (Jennings) Seward, he graduated from Union College in 1820, studied law and was admitted to the bar in 1822. In 1823, he moved to Auburn, New York, where he entered Judge Elijah Miller's law office and, one year later, married Frances Adeline Miller, the daughter of Judge Miller.

Seward was interested in politics early in his career and became actively involved in the Anti-Masonic movement after 1828. With the backing of Thurlow Weed, the Whig newspaper editor, he was elected to the New York State Senate in 1830 where he served for four years. He was nominated by the Whigs for governor in 1834, but was defeated by William L. Marcy. From 1834 to 1838 he practiced law and served as an agent for the Holland Land Company, settling settlers' claims in Chautauqua County.

In 1838 Seward was elected governor of New York State and again in 1840. He favored internal improvements, public support of Catholic schools, and began to favor free soil and abolition positions. From 1842 to 1848 he again practiced law, first in the court of chancery and later in patent cases. He also defended cases involving fugitive slave laws.

In 1849 Seward was elected to the United States Senate, and increasingly built a reputation as an anti-slavery senator. After 1855, the Whig party merged into the Republican party, and Seward became one of the leading Republicans. He was passed over as the presidential nominee in 1856 and, though he was the front runner in 1860, Lincoln was given the nomination.

After Lincoln's election, Seward was appointed to the post of Secretary of State, a position he held until 1869 serving under both presidents Lincoln and Johnson.

As Secretary of State Seward was a central force in the administration. The major issues he dealt with during the Civil War years were the possibility of European intervention, the outfitting of Confederate cruisers in British ports, the Trent affair and the French invasion of Mexico. Seward was also interested in territorial expansion, and in 1867 negotiated the purchase of Alaska from Russia.

Seward was seriously wounded in the Lincoln assassination conspiracy, and after 1865 his health was not good. He retired from public life upon Grant's election, and despite his poor health, took a trip around the world in 1871. William Henry Seward died in Auburn on October 10, 1872.

THE COMPUTER EQUIPMENT COMMON SENSE DEPRECIATION ACT

HON. MAC COLLINS

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. COLLINS. Mr. Speaker, I am joined by my colleague from Maryland, Congressman BEN CARDIN and several of our other colleagues, to introduce legislation that will return common sense to the Internal Revenue Code by changing the depreciation period for computer equipment.

The depreciation provisions in the Code have not been updated since the 1980s. Since that time, the technology available to manufacturers has literally exploded. Tax rules require businesses and manufacturers to keep their computer equipment "on the books" for five years. In highly competitive industries, the average economic life of the equipment ranges from 14 and 24 months, far shorter than depreciation rules. This skewed limitation places manufacturers at a competitive disadvantage.

In a slowing economy, more flexibility is needed over capital investment choices. Many manufacturers would like to expand their businesses and increase employment opportunities. They would have greater opportunities to do so if the tax code recognized a more realistic economic life expectation for this equipment. Unfortunately, these business owners often put off investing in new equipment due to the unfavorable tax treatment they receive from the outdated computer depreciation schedule.

Specifically, the legislation we are introducing would update the tax code to acknowledge the rapid advancements in computer technology by changing the depreciation period for computer equipment used in manufacturing processes from five years to two years. We need to encourage businesses to make investments that will keep them competitive, not penalize them with an outdated tax provision.

Please join us in this effort to inject a little common sense into the Internal Revenue Code by cosponsoring the Computer Equipment Common Sense Depreciation Act.

CHILD PROTECTION/ALCOHOL AND DRUG PARTNERSHIP ACT

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. RANGEL. Mr. Speaker, I am reintroducing legislation today to improve the prevention, screening, and treatment of substance

abuse for parents with children in the child welfare system. Regrettably, child welfare workers and judges are not always sufficiently trained in how to detect and cope with substance abuse problems. And of even greater concern, when accurate assessments are made, there is often a lack of available treatment. In fact, the Department of Health and Human Services reports that 63 percent of all mothers with drug problems do not receive any substance abuse treatment within a year.

To combat this threat to child safety and family stability, I am introducing the Child Protection/Alcohol and Drug Partnership Act, which would provide $1.9 billion over the next five years to States that develop cooperative arrangements between their substance abuse and child abuse agencies to provide services to the parents of at-risk children. Bipartisan companion legislation has been introduced by Senators SNOWE and ROCKEFELLER.

Under the bill, funding would be disbursed to States based on the number of children in the State. To receive their allotment under the program, States would be required to spend a match starting at 15 percent in 2002, rising to 25 percent in 2006. In addition, they would be required to provide a detailed analysis of their current efforts to address substance abuse issues for families in the child welfare system and specify the additional steps they intend to pursue with the new funding (supplanting of existing funds would be prohibited). Funding could be used for a variety of specific activities, including: providing preventive and early intervention services for children of parents with alcohol and drug problems; expanding the availability of substance abuse treatment, including residential treatment, for parents involved with the child welfare system; and improving the screening and assessment of substance abuse problems for families in the child welfare system.

I urge my colleagues to join me in sponsoring this proposal, which is strongly supported by the Children's Defense Fund, the Child Welfare League of America, the National Association of State Alcohol and Drug Abuse Directors, and the American Public Human Services Association.

CONFERENCE REPORT ON H. CON. RES. 83, CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2002

SPEECH OF

HON. DENNIS MOORE

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 9, 2001

Mr. MOORE. Mr. Speaker, I rise today in opposition to the conference report on H. Con. Res. 83, the Budget Resolution for Fiscal Year 2002.

This conference agreement was developed in a manner which abused the congressional budget process. Consider the following:

The debate in the House on the tax cut contained in this budget resolution has already taken place. We were forced to vote on these cuts—which far exceed the levels contained in this conference agreement—months before we will understand the full impact of what we were considering.

The House was later forced to consider its version of the budget resolution prior to receiving the President's budget.

The Senate Budget Committee was never afforded the opportunity to consider this bill; rather the committee of jurisdiction was circumvented using a questionable procedure.

Minority House and Senate Members were explicitly noticed that they would not be included in negotiations between the two chambers to work out differences between the competing versions of the budget.

Finally, in the most recent example of an abuse of power, the House leadership filed late last week a resolution only moments before it was to be adopted in the dead-of-the night, without a Congressional Budget Office analysis or a Joint Tax Committee scoring of the tax cut.

Mr. Speaker, in its haste to rush through a conference report before anyone had a chance to look at the details, two pages were lost that happened to contain language crucial to the compromise that persuaded moderates to agree to this budget. As a result, members, including the minority, were afforded the opportunity to examine this budget in detail over four days. This fortuitous event afforded me the opportunity to discover that the numbers in this budget simply do not add up and that there is much more missing than two pages.

Mr. Speaker, the conference agreement calls for $661.3 billion in discretionary spending for fiscal year 2002. Instead of making recommendations for the level of funding for our national priorities, however, the conference agreement lists CBO baseline levels, and then uses a plug number of $6 billion in a catchall function known as "allowances" to make the numbers for 2002 add up.

These unrealistic discretionary spending levels will result in a year-end conflict over funding levels for appropriations bills, much like those we have seen in years past. Undoubtedly, we will soon be faced with a chaotic budget process that drags on into the fall that produces much higher spending than would have been necessary had we reached agreement on realistic spending levels within the context of the budget resolution.

Moreover, if one takes these spending numbers at face value, then this majority has broken its promise to increase funding for education and the critical research needs at the National Institutes of Health (NIH). The majority will argue that the function numbers in the conference agreement do not represent intended policy and that increases for education and NIH can be provided by the Appropriations Committee.

But if appropriators can change the recommended levels, what purpose does this budget resolution serve? The troubling conclusion is that either these increases will come at the expense of other programs or we will once again far exceed the spending targets outlined in this resolution.

More troubling than the unrealistic spending levels are the items missing from this budget. Last week, the President established a Commission on Social Security reform and announced his commitment to pursuing a national missile defense system. Nobody knows how much either of these broad initiatives will cost and the budget fails to account for either of these items.

Also conspicuously missing from this conference report are funds for debt reduction. This budget commits funds dedicated to the Medicare and Social Security Trust Funds to debt reduction without devoting a single dollar of our projected on-budget surpluses towards paying down our national debt. This is like a family using one credit card to pay off another and then claiming that their debt was paid. The American people will not be deceived by this manipulation.

Finally, there is one more missing page that explains how all of our other priorities, including education, emergencies, defense increases and future tax cuts, will fit into the so-called contingency fund. Indeed, the overall tax and spending totals in this budget will virtually eliminate the non-Social Security, non-Medicare budget surplus. Any additional expenditures as expected in defense; any downward revisions of the surplus projections that may occur due to our slowing economy, increased unemployment, decreased labor productivity, and lower-than expected revenue collections; or, any additional tax cuts above and beyond those contained in this so-called agreement—and I have reason to believe that these will occur since the Secretary of the Treasury testified last week that he would be willing to consider tax breaks that go beyond the budget resolution on a case-by-case basis—will return this nation back to the era of deficits, tapping our Social Security and Medicare Trust Funds.

Mr. Speaker, on May 1, 2001, I sent the Chairman of the Budget Committee a letter indicating I could support the proposed budget resolution provided that the resolution cut taxes no more than $1.25 trillion, set realistic spending levels, and maintained a commitment to debt reduction by ensuring that any remaining on-budget surpluses be devoted to debt reduction. These conditions were not only not met, but there was not even an opportunity to discuss them.

Because of these concerns about process, unrealistic spending levels, the failure to reduce our national debt and the very real threat this budget poses to our Social Security and Medicare Trust Funds, I will vote against this resolution and urge my colleagues to do the same.

ELECTION REFORM

HON. MARTIN FROST

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. FROST. Mr. Speaker, I want to thank Congresswoman MAXINE WATERS and the Members of the Democratic Caucus Special Committee on Election Reform for their hard work in organizing election reform hearings across America, and developing Democratic proposals on election reform.

Ensuring every American's vote is counted is the cornerstone to rebuilding faith in our democracy. That's why Democrats have made

clear our commitment to finding bipartisan solutions to the ills that plague America's electoral process. Real election reform is a top priority for the American people and is the civil rights issue of the new millennium.

Unfortunately, I know the Election Reform Committee has heard a great deal about attempts to intimidate minority voters around the country during this past election. Having attended two of the Special Committee's field hearings, I know how important they are to uncovering the truth about voter suppression, and to ensuring we stop efforts to disenfranchise African American and Hispanic voters in the future.

It is clear that what happened in Florida to intimidate and suppress African American turnout was not an isolated incident. In fact, significant efforts to suppress the African American vote occurred in my district in Fort Worth this fall. I personally witnessed a systematic campaign by local Republicans to harass, intimidate and suppress African American voters—especially senior citizens.

With so many sad examples of voter intimidation and voting irregularities, the need for real action on election reform could not be clearer. After the field hearings are completed, Democrats will propose to the House real steps to make it easier for people to vote, expand participation in our democracy, and fix a broken system that has disenfranchised too many Americans for too long.

The importance of election reform to preserving the integrity of our democracy is so great that we must not allow partisan politics to keep Congress from addressing it. I thank Congressman WATERS for her strong leadership and for organizing this special order, and I desperately hope Republicans will join us in passing meaningful election reform to ensure every American's vote is counted.

TRIBUTE TO BERNIE ROBINSON

HON. JOHN SHIMKUS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. SHIMKUS. Mr. Speaker, I rise today to pay tribute to Bernie Robinson who has served the State of Illinois and indeed all of us as the Assistant to the Governor of Illinois in charge of the state's Washington, DC office.

Bernie is about to leave his position for some exciting opportunities in the private sector. It would be inappropriate of me not to take this opportunity to publicly thank him for the work he has done, the counsel he has given and the lifetime's worth of friendships that he has made within our delegation.

Thanks to Bernie and his capable staff, the State of Illinois has emerged with the most cohesive voice that we have ever had in terms of pursuing opportunities for the people we serve. It would be impossible for me to list all of Bernie's accomplishments, but I cannot overstate the important role he played in helping to bring our delegation together in pursuit of appropriations projects and priorities for our state. Thanks to him, I have a better understanding of the special needs of my colleagues in the northern part of Illinois and they have a better understanding of mine.

Only one person could have brought together a delegation as diverse as the one we currently have. Without Bernie, it's unlikely that we would have had the successes that we have.

I know that the members and staff of the Illinois delegation join me in thanking Bernie and wishing him well in his new endeavors.

Bernie Robinson is a unique individual who has enriched our lives and allowed us to better understand who we are and how we can work together.

Thanks also to Bernie's children, Sarah and Army, who have allowed us to share so much of Bernie's time. Together with his beloved wife Bess, may God rest her soul, Bernie has proven that the greatest joy in our lives is the beauty and potential of our children. He has prepared them for a life of tremendous possibilities and all indications are that they are poised to tackle them.

Bernie, our thanks for establishing a foundation from which our delegation and therefore our state will grow and prosper. God's blessings to you and yours.

KEEP D.C. GENERAL HOSPITAL OPEN

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. BONIOR. Mr. Speaker, we, as a nation, spend more on health care than any other country in the world. Yet, we have 43 million uninsured people and our working families continue to struggle to obtain quality and affordable care. And now, in our nation's capitol, there are efforts to close down the last remaining public hospital in the city, D.C. General. The closure of public hospitals around our nation and D.C. General, in particular, should be of concern to us all.

In Michigan, our public hospitals continue to serve patients and communities with dignity and with the belief that all people have the right to health care. These public hospitals provide our uninsured and underinsured working men and women with the quality and essential health care they deserve. D.C. General has been serving the people of Washington, D.C. since 1806, and the care it provides is crucial for residents of the nation's capitol.

I am deeply concerned with the impact the closure of this hospital will have on the residents of Washington, D.C. In Detroit and other urban and rural communities, affordable and reliable health care is becoming hard to find. Our public hospitals serve local communities without prejudice and are the only source of care millions in this nation can rely on. Now, the people of Washington, D.C. will have no choice but to turn to private hospitals for their health care—hospitals that base their care on a person's financial status and ability to pay.

Those who advocate closing D.C. General are concerned that the hospital has woefully inadequate funds to operate. The financial situation of this and other public hospitals is severely impacted by Congress' unwillingness to provide additional resources and the fact our public hospitals serve most of our uninsured and poor. The plight of D.C. General is just one example of what will happen if we do not stand up immediately and support our public hospitals.

I am also deeply troubled by the process that determined the fate of D.C. General Hospital. Through the use of an unelected financial control board, those wishing to see the hospital closed overrode the democratically-elected D.C. City Council, who unanimously opposed the closure of the hospital. In 1999, a similar situation occurred in Detroit, when Lansing lawmakers dissolved the elected city school board and appointed a supervisory board, unaccountable to the citizens of Detroit. The Detroit school takeover and the D.C. control board's actions should be of concern to all Americans. Both these actions denied citizens a voice in the decisions affecting their lives. Our compassion and resolve to ensure quality health care and education for all must not be compromised by an unelected body which is accountable to no one.

Today, I join many of my colleagues in Congress, community leaders in my home state and from around our great nation, and champions in the Michigan State Legislature in urging that D.C. General be kept open and accessible to the people of Washington, D.C.

A TRIBUTE TO RABBI HILLEL COHN FOR 38 YEARS OF SERVICE TO CALIFORNIA'S INLAND EMPIRE

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. LEWIS of California. Mr. Speaker, I would like today to pay tribute to my good friend Rabbi Hillel Cohn, who for the past 38 years has been a remarkable community leader, and a spiritual guiding force for thousands of members of Congregation Emanu El in San Bernardino County, California. After nearly four decades as leader of this congregation, Rabbi Cohn is retiring this week.

Just a few weeks ago, Rabbi Cohn was present on this House floor to deliver our morning prayer. His message was a reflection of the central philosophy in his spiritual and community life: "Let America pursue justice in our enforcement of laws, in our forms of punishment, in our methods of choosing our leaders, in our allocation of precious resources, in our expectations of other nations, and in our daily relations with one another."

Throughout his career in San Bernardino County, Rabbi Cohn has served as a community conscience and a voice of unity for people of all races, religions and cultures. He was the founding chairman of the San Bernardino Human Relations Commission, and was selected in 1996 as one of 5,500 "community heroes" across the country who carried the Olympics Torch.

Rabbi Cohn's community involvement ranges from president of the county Mental Health Association and Family Service Agency, to serving on the bio-ethics committees of many local hospitals. He is a national leader in his faith, currently serving as treasurer of

the Central Conference of American Rabbis and serves on a team that counsels other rabbis. Many of his sermons have been published in ''American Rabbi,'' and he has edited national books on rabbinical contracts and retirement.

I began my community service career on the local school board about the time that Rabbi Cohn became the spiritual leader in Congregation Emanu El. It was clear even then that he would be a force to bring all of the people of our community together. Throughout his career, his integrity and reputation for conciliation have shown through, and I am grateful for his wise counsel on many matters.

Mr. Speaker, I ask you and my colleagues to join me in thanking Rabbi Cohn for his years of service and leadership, and to wish him and his wife Rita good luck in their future endeavors. I am sure they will be active members of our community for many years to come.

INTRODUCTION OF H.R. 1886

HON. HOWARD COBLE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. COBLE. Mr. Speaker, I rise to introduce H.R. 1886, a bill aimed at closing an unfortunate administrative loophole and bridging a legal gap in the working of our intellectual property system. As you know, I chair the House Judiciary Subcommittee on Courts, the Internet and Intellectual Property. In that capacity, my colleagues and I have as one of our continuing goals making certain that the U.S. patent system is the finest regime in the world. This bill relates to two important areas within our jurisdiction, namely the procedures linking the courts and the U.S. Patent and Trademark Office (PTO). This legislation eliminates an asymmetry in an administrative procedure disallowing the public the right to appeal a question from the PTO to a higher and independent authority for redress.

This legislation closes a procedural loophole that is a gap in the law. Today, many of these administrative appeals are prohibited by current law. In my view, this makes the patent system unable to fully serve the needs of inventors and the public. Congress created the U.S. Court of Appeals for the Federal Circuit in 1982 with a specific goal. It was intended to be a specialized forum that brings both legal and technical expertise to bear on appeals of certain issues of national importance, including patent issues. The overwhelming consensus is that in the past 20 years, the Federal Circuit has proven to be a marked success. It contributes to the fairness of the system in two ways. First, it ensures predictability and certainty to appeals within the subject matter of its jurisdiction. Second, it is a check on the agencies within its jurisdiction.

We have all heard stories about patents that issue but are subsequently challenged based on new evidence pertaining to scope and validity. This bill will ensure that the outcome of these challenges initiated by the public and consumers through the optional inter partes reexamination will be fair by establishing the right to appeal and judicial review. It is a very limited measure and it does not lead to any additional district court trials, or other added discovery burdens or expenses for inventors. It is aimed at the improved functioning of our domestic system and has no relation to what our trading partners use in their systems. While this is admittedly a small bill—some will describe it merely as a housekeeping bill—I believe that it will contribute greatly to the improved functioning of our patent system for all parties involved.

INTRODUCTION OF A BILL AUTHORIZING EXPANSION OF PU'UHONUA O HONAUNAU NATIONAL HISTORICAL PARK

HON. PATSY T. MINK

OF HAWAII

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mrs. MINK of Hawaii. Mr. Speaker, today I am introducing a bill to authorize the expansion of the Pu'uhonua O Honaunau National Historical Park, which is located in South Kona on the island of Hawaii.

Pu'uhonua O Honaunau National Historical Park, formerly known as the City of Refuge National Historical Park, was authorized by an act of Congress on July 26, 1955 (60 Stat. 376) ''. . . for the benefit and inspiration of the people . . .'' The park was formally established in 1961. All the lands included within the park are listed on the National Register of Historic Places.

The overall management goal for the historical park is for the resources to accurately represent a slice of time ranging from pre-contact (circa 12th–13th century) to about 1930, when Ki'ilae Village was completely abandoned. The objectives developed to meet that goal focus on preservation, stabilization, and restoration of the park's cultural and natural resources.

A significant portion of the ancient Hawaiian village of Ki'ilae lies outside of the current park's boundaries. The proposed addition of 805 acres, located within the tradition land divisions of Ki'ilae ahupua'a and Kauleoli ahupua'a, contains significant cultural and natural resources, which complement the Park's mission of preservation and rehabilitation of Hawaiian natural, cultural, and historic resources. These lands contain at least 800 cultural sites, structures, and features; at least 25 caves (or cave openings), many of which are refuge caves; a minimum of 10 heiau (temples); more than 20 platforms; 26 enclosures; over 40 burial features (or highly probable burials); trails and trail remnants; a minimum of 6 residential compounds; a holua slide; several canoe landing sites; a water well; numerous walls and wall remnants; and a wide range of agricultural features.

Ancient Native Hawaiian burial sites are a particularly sensitive issue in Hawaii. Many descendants of the Ki'ilae villagers live in the area and want to make sure that the graves of their ancestors are respected and that archeological and historical sites are preserved. The local community strongly supports incorporation of these lands into Pu'uhonua O Honaunau National Historical Park.

I urge my colleagues to join me in co-sponsoring this bill.

ANNAPOLIS CENTER REPORT ADDRESSES KEY CONCERNS ABOUT ASTHMA

HON. EDOLPHUS TOWNS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. TOWNS. Mr. Speaker, I want to bring to the attention of my colleagues an important report that was recently issued by the Annapolis Center for Science-Based Public Policy. Asthma is a serious disease that is often undetected, misdiagnosed and not properly treated. I am hopeful the Center's Executive Summary will help to enlighten my colleagues about the importance of addressing the problems associated with asthma.

EXECUTIVE SUMMARY

This report defines asthma, evaluates trends, and reviews how it is studied. It reviews potential triggers of asthma attacks and their proper management, which can dramatically decrease morbidity and prevent mortality. The report recommends prudent steps that decision-makers, doctors, and patients should take in combating the disease.

Several major points of the report are as follows:

Asthma is a serious disease, with a great impact on public health and the economy;

Asthma has a disproportional impact in the United States on minorities, the poor, and children;

Asthma is a complex disease. We do not have a complete picture of asthma because we have an insufficient understanding of all the interacting mechanisms. Because of this, there is no universally accepted definition of the disease;

Because of the lack of a completely acceptable definition of asthma, it may be underdiagnosed or over-diagnosed;

We do not yet know all the causes of asthma. Genetic factors play a role but these alone do not explain the disease. The strongest (but incomplete) evidence exists for interactions between genetic factors, indoor environmental allergens and tobacco smoke; however, finding ''the cause'' (or causes) of asthma will take time and money.

Underlying causes, unlike immediate triggers, are speculative, or highly speculative, requiring much more research.

A national asthma registry is needed.

Action strategies aimed at eliminating some suspected environmental risk factors may reduce the prevalence of asthma attacks but are not guaranteed to reduce the incidence of new cases of asthma. There is evidence that dust mites, cockroaches, cat dander, spores of the common airborne mold, and Alternaria (a type of fungus) play an important role. It seems reasonable to clean homes, workplaces, and schools to reduce exposure to these triggers. This may not prevent all asthma attacks, but it may lessen their frequency and/or severity;

Asthma is a very manageable disease. Much of the current morbidity and mortality is avoidable;

Many asthmatics and their doctors do not take the disease as seriously as they should;

Clinical guidelines for asthma treatment need to be followed;

Better disease management is the strategy most likely to yield benefits for asthmatics

at this time. Better disease management will result from specific programs to educate physicians and patients along with programs to ensure better access to care for all asthmatics.

IN HONOR OF DR. LUTHER BLACKWELL

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. KUCINICH. Mr. Speaker, I rise today to honor Bishop Luther Blackwell and to celebrate his half century of service to his church, his faith, and the greater Cleveland community.

Mr. Speaker, the ministry of Dr. Luther Blackwell, senior pastor of Mega Church in Cleveland, Ohio, is known throughout the world. Dr. Blackwell has spent his career traveling extensively as a lecturer, teacher, and guest speaker. He has been featured in some of the country's most prestigious and life-changing spiritual conferences, sharing his knowledge and faith to help bring positive change to the lives of thousands.

Dr. Blackwell has had a very distinguished and proud career. After graduating with a Bachelors Degree in Music Education from the Conservatory of Music at Baldwin Wallace College in Berea, Ohio, Dr. Blackwell went on to teach for four years in the Cleveland Public School System. There, he received numerous awards for his service, including being honored as one of Cleveland's finest teachers. Dr. Blackwell has also received his Masters and Doctor Degrees of Biblical Studies from Christian Leadership University in Elma, New York, as well as a Doctor of Ministry from Vision Christian College in Romona, California.

Dr. Blackwell faithfully served fifteen years as Vice President of the International Congress of Local Churches, and most recently held seminars on the Biblical application of money and on the Black believer.

Mr. Speaker, of Dr. Blackwell's numerous outstanding accomplishments I would like to specially honor the ten year anniversary of Dr. Blackwell's founding of the Mega Church in Cleveland, Ohio. The Mega Church has been among the national leaders in the area of racial reconciliation, demonstrating the ability of using faith to bring people of different races and cultures together.

Dr. Blackwell represents the very best of Cleveland, and his long and very distinguished career deserves the highest of praise.

Mr. Speaker, I ask my colleagues to join me in rising to honor this truly remarkable man, and his half century of service to his fellow man. Dubbed the pastor's pastor, Dr. Blackwell is a man of the highest standing and an example for all to follow.

ARRIVAL IN U.S. OF TAIWANESE PRESIDENT CHEN SHUI-BIAN

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. LANTOS. Mr. Speaker, as Republic of China President Chen Shui-bian reaches his first anniversary in office, I would like to commend him for his successful leadership and steadiness of purpose. President Chen has expertly handled cross-strait relations due in part to his emphasis on the formation of mutual trust between Taipei and Beijing through economic and cultural integration. President Chen recently expressed his vision for a lasting peace with the mainland by noting the importance of ensuring channels of communication. "I understand that only through resumption of constructive cross-strait dialogue and normalization of bilateral relations can permanent regional peace be ensured."

President Chen's leadership within the Republic of China exemplifies a record of which he should be proud. He presides over a democracy characterized by free and fair elections, a free press, and an unquestioned respect for human rights and the rule of law. Yet President Chen's capacity to guide economic success is as strong as his commitment to democratic values. The 5.25% growth forecast for the ROC economy in 2001 is higher than that of the U.S., Japan, Germany, or the U.K., and the ROC enjoys a lower level of unemployment than each one of the aforementioned economic powerhouses.

I am delighted that President Chen will have the opportunity to make two transit stops in the U.S. and to meet with Members of Congress during his upcoming visit to the Americas. Secretary Powell's spokesperson noted that such meetings "would be a good thing," and I could not agree more. This will be an important visit for President Chen and for the U.S.—the first time a Taiwanese leader has been permitted to stopover in New York. I hope President Chen's transit visit brings fruitful discussions with my colleagues as well as a chance to enjoy the Texas steakhouse, baseball game, and New York museum on his agenda. Most importantly, I hope President Chen's transit visit signals the strong ties and friendship between the U.S. and the Republic of China.

INTRODUCTION OF MAERSK McKINNEY MOLLER

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. YOUNG of Alaska. Mr. Speaker, I rise today to acknowledge a great leader in the maritime community, Maersk McKinney Moller, owner of the A.P. Moller Group—a global transportation provider whose fleet of ships make it the world's largest shipping company and also the largest U.S.-flag carrier. When Germany invaded Denmark in 1940, the company's fleet numbered 46 ships and many of those vessels were used by the United States and its allies during WWII. Maersk Moller and his wife spent the war years in the United States. After almost eight years in America, Maersk Moller and his father faced the daunting challenge of rebuilding their company. A number of ships were purchased from the United States government and slowly the company was rebuilt. A.P. Moller has made significant contributions to the U.S. economy over the years. The company's United States headquarters was founded in 1943, and in 1947 a notable affiliate—Maersk Line, Limited—was chartered in Delaware. Today Maersk has 10 United States corporate entities devoted to terminal operations, trucking, rail transportation, and third party logistics and it generates employment for approximately 9000 Americans. Maersk serves more than 30,000 U.S. exporters and importers dedicated to international trade. Today A.P. Moller is the largest carrier in the world. It operates approximately 250 ships including container vessels, tankers, bulk carriers, supply ships, car carriers, and drilling rigs. 53 of these ships fly the Stars and Stripes and are owned, operated or chartered by Maersk Line, Limited. It is the largest U.S. flag carriers serving the foreign trades of the United States. Allow me to recognize some other important contributions. Maersk Line, Limited ships were the first vessels to arrive in Desert Storm and off-load critically needed Marine Corps supplies and equipment. Space on Maersk commercial ships was provided free of charge to the U.S. government so we could load much needed supplies for our troops during the sustainment phase of the operation. Prior to Desert Storm, Maersk Line, Limited obtained a secret clearance ftom the Department of Defense and now has a top-secret clearance to operate ships for the U.S. Navy. This important mission and valuable program continues today.

Mr. Speaker, I am very interested in strengthening a cost effective U.S.-flag fleet that is dedicated to the foreign commerce of the United States. The Maritime Security Program (MSP) will soon have to be reauthorized for our nation to maintain a U.S.-flag presence. It is important to recognize that during a contingency, companies participating in MSP like Maersk Line, Limited are contractually obligated to the statutorily mandated Voluntary Intennodal Sealift Agreement (VISA). Combined, Maersk and other U.S. vessels provide the intennodal infrastructure that includes terminal, truck, rail and sealift capacity the Department of Defense (DOD) would rely on to lift critically important military equipment during a conflict. Without the MSP it would cost the taxpayers billions of dollars in DOD spending to replicate what MSP carriers, like Maersk, provide. A strong, competitive commercial U.S.-flag presence in international trade is therefore vitally important. It is important we recognize that in order to maintain a strong, reliable and available fleet of MSP vessels the program must understand and meet carrier operating costs. It should be indexed to keep abreast of inflation and we should make sure that MSP benefits flow to the U.S. corporate citizen providing VISA assets to our military. I look forward to working with my colleagues and improving the Maritime Security Program. Mr. Speaker, Maersk Line, Limited plays a critical role in both the national security interest of

the United States and the transportation of goods in and out of the U.S. I am proud to recognize Maersk Mc-Kinney Moller for the services his company provides and for his dedicated leadership in the maritime arena. He is a true friend of the United States of America.

EIGHTIETH ANNIVERSARY OF THE BIRTHDAY OF DR. ANDREI SAKHAROV

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. SMITH of New Jersey. Mr. Speaker, today I would like to call to the attention of my colleagues the 80th anniversary of the birth of the late Dr. Andrei Dmitrievich Sakharov, one of the truly great figures in the struggle for human rights in the 20th century. On May 21 of this year, Dr. Sakharov would have celebrated his 80th birthday.

A brilliant physicist, Dr. Andrei Sakharov enjoyed the respect of his colleagues and the material privileges provided by Soviet officialdom for his work in helping to develop the Soviet atomic bomb. He could easily have continued to enjoy his elevated status in Soviet society, but his conscience would not permit it. He became deeply convinced that the arms race was pointless and a threat to mankind. When he protested privately to Soviet authorities, he was ignored. In 1968, Dr. Sakharov circulated his groundbreaking essay entitled, ''Thoughts on Progress, Peaceful Co-Existence and Intellectual Freedom,'' in which he drew the connection between human rights and international security. For this challenge to the system, he was barred from military research, and when he continued to protest, he was fired from his work. In 1975, Dr. Sakharov was awarded the Nobel Peace Prize, but Soviet authorities would not allow him to travel to Oslo to receive the award. In January 1980, without any legal procedure, let alone a trial, Dr. Sakharov was picked up on the streets of Moscow by KGB agents and spirited off to exile in the city of Gorky.

At the same time, the Kremlin, under the leadership of former KGB chairman Yuri Andropov, launched a crackdown on Soviet dissidents. In 1984, Dr. Sakharov's wife, Dr. Elena Bonner, was convicted of ''defaming the Soviet political and social system'' and sentenced to join him in exile.

Even in these dark hours, Dr. Sakharov, continued to speak out against the war being carried out by Soviet forces in Afghanistan, to defend persecuted human rights activists in the Soviet Union and Eastern Europe, and to address vital issues of disarmament and peace. On three occasions, Dr. Sakharov went on a hunger strike to protest the mistreatment of hls friends and colleagues in the human rights movement. During his confinement, his notes and his manuscripts were stolen from him by KGB thugs. President Reagan declared his sixtieth birthday, May 21, 1980, ''Andrei Salcharov Day.''

In December 1986, Soviet leader Mikhail Gorbachev lifted Dr. Sakharov's exile and ''invited'' him to return to Moscow. In 1989, Dr. Salcharov was elected to the Congress of People Deputies, an organization that had previously been the rubber stamp legislature for the Soviet Union. In the short time that he served, Dr. Sakharov joined a handful of other elected leaders to press for real reforms in the Soviet Union. On December 14, 1989, the world was sadden to learn of this great man's death.

In its coverage of ''the 100 Most Important People of the 20th Century,'' Time magazine noted that, ''By the time of his death in 1989, this humble physicist had influenced the spread of democratic ideals throughout the communist world. His moral challenge to tyranny, his faith in the individual and the power of reason, his courage in the face of denunciation and, finally, house arrest—made him a hero to ordinary citizens everywhere.''

Although Andrei Sakharov has passed on and the Soviet Union is no more, the issues that he and his colleagues confronted still challenge us today. ''Small wars,'' like the bloody conflict in Chechnya, have replaced the big Cold War. Human rights continue to be violated. Arms control and security issues are high on the agenda.

Several years ago, Dr. Bonner bequeathed Dr. Sakharov's papers to an American university bearing the name of one of our country's greatest jurists—Justice Louis Brandeis. This is a priceless gift not only to Brandeis, but to our entire nation. A generation of young people who have grown up since the fall of the Soviet Union, will be able to study Dr. Sakharov's writings on civic responsibility, non-violence, ethnic and religious intolerance, and other aspects of human rights and what we now call the human dimension.

Mr. Speaker, on this, the eightieth anniversary of the birth of Andrei Sakharov, I urge Americans young and old to acquaint themselves with Dr. Sakharov's struggle for peace and human dignity, and to support educational efforts such as the Sakharov archive at Brandeis to preserve the legacy of an intellectual and humanitarian giant of the 20th century.

THE VIETNAMESE COMMUNISTS ARREST FATHER NGUYEN VAN, A NEW ROUND OF RELIGIOUS PERSECUTION IN VIETNAM

HON. DANA ROHRABACHER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. ROHRABACHER. Mr. Speaker, this morning, Vietnamese communist authorities arrested a highly respected Catholic priest Father Nguyen Van Ly, a former Amnesty International ''prisoner of conscience,'' accusing him of fomenting unrest against the government. Father Ly was detained in his parish of Phu An, near Hue, under a criminal law for failing to obey surveillance rules and agitating followers to cause public disorder.

''He was arrested for spreading propaganda against the government,'' said a spokesman for the secret police of Phu An commune. The propaganda charges Ly faces carry penalties of 10 to 12 years in prison. A longtime critic of the government, Ly has previously spent nearly 10 years in prison.

On Wednesday, Ly led a religious service of about 150 people in which police said he distributed leaflets. The government said the leaflets were anti-communist. Ly, 54, had previously been under heavy police surveillance and in March was denounced by official media as a ''traitor'' for urging the United States to link religious freedom to ratification of a bilateral trade agreement with Vietnam. ''(Ly) continued to carry out behavior that affected public security and obstructed production and normal life of the people,'' the spokesman said.

Father Ly's arrest came amid growing criticism of Hanoi for persecution of religious groups—Christians, Buddhists and, Cao Dai. Ly's detention coincided with a report that a dissident Buddhist leader, Thich Quang Do, was summoned for questioning in Ho Chi Minh City. The Paris-based International Buddhist Information Bureau said that 73-year-old Thich Quang Do received a summons demanding he appear before a Communist kangaroo court tomorrow to explain ''a number of wrongful acts'' he has recently committed.'' The move could be related to Do's recent letter to the Vietnamese leadership in which he called for the release of another dissident monk, the group said. Do is the second-highest monk in the banned Unified Buddhist Church of Vietnam. The movement's patriarch, Thich Huyen Quang, 83, has been imprisoned for 19 years.

Mr. Speaker, the Hanoi regime insists it grants full religious freedom to its citizens. This is a blatant lie. Given the simultaneous mass persecution of our former allies, the Montagnard tribes people in Vietnam's Central Highlands, this body should link an end to religious and ethnic persecution to the ratification of the bilateral trade agreement between the United States and Vietnam. I also call on the United States embassy in Hanoi to aggressively make every possible effort to demand the release of Father Ly and an end to religious persecution and rampant human rights abuses in Vietnam.

NATIONAL BIOTECHNOLOGY WEEK

HON. DARRELL E. ISSA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. ISSA. Mr. Speaker, I rise today, during National Biotechnology Week, to commend the biotechnology community for its many contributions to science, healthcare, and technology.

Biotechnology has contributed enormously to the success of the United States as the global leader in research and international commerce. It will unquestionably be an important vehicle for high-tech job creation throughout the 21st century.

Today, biotechnology is widely used in many fields, including agriculture, food processing, and energy production. It has been largely responsible for improving quality of life all around the globe through its utilization in water quality protection, conservation of topsoil, and improvement of waste management

techniques. Through its many innovations in pharmaceuticals from penicillin to AIDS drugs, biotechnology has paved the way for finding cures to many of the world's devastating diseases.

Mr. Speaker, I commend and thank the biotechnology community for its many contributions to our nation and the world.

TRIBUTE TO WILLIAM RECHLIN

HON. SANDER M. LEVIN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. LEVIN. Mr. Speaker, I rise to recognize Mr. William Rechlin upon his retirement from his position of City Manager of Berkley, Michigan.

Mr. Rechlin has been a public servant in Michigan for the past four decades. Beginning as a police officer in Dearborn in 1958, he then served as lieutenant, sergeant and police chief of Westland.

Mr. Rechlin came to Berkley after his Westland service, and assumed the position of Director of Public Safety. After ten years, he was named City Manager, a position he held for four and one-half years. William is highly respected throughout law enforcement and by his peers as a City Manager.

Throughout his career, Bill has been an effective worker, diligent, caring, and a man ''in charge.'' Mayor John Mark Mooney said, ''Rechlin has filled the job so thoroughly the last four years, it will be difficult to choose a replacement.''

Mr. Speaker, I have enjoyed my many opportunities to work with Bill Rechlin, a truly fine gentleman and a consummate professional. I ask my colleagues to join me in wishing William Rechlin a happy and healthy retirement. He will be missed.

KEEPING OUR PROMISE TO SPECIAL EDUCATION ACT OF 2001

HON. ROB SIMMONS

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. SIMMONS. Mr. Speaker, I rise today to introduce legislation to fully fund the Individuals with Disabilities Education Act, or IDEA.

Improving special education is on the minds of millions of Americans. Our Governors, school boards, education professionals, and families of children with disabilities identify full funding for special education as their number-one priority.

The nearly six-and-a-half million students with disabilities have a right to a free and appropriate public education. They deserve to participate in the American dream.

Today this Congress has an opportunity to help these students fulfill that dream. I am pleased to introduce the ''Keeping Our Promise to Special Education Act of 2001'' to provide for mandatory increases in special education funding each of the next ten years. My effort sets the course to achieve full funding for Part B of IDEA by fiscal year 2011.

The enactment of this bill will give relief to school districts, resources to teachers, hope to parents, and opportunities to children with disabilities. It will free up State and local funds to be spent on such things as better pay for teachers, more professional development, richer and more diverse curricula, smaller class sizes, making needed renovations to buildings, and addressing other needs of individual schools. To me, fully funding IDEA will provide the ultimate in local educational flexibility.

I am proud to say that the Keeping Our Promise to Special Education Act has received the support of the National Education Association, the Connecticut Association of Public School Superintendents and the Connecticut Association of Boards of Education, Incorporated.

Mr. Speaker, twenty-six years ago, Congress made a commitment to fully fund the Federal Government's share of special education costs. If in this era of economic prosperity and unprecedented budgetary surpluses we cannot meet this commitment, when will we keep this pledge?

School districts in the Second District of Connecticut and other congressional districts are demanding financial relief. Children's needs must be met. Parents expect accountability. There is no better way to touch a school, help a child, or support a family than to commit more spending for special education.

It is time to fulfill our promise. I urge my colleagues to cosponsor the Keeping Our Promise to Special Education Act.

CONGRATULATION ON TAIWAN PRESIDENT CHEN SHUI-BIAN'S FIRST ANNIVERSARY IN OFFICE

HON. GARY G. MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. GARY G. MILLER of California. Mr. Speaker, the people in the Republic of China on Taiwan will be celebrating President Chen Shui-bian's first anniversary in office on May 20, 2001.

President Chen Shui-bian won his presidential election last year and in the last 12 months, he has shown the world his steady leadership at home and abroad. He has continued the social and economic programs of his predecessor and convinced the world of his intention to seek better relations with the Chinese mainland and maintain good relations with allies and friends abroad. He has done an excellent job for the people of Taiwan.

Taiwan has become one of our nation's largest trading partners and continues to grow in that capacity to the benefit of both the people of the United States of America and Taiwan. Trade between the United States and Taiwan totaled $64.9 billion in 2000, up 19.4 percent from 1999. Last year, Taiwan's imports from the United States grew by 27.4 percent to $24.2 billion. It is hard to believe that just fifty years ago, the per capita GNP in Taiwan was $150. Today, Taiwan is the world's 17th largest economy and Taiwan's vigorous trade with foreign countries has given the people of Taiwan a much higher standard of living. The great strides Taiwan has made economically are an admirable tribute to Taiwanese people and their democratic leaders. I particularly thank President Chen Shui-bian in continuing to lead Taiwan in that tradition.

On his first anniversary in office, I wish President Chen Shui-bian every success in leading his country and his people to ever greater economic heights at home and international recognition abroad. Also, I am delighted to see that as he travels to Central America this month, he will be making a transit stop in New York City. I welcome President Chen to the United States and wish him the best in leading Taiwan in continued prosperity.

IN HONOR OF JAMES LARGE, JR.

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. ENGEL. Mr. Speaker, I rise today to honor James Large Jr., who has served as Acting President of the Wildlife Conservation Society and distinguished himself as a virtuous leader in business and philanthropy and, most importantly, as a citizen dedicated to conserving the natural heritage of his local as well as global communities.

For more than a year, and, for what was offered as a temporary and part-time assignment, James Large has devoted 12-hour work days, restless nights, early mornings along with the whole of his intellect, heart and spirit to leading the Wildlife Conservation Society into the 21st century, Under his stewardship, the Wildlife Conservation Society's celebrated wildlife parks inspired more than 4.5 million visitors to care about wildlife and wild lands and to participate in their conservation, managed field projects in living landscapes around the world, and developed award-winning environmental education programs for schools across the United States and abroad.

Jim's role as Acting President will soon be coming to an end. I congratulate him on a job well done, and wish him and his wife, Carol, well on the journey that lies ahead. He will no doubt continue to serve his community with diligence, honesty and devotion and remain steadfast to his commitment to conserve the beauty, bounty, and wonder of nature.

RAILROAD HEROES

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. OXLEY. Mr. Speaker, on behalf of my constituents in the Fourth Congressional District, I want to honor the heroes who stopped the runaway train in northwestern Ohio on Tuesday.

The entire nation saw the courage of Jon Hosfeld, Jess Knowlton, and Terry Forson as they slowed and then stopped a 47-car train whose cargo included a dangerous chemical.

This train, which got loose near Toledo, traveled unmanned through communities at speeds approaching 46 miles an hour.

The television images of how the train was finally stopped riveted a nation. Knowlton and Forson maneuvered a second locomotive and coupled up with the runaway train, bringing it down to a speed that allowed Jon Hosfeld to leap on and finally bring this drama to an end.

Jumping onto a moving train is something you only see in the movies. But we witnessed every bit of the trainmaster's 31 years of experience with CSX as he surmounted the risk. Amazingly, what we later learned is that Hosfeld, who lives in my hometown of Findlay, had been in a car pursuing the train nearly from the start. Jon Hosfeld's moment to be a hero had arrived.

I salute Jon Hosfeld, Jess Knowlton, Terry Forson and the other skilled railroad workers who responded so nobly and professionally. Thanks to them, what could have been a disaster was averted. I also commend the law enforcement and emergency management teams along the line who secured rail crossings and kept citizens away from harm.

While it appears that this incident began as a result of a human error—an error, it seems now, the first engineer tried to correct by vainly trying to climb onto a moving train—what we saw unfold during a dramatic afternoon in Ohio was a testament to professional skill and personal courage. Jon Hosfeld, the feat that you and your colleagues performed will go down in railroad lore.

TRIBUTE TO MARY BETH CAROZZA

HON. DAVID L. HOBSON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. HOBSON. Mr. Speaker, I rise today to pay tribute to an outstanding person whom it has been my privilege to know and work with for more than 10 years.

Mary Beth Carozza has been my Chief of Staff since I became a Member of Congress in 1990. I knew that to have a successful Congressional office I would have to have someone serving as my Chief of Staff who could get the things done that I might tend to overlook, and who had strengths in areas where I sometimes needed assistance. I never have regretted my decision to make Mary Beth my top aide, and I fully realize the deep impact her experienced leadership has had in helping me try to meet the expectations of my constituents as a member of this distinguished body.

Before coming to work for me, Mary Beth worked for then Senator William Cohen and served as the press secretary for then Congressman Mike DeWine. My first personal involvement with her came during an event at a dairy farm in my district, when I was directly told by a young woman with a commanding voice to move quickly over to a group of Ohio State legislators for a photograph. Little did I realize that same young woman so at ease with giving orders to a State Senator, would soon become the most important member of my team and one of my closest friends.

Mary Beth has been a successful leader not only in the way she has led the staff of Ohio's 7th Congressional District, but in the way she has been successful in helping the Ohio Congressional delegation work together. She has fought very hard on numerous issues, never swayed from her personal convictions, and successfully directed hundreds of important projects that would not have been accomplished without her direct involvement.

Mary Beth shares my belief that the best investment is an investment in good people. She always has been a supportive Chief of Staff, deeply committed to helping staff develop their creative abilities and best use their talents. Her success in this can be seen in our current outstanding office staff, and in the levels of achievement reached by former staff members who have gone on to become leaders in government and the private sector.

While keeping the 7th District Congressional office running smoothly, Mary Beth has also been generous with her time to help new chiefs of staff develop their leadership skills. She has served with distinction as a member and past vice president of the House Administrative Assistants Association which provides management training for Administrative Assistants in conjunction with the Congressional Management Foundation.

As a result of her tireless efforts, Mary Beth has become a trusted and valuable resource for staff and Members of Congress from both sides of the aisle and across the country. Mary Beth has demonstrated time and again the selfless service and dedication to ideals which guide her actions, and reflect positively on all who are around her. She will undoubtedly be a tremendous asset as the new Deputy Assistant Secretary of Defense for House Affairs and I am truly thankful for our time together and what we were able to accomplish.

Mary Beth has achieved a great deal through hard work and determination, but she also knows the value of maintaining close ties with her family. I have had the pleasure of meeting Tony and Mary Pat Carozza on several memorable occasions. They exemplify the traditional values of hard work and integrity, and instilled those same attributes in Mary Beth which have served her well.

As Ohio's Seventh District Representative to the Congress of the United States, I take this opportunity to join with members of my staff, the Ohio Congressional delegation, and the thousands of Ohioans who have benefited from knowing and working with her to honor the efforts and the achievements of Mary Beth Carozza. Her many contributions to the people of Ohio and the U.S. House of Representatives are greatly appreciated by all and I thank her for her service.

SALUTE TO PRESIDENT CHEN SHUI-BIAN

HON. WALTER B. JONES

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. JONES of North Carolina. Mr. Speaker, this Sunday, May 20 marks the one-year anniversary of the inauguration of Chen Shui-bian as President of the Republic of China on Taiwan. It was the first peaceful transition of power in Chinese history and a day that will long be remembered by people and nations of the world who believe in and value democracy and all that it stands for.

I honor President Chen for his many accomplishments in leading his country economically and politically. I admire the goals he has set for his government to increase the visibility of Taiwan on the world stage through trade and international organizations. And I applaud his efforts in extending the olive branch of peace across the Taiwan Straight to Mainland China.

In a few short days President Chen will be traveling to Central America and during the course of that trip he will make a brief stop in New York. While his time in New York will be short it will be a major first step toward easing the Clinton Administration restrictions governing the ability of Taiwan leaders to travel freely between the United States and Taiwan.

The United States and Taiwan have arisen from the desire to live freely, born from the hearts of the people who dwell within their borders. President Chen's leadership continues to advance the cause of freedom and democracy so it is with great honor that I salute President Chen Shui-bian and look forward to the continued strengthening of the relationship between the United States of America and the Republic of China on Taiwan.

THE REPUBLIC OF CHINA ON TAIWAN

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. CALVERT. Mr. Speaker, on behalf of my constituents, I wish to extend to President Chen Shui-bian of the Republic of China on Taiwan my congratulations on the occasion of his first anniversary in office on May 20, 2001.

In his inaugural address, the president mentioned two key points: his hope that Taiwan and the Chinese mainland could resume their dialogue on reunification and that Taiwan would continue to strengthen its good relationship with the United States.

Twelve months later, while President Chen continues to hope for a breakthrough in Taiwan's evolving relationship with the Chinese mainland, Taiwan's relationship with the United States is certainly becoming ever stronger. Bilateral trade between Taiwan and the United States topped $64.8 billion last year, and Taiwan was the United States' eighth largest trading partner. Last year, nearly 30,000 students from Taiwan were enrolled in United States colleges and universities. And the United States, outside of Asia, is the number one destination for Taiwan travelers. Clearly, Taiwan's people like the United States, as Taiwan and the United States share many values in common such as attachment to freedom, democracy, and human rights.

To President Chen Shui-bian of the Republic of China, I say "Good luck and good fortune. You have done a good job for your country." Last but not least, America welcomes President Chen to make a brief stopover in New York City as he travels to Central America.

TAIWANESE-AMERICAN HERITAGE WEEK

HON. SOLOMON P. ORTIZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. ORTIZ. Mr. Speaker, This week Taiwanese Americans all over the nation celebrate "Taiwanese-American Heritage Week." The week of May 13–May 20 honors the diverse contributions of over 500,000 Taiwanese-Americans in the United States. These Americans have contributed significantly to our social fabric, making notable contributions as doctors, scientists, small business professionals, entertainers, human rights activists, public servants and captains of business and industry.

It is important to recognize the achievements of Taiwanese-Americans in the United States. This week also gives us the opportunity to celebrate the success of democracy in Taiwan. Since the lifting of martial law in 1987, Taiwan has made consistent strides toward becoming an open, democratic society where freedoms are respected and the will of the people is observed. To the credit of the many Taiwanese-Americans who fought to bring democratic principles back to the island, Taiwan is now a vibrant democratic member of the international community.

The March 18, 2000, election of opposition leader Chen Shui-bian as president, and Annette Lu as vice-president, represents the crowning achievement of the struggle of the people of Taiwan for full-fledged democracy and freedom. As we all know, in a democracy, it is the elections won by opposition parties that dictate the peaceful nature of the change of power.

While the future of a democratic Taiwan is promising, many challenges remain. Gaining worldwide recognition of the legitimacy of Taiwan's govennnent is paramount. With all that Taiwanese and Taiwanese-Americans have accomplished, there is still much more work to be done before Taiwan's status and global contributions are properly appreciated. We remain confident that Taiwan will meet their challenges and continue to play a productive role in the international community.

Taiwan and the United States share a common commitment to the ideals of democracy, freedom and human rights. The 1979 Taiwan Relations Act, which forms the official basis for friendship and cooperation between the United States and Taiwan provides a strong foundation for the bond between the people of both countries. That bond is made stronger each day by the Taiwanese-American community.

I ask my colleagues to Join me in paying tribute to the Taiwanese-American community for their strength, commitment and contributions during Taiwanese-American Heritage Week.

BUSH ENERGY PLAN

HON. LUCILLE ROYBAL-ALLARD

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Ms. ROYBAL-ALLARD. Mr. Speaker, President Bush's energy plan fails on several counts, but I am particularly concerned about the fact that it completely ignores the immediate need for a short-term response to the energy crisis that is negatively impacting California.

Businesses are closing, Mr. Speaker, and people are losing their livelihoods and their ability to provide for their families.

For example, L.A. Dye & Print Works Incorporated, one of southern California's largest textile firms employing 700 people, closed its doors at the end of April.

Their natural gas costs had soared from about $120,000 per month to over $600,000 per month—that's 5 times higher than their costs at the start of 2000.

Mr. Speaker, it is important to note that this crisis is not just a California crisis, but one that is spilling over to other western states and to states across this nation.

In spite of this reality, pleas to the Bush Administration and to the Federal Energy Regulatory Commission to implement temporary cost-based pricing, which would stabilize energy prices while still allowing generators and marketers to make a healthy profit, have fallen on deaf ears.

At a time when forecasts predict that prices may hit $3 per gallon in California and New York this summer, the Administration's only solution is to drill for oil in the pristine Arctic National Wildlife Refuge. This approach ignores the fact that drilling in Alaska won't produce a barrel of oil for a decade, when Americans need relief now.

Mr. Speaker, the Administration's plan is also short sighted in that it fails to adequately support other important energy initiatives that would provide our nation with a well-balanced and comprehensive energy plan. This is demonstrated by the Administration's 27% cut in energy efficiency programs and 26% cut in renewable energy programs.

Americans want the President to stop the power generators from raiding their pockets and to stop catering to his friends in the oil industry. Americans need the President to put together a national energy policy plan that addresses both the short- and long-term needs for everyone in this country.

Americans need a plan like the Democratic energy plan, which provides assistance for business and consumers without compromising our nation's fundamental values.

TRANSCRIPT OF THE 48TH ANNUAL NATIONAL PRAYER BREAKFAST

HON. MICHAEL F. DOYLE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. DOYLE. Mr. Speaker, on behalf of the House and Senate Prayer Groups, it was an honor to chair the 48h Annual National Prayer Breakfast held on February 3rd, 2000.

Each year, leaders and guests from across the nation and around the world meet in our capital city to share breakfast and to celebrate a mutual faith in God. We join in respect and love in a remarkable time of fellowship to honor the spiritual principles that are the heritage of our country and the God who has blessed us with them. We meet not as members of different countries and creeds but as children of God to pray for guidance and peace.

Participating in the National Prayer Breakfast has been an honor and a blessing for me. The thoughts and prayers shared at this year's breakfast were of great value to those who attended, and I believe they will be so to many more. I am therefore including the program and transcript to be printed in the RECORD.

The program and transcript follow:

2000 NATIONAL PRAYER BREAKFAST

REP. ZACH WAMP: I am here to greet you in the spirit of Jesus this morning, on behalf of the Prayer Breakfast Group, and to introduce to you Maceo Sloan, the chairman, president, and chief executive officer of the Sloan Financial Group who will offer our pre-breakfast prayer. Please welcome Maceo Sloan.

MR. SLOAN: Good morning. George Washington Carver said, ''How far you go in life depends on your being tender with the young, compassionate with the aged, sympathetic with the striving and tolerant of the weak and the strong, because some day in life you will have been all of these.'' We must remember that our nation will not be judged by how prosperous we were or how innovative we were in business, but with how we assisted those most in need of a fair chance and opportunity. We must further realize that America's success is predicated on these values, and that we violate those principles if we do not reach back and embrace those Americans who have not had an opportunity nor have they benefited from our rising tide, for while a rising tide may rise all boats, it does not help if you do not have a boat. As the Reverend Jesse Jackson has said, ''We have removed the ceiling above our dreams. There are no more impossible dreams.''

My prayer for America today can be found in part in John, chapter 3, verse 18. Let us pray: Dear children, let us not love with words or tongue, but with actions and in truth. We ask you dear Lord to open our hearts to those who need our guidance, love, compassion and understanding. Lord, we are assembled here today to ask you to strengthen our commitment to love one another. We ask you to heal our nation and direct our path to righteousness. These things we ask in your name. Amen.

REP. WAMP: Thank you, Maceo. Your Congressional hosts have provided for our international guests translation into the following six languages: Chinese, German, Russian, French, Korean, and Spanish. Anyone who desires translation and has not picked up a radio receiver, please raise your hand at this time and an usher will provide you with one. For those who may need to hear the English amplified, it is also available on the radio receivers on Channel 1.

Ladies and gentlemen, if I may have your attention, for all of our enjoyment this morning, it is my privilege to introduce the Bethune-Cookman Concert Chorale. Welcome them.

(Choral Performance.)

SEN. CONNIE MACK: Good morning. My name is Connie Mack, and as the leader of the Senate Prayer Breakfast Group, it is my pleasure to welcome you to this special occasion on behalf of both the United States Senate and the House of Representatives. Members of the Senate and the House want to express a warm welcome to President and Mrs. Clinton. We are deeply honored by your presence. You have been with us every year of your presidency, and again, we are deeply grateful for your presence here with us this morning. (Applause.)

A year ago, I had the pleasure of hearing a choral group from Bethune-Cookman College, located in Daytona, Florida, sing at the inauguration of Governor Jeb Bush. I was so moved by their performance, I invited them to sing here at the breakfast this morning. (Applause.) They are going to perform again for us, The Battle Hymn of the Republic.

(Choral Performance.)

SEN. MACK: Again, I want to thank the Bethune-Cookman Concert Chorale. You have truly touched our souls and moved our hearts this morning. Thank you for getting us off to a great start.

At this point I would like to call General Joseph Ralston, United States Air Force and Vice Chairman of the Joint Chiefs of Staff, to offer the opening prayer.

GEN. RALSTON: Let us pray: Dear God, on this day of prayer, we join together in thanksgiving for the many blessings you share with us. We thank you for a land of abundant treasures, a people of limitless talents, and a nation of priceless freedoms, including freedom of religion. We ask that you grant us the wisdom, courage and strength to be faithful stewards of this trust so that future generations may benefit as we have from your bountiful gifts.

We are blessed today because we are joined by so many people, from so many nations, so many cultures, and so many religions who share in the unifying power of prayer. We ask that you enlighten all of us that we may find the path to peace and freedom, and that we all may come to embrace our similarities and resolve our differences.

We especially ask that you extend your guidance to those who have been chosen to lead your people throughout the world. Please give them the discernment of mind, heart and spirit to be benevolent and just in all they do.

Dear God, though we are of many faiths, we have one prayer in common, that you would use each of us as instruments of your peace, that we may ease the burdens of those less fortunate.

We ask this in your name. Amen.

SEN. MACK: I would ask you, if you have not already had breakfast to go ahead and eat your breakfast. Normally we have a 20 to 25 minute period for breakfast, but we have an extended program this morning and we want to get you out on time, so this is going to be an abbreviated period of about five minutes. I will be back with you in a moment.

(Breakfast)

SEN. MACK: The first prayer breakfast took place in 1953 during the administration of President Dwight David Eisenhower, and every president since President Eisenhower has been very supportive and involved in this annual event. This is a moment in time when members of Congress, the President and other national leaders and leaders and heads of countries from around the world come together in one gathering to reaffirm our trust in God and recognize the reconciling power of prayer. Although we face tremendous challenges each day in our lives, our hearts can be strengthened both individually and collectively as we seek God's wisdom and guidance together.

As I have traveled around the world, I have been blessed with the opportunity to meet with the leaders of government, business, education and clergy in the spirit of the teachings of Jesus of Nazareth. We gather in small groups representing all religions, political, cultural and economic backgrounds. We gather in the spirit of brotherhood, in the spirit of love, and in the love of God. We are gathered here this morning in that spirit, in the presence of our God. We are reminded to live each day sharing with each other, our families, our friends, and yes, even our adversaries, the peace and joy which comes from following the teachings of Jesus, teachings which speak to us of the importance of love, of hope, of peace, of joy. But the most important of these is love. In these moments we affirm who we are and why God has called us to be servant leaders in such a time as this. Once again, we join with our founders in committing our lives to God, as sovereign of our lives, and our country, and our world.

At this time, I would like to introduce the folks seated at the head table. Starting on your left and my far right—and I know that probably bothers him a little bit to be referred to as ''to my far right''—my cousin, Federal Appellate Judge Richard Arnold. General Joseph Ralston, who you heard from a moment ago. Mrs. Ralston. Hadassah Lieberman, wife of Senator Joe Lieberman. Senator Joe Lieberman. My partner in life, Priscilla Mack. The First Lady, Hillary Rodham Clinton. The President of the United States, the Honorable William Jefferson Clinton. Speaker of the House, the Honorable Dennis Hastert. The Representative of the Vatican to the United States, the Apostolic Nuncio, the Very Reverend Gabriel Montalvo. Congressman from Pennsylvania, the Honorable Mike Doyle. Ms. Amy Grant. Mrs. Joseph Gildenhorn, wife of Ambassador Gildenhorn. The former Ambassador to Switzerland, the Honorable Joseph Gildenhorn. Reverend Franklin Graham. And a young lady I was worried about for a few minutes, but she is here with us now, Erin Hughes. Mr. Maceo Sloan, who you heard from earlier this morning.

It is my privilege at this time to introduce to you the Honorable Mike Doyle, Congressman from Pennsylvania, who is the leader of the House Prayer Breakfast Group. Mike will speak on behalf of the House and the Senate Prayer Breakfast Groups.

REP. DOYLE: Thank you very much, Senator. I feel a little vertically challenged this morning. I'm going to stand up a little bit to see you. How's that, huh? (Laughter and applause.) It's not easy being short.

It is a real honor to be here this morning. Mr. President, Mrs. Clinton, Mr. Speaker, His Excellency, distinguished guests one and all, fellow sinners—have I left anyone out? (Laughter.) I want you to know it is my distinct pleasure to bring you greetings from the United States House of Representatives. I want to especially welcome our international guests, people who have traveled thousands of miles to be here with us today. Welcome. We are glad you are here.

My job this morning is to tell you a little bit about our Prayer Breakfast here in the nation's capital. Every Thursday morning we gather in the Capitol, approximately 50 or 60 members of the House, Republicans and Democrats, all religious faiths, every background, from every part of the country, and it is members only, with a few rare exceptions. The amazing thing is that what is said in that room stays in that room. That is probably unique in all of Washington, D.C.

We have breakfast together, we hear a Scripture reading, and we try to sing. We sing a hymn each morning, and some days are better than others. Then we get a member to come up and share a little bit about their life—their political journey, how they got here to Washington, D.C., their family, and most importantly, their spiritual journey. I can tell you that we learn more about a member of Congress from those 30 minutes when that member shares, than from any other activity that takes place on the House floor.

It truly is an amazing event to watch people who you see for the first time. You think, ''I don't really have much in common with that person, or I might not particularly like that person.'' Then they share their heart and tell their story and you get to see what is really inside a person. You realize that although there are so many things that separate us and there are so many differences, there is so much more that bring us together. It is in the spirit of Jesus Christ that we meet, that people open up their hearts and you get to see what is inside. It changes how you feel about people, and it changes your own life.

There is a verse in the Bible that says, ''Fix your eyes not on what is seen, but on that which is unseen, for what is seen is temporary, but that which is unseen is eternal.'' I just want to take one moment to tell you how that verse changed my life and to challenge everybody in this room to take that verse and change someone else's life with it too.

When I got to Congress in 1994, it took me about a week to realize that one of the first things you do is try to get your committee assignments. I learned right away I was not going to be sitting on the Appropriations Committee or the Ways and Means Committee as a freshman, and decided I wanted to be on the Veterans Affairs Committee because we have a lot of veterans back in Pittsburgh, Pennsylvania. I got on this committee, and the chairman at that time was a gentleman by the name of Sonny Montgomery. There was a subcommittee I wanted to serve on, the Hospital Subcommittee, but that subcommittee was pretty full. There was only one slot open and I did not have the seniority to get on the committee. I saw Sonny in the gym and I told him how much I wanted to serve on that committee, that my father was a 100 percent service-connected disabled veteran, that what the VA hospitals did for my family meant a lot to me and I would like to be able to serve on that committee. Sonny told me there were no slots on that committee.

The morning we got to the committee meeting to draw the committee assignments, I was told that I had a slot on that subcommittee because Sonny Montgomery had stepped off that committee as the chairman so that I could be on the committee. He traded something that was seen for something that was not seen. I did not know what that second half was, but that week I saw Sonny in the gym, and he asked me if I would come to the prayer breakfast that met on Thursday mornings in the House. I had never heard of it before and probably would have never attended. But because Sonny did that for me, and he did not even know me, I thought it was just a wonderful gesture on his part, I said, ''Sure, I'll come to the prayer breakfast.''

And that is how I was first acquainted with the prayer breakfast. Here I am, six years

later, having the privilege to serve as President of the House Prayer Breakfast. That single act changed my life down here in Washington, D.C., because somebody took something that was seen and traded it for something much more powerful, that which is unseen.

I know Sonny is here. I see him sitting right there at the first table. Sonny Montgomery, thank you for helping to change my life.

Ladies and gentlemen, that is my message today. Think about that when you go home. What is seen is just so temporary, but the unseen things in life, love, are the really powerful things in your life. Touch someone else's heart when you go home today. Trade something seen for something unseen, and you will change people's lives.

God bless you all.

SEN. MACK: Mike, thank you for that story and for helping us interpret the meaning of the Scripture that you read. Thank you again very much for that personal story.

We will now hear a reading from the Old Testament by the Honorable Joseph Gildenhorn, former Ambassador to Switzerland, a man who has been involved with this gathering for many years.

AMB. GILDENHORN: Thank you, Senator. As we start the new millennium, our hope, desire and prayer is to promote peace throughout the world. Our country's divine mission is to help find solutions to problems facing nations both in distress and in turmoil. To me, this is America's noblest calling, to be a strong and trusted peacemaker and peacekeeper wherever conflicts occur. We pray that we are successful in meeting this awesome responsibility, not only for ourselves but for our fellow man. I believe that the unqualified acceptance by our country to play a major leadership role in seeking universal peace poignantly demonstrates the greatness of America as we look to the future.

I have chosen a passage from the book of Micah, chapter 4, verses 1–5, which I believe is relevant to this message. It reads: ''But in the last days it shall come to pass that the mountain of the house of the Lord shall be established in the top of the mountain, and shall be exalted above the hills, and people shall go unto it. And many nations shall come and say, Come, let us go up to the mountain of the Lord, to the house of the God of Jacob; that he may teach us his ways and we may walk in his paths. For out of Zion shall go forth the law, and the word of the Lord from Jerusalem. He shall judge between many peoples and shall decide for strong nations afar off, and they shall beat swords into plowshares and their papers into pruning hooks. Nations shall not lift up sword against nation. Neither shall they learn war anymore. But they shall sit, every man under his vine and under his fig tree, and none shall make them afraid, for the mouth of the Lord of Hosts hath spoken it. For all people will walk, everyone in the name of his god, and we will walk in the name of the Lord our God forever and ever.''

SEN. MACK: Thank you, Mr. Ambassador.

The music of Amy Grant has touched the lives of people throughout the world. She has toured extensively, spreading a message of hope and love, and her faith has been the driving force of what she has done in the past 20 years. I am pleased to have Amy with us this morning, singing the beautiful ''El-Shaddai.''

(Amy Grant performs.)

SEN. MACK: Amy, once again you have reminded us that music truly is the voice of the soul. Thank you very much for that beautiful song.

It is now a special pleasure and a delight, frankly, to introduce a gentleman from Arkansas, of whom I am very proud. He is my cousin, Richard Arnold, and he is a federal judge with the 8th Circuit Court of Appeals. Richard will read a Scripture reading from the New Testament.

JUDGE ARNOLD: Thank you, Mr. Chairman. This is a reading from the Holy Gospel according to Matthew: The Kingdom of Heaven is like treasure hidden in a field, which someone has found. He hides it again, goes off in his joy, sells everything he owns and buys the field. Again, the Kingdom of Heaven is like a merchant looking for fine pearls. When he finds one of great value, he goes and sells everything he owns and buys it. Again, the Kingdom of Heaven is like a drag net that is cast into the sea and brings in a haul of all kinds of fish. When it is full, the fishermen haul it ashore. Then sitting down, they collect the good ones in baskets and throw away those that are of no use. ''Have you understood all this?'' He said. They said, ''Yes.'' And He said to them, ''Well, then, every scribe who becomes a disciple of the Kingdom of Heaven is like a householder who brings out from his store room new things as well as old.''

SEN. MACK: Thank you, Richard.

Last year we had a conversation with the Vatican about the possibility of the Pope coming to this prayer breakfast. However, we were unable to make the arrangements. We do have, however, a very special message personally written by Pope John Paul II, which has been sent to us through the Archbishop Gabriel Montalvo, the Apostolic Nuncio in the United States. It is my pleasure now to introduce the Most Reverend Gabriel Montalvo, who will bring to us the special message from the Pope.

ARCHBISHOP MONTALVO: To the distinguished participants in the 48th National Prayer Breakfast. ''Christ yesterday and today, the beginning and the end, Alpha and Omega; all time belongs to him and all the ages. To Him be glory and power through every age, forever. Amen''

With this ancient invocation to the Lord of History, I greet all of you and thank you for the gracious invitation extended to me through Senator Connie Mack, to address the 48th National Prayer Breakfast sponsored by the Congress of the United States. Although it is not possible for me to be present in person, I am grateful for this opportunity to share some thoughts with you through my representative in the United States, Archbishop Gabriel Montalvo.

We are now at the dawn of the new millennium, when followers of Christ throughout the world are celebrating the Great Jubilee of the year 2000, the 2000th anniversary of Christ's taking flesh and dwelling among us, the central event of history and the key to the meaning of human existence.

The beginning of the millennium evokes reflection on the passage of time, especially when we are convinced that humanity is at the crossroads and must make important decisions regarding the epoch that is opening up before us. This is a time to reaffirm our belief that the God who created the universe and fashioned human beings in his own image and likeness continues to guide and sustain human history. The Great Jubilee of the Year 2000 obliges us followers of Christ to renew our faith in Christ, the key, the center and the goal of all history, the new Adam who reveals man to himself, unlocks the mystery of his origin and goal, and sheds light on the path that leads to humanity's true destiny.

This great vision of faith has an authentic public dimension: for the deeper understanding of the truth about human nature and human fulfillment, given to us by faith, naturally inspires efforts to build a better and more humane world. The century that just ended has shown clearly that immense suffering results when economic and political systems do not respect the full truth about man, his spiritual nature and his quest for the transcendental in his search for truth and freedom.

This great project—the building of our world more worthy of the human person and our society, which can foster a renaissance of the human spirit—calls also for that sense of moral responsibility which flows from commitment to truth: ''walking the path of truth,'' as the Apostle John puts it. And such a moral responsibility, by its very nature, cannot be reduced to a purely private matter. The light of Christ should illumine every thought, word and action. There is no area of personal or social life, which is not meant to penetrate, enliven and make fruitful. The spread of a purely utilitarian approach to the great moral issues of public life points to the urgent need for a rigorous and reasonable public discourse about the moral norms that are the foundation of any just society. A living relationship with the truth, Scripture teaches, is the very source and condition of authentic and lasting freedom.

Your nation was built as an experiment in ordered freedom, an experiment in which the exercise of individual freedom would contribute to the common good. The American separation of Church and State as institutions was accomplished from the beginning of your republic by the conviction that strong religious faith, and the public expression of religious faith, and the public expression of religiously informed judgments, contribute a significantly to the moral health of the body politic. Within the fabric of your national life, a particular moral authority has been entrusted to you who are invested with political responsibility as representatives of the American people. In the great Western democratic tradition, men and women in political life are servants of the polis in its fullest sense—as a moral and civil commonwealth. They are not mere brokers of power in a political process, taking place in a vacuum, cut off from private and public morality. Leadership in a true democracy involves much more than simply the mastering the techniques of political management: your vocation as representatives calls for vision, wisdom, a spirit of contemplation, and a passion for justice and truth.

Looking back on my own lifetime, I am convinced that the epoch-making changes taking place and the challenges appearing at the dawn of this new millennium call for just such a prophetic function on the part of religious believers in public life. And, may I say, this is particularly true of you who represent the American people, with their rich heritage of commitment to freedom and equality under the law, their spirit of independence and commitment to the common good, their self-reliance and generosity and sharing their God-given gifts. In the century just ended, this heritage became synonymous with freedom itself for people throughout the world, as they sought to cast off the shackles of totalitarianism and to live in freedom. As one who is personally grateful for what America did for the world in the darkest days of the 20th century, allow me to ask: will America continue to inspire people to

build a truly better world, a world in which freedom is ordered to truth and goodness; or will America offer the example of pseudo freedom which, detached from the moral norms that give life direction and fruitfulness, turns in practice into a narrow and ultimately inhuman self-enslavement, one which murders people's spirits and dissolves the foundations of social life? These questions pose themselves in a particularly sharp way when we confront the urgent issue of protecting every human being's inalienable right to life from conception until natural death. This is the great civil rights issue of our time, and the world looks to the United States for leadership in cherishing every human life and in providing legal protection for all the members of the human community, but especially those who are weakest and most vulnerable.

For believers who bear political responsibility, our times offer a daunting yet exhilarating challenge. I even go so far as to say that their task is to save democracy from self-destruction. Democracy is our best opportunity to promote the values that will make the world a better place for everyone, but a society that extols individual choice as the ultimate source of truth undermines the very foundations of democracy. If there is no objective moral order that everyone must respect, and if each individual is expected to supply his or her own truth and ethic of life, there remains only the path of contractual mechanisms as the way of organizing our living together in society. In such a society, the strong will prevail and the weak will be swept aside. As we have written, ''if there is no ultimate truth to guide and direct political action, then ideas and convictions can easily be manipulated for reasons of power. As history demonstrates, a democracy without values easily turns into open or thinly disguised totalitarianism.''

Faith compels followers of Christ in the public arena in your country to promote a new political culture of service, based on the vision of life and civilization that has sustained the American people in their positive character and outlook that has nourished their optimism, their hope, their willingness to be generous in the service of others, and will protect them from the cynicism which dissipates the very energies needed for building the future. Today, this optimism is being tested, but the Gospel of Jesus Christ remains the sturdy foundation of hope for the future.

I am convinced that, precisely at these crossroads in history, Christ's message of truth and justice, and of our universal brotherhood as God's beloved children, has the power to emerge once again as the ''good news'' for our times, a compelling invitation to real hope. It will do so if the power of God leading to salvation is seen in the transformed lives of those who profess the Gospel as the pole star of their lives and the deepest source of their commitment to others. To build a future of hope is, to use a favorite expression of the late Paul VI, to build a ''civilization of love.'' Love, as Scripture teaches, casts out fear, fear of the future, fear of the other, fear that there is not enough room at the banquet of life for the least of our brothers and sisters. Love does not tear down, but is rather the virtue that builds up. And this is my prayer for you: that as men and women involved in public life, you will truly be builders of a civilization of love, of a society which precisely because it embodies the highest values of truth, justice and freedom for all, is also a sign of the presence of God's kingdom and its peace.

May God grant you peace in your personal lives, in your families, and in the country you are privileged to serve. From the Vatican, January 29, 2000, John Paul II.

SEN. MACK: Your Excellency, the members of the House and the Senate and our guests this morning feel honored and privileged to have received the message from the Pope, and we thank you for delivering it this morning.

At this time, it is my pleasure to introduce to you the Speaker of the House, Mr. Denny Hastert.

REP. HASTERT: Thank you, Senator. Would you please bow your heads and join with me in prayer.

Heavenly Father, in the book of Romans, the Apostle Paul writes that we should offer our bodies as living sacrifices to you. And Paul continues and he says we have different gifts according to the grace given to us. If a man's gift is prophesying, let him use it in proportion to his faith. If it is serving, let him serve. If it is teaching, let him teach. If it is encouraging, let him encourage. If it is contributing to the needs of others, let him give generously. If it is leadership, let him govern diligently. If it is showing mercy, let him do it cheerfully.

Those of us gathered here in your name, Lord, have many different gifts, but we all carry the responsibility of leadership. But our first responsibility, Lord, is to serve you. And let us remember that only through faith in you can we transcend the fears and the doubts that confront us day by day. Through your providence, you have helped place in us these positions where we can do much good. And so we pray to you, Lord, to help us govern diligently, to bless us with the wisdom we need to make the decisions that will best help our nation.

Lord, also help us to remember your goodness and your mercy so that we may show that goodness and mercy to others. And help us to always remember why we have been called into your service and into the service of this nation. Lord, as we walk these paths of responsibility and governance, let us remember that when we are on the high roads, when people are looking up to us, that we continue to look to thee so that we don't trip and fall. Lord, and when we walk the low roads, when it is dark, help us again turn to thee for your faith and your guidance and your love.

We ask this, Lord, in your precious name. Amen.

SEN. MACK: Thank you very much, Mr. Speaker. Our principal speaker today is a very dear friend, the Senator from Connecticut, Senator Joseph Lieberman. I have been privileged in my years in the Senate to have known Joe. He is a participant in our weekly Senate prayer breakfast. Joe and I have worked together in the Senate on a number of issues, and we have traveled together and had great times together. He is truly one of the finest men I have known. And he has sometimes been referred to as the conscience of the Senate. It is a special joy to be able to present to you my friend and colleague, Senator Joe Lieberman.

SEN. LIEBERMAN: Here is evidence of the power of prayer to raise a man up. (Laughter.) Thank you, Connie Mack, my dear friend. You are one of the most thoughtful, decent, loving people that I have ever met or known. You not only give politics a good name, you give humanity a good name. Thank you very much. (Applause.)

Perhaps you can hear—I have been struggling with a cold and a sore throat for the last few days. This brings to mind an incident that happened many years ago when I went to a synagogue in my home city of New Haven. The Rabbi got up at the time for the sermon and he said, ''Dear congregants, those of you who have been here for the daily services and those who are here today, can hear that I have a terrible sore throat, and frankly I had decided that I would not give a sermon this morning. But then I thought to myself, why should you derive pleasure from my misery?'' (Laughter.) So, with that in mind, I proceed.

Mr. President, Mrs. Clinton, Speaker Hastert, distinguished clergy, particularly here at the head table, Archbishop Montalvo and Reverend Graham, other head table guests, honored guests in the hall, ladies and gentlemen, to each and every one of you, I extend the greeting that the people of Jerusalem in temple times extended to those who came to thank God for his blessings. (In Hebrew.) ''Blessed be those who come in the name of the Lord.''

Mr. President, Mrs. Clinton, I want to particularly pray for you this morning as we begin a session of Congress and you begin the final year of this extraordinary administration. God has given you gifts that you have used so magnificently in the service of the people of this country, indeed, of the people of the world, literally raising up millions of our fellow citizens and making peace in places where most people thought that was impossible. God has given you many gifts, and this morning I think God particularly for the gift that God has given you, Mr. President, to speak the language of faith as you have at moments of crisis in our history over the last seven years in a way that is powerfully unifying and inclusive. May God bless both of you, not only this year, but as you continue your lives of service in the years ahead. God bless you. (Applause.)

This morning, uniquely in this place, this very temporal city we come together to reach up to the timeless, which brings to mind the story of the man who is blessed to be able to speak with God. And in awe of the Lord's freedom from human constraints of time and space asks respectfully, ''Lord, help me understand—what is a second of time like to you?'' And God answers, ''A second, my son, to me is like a thousand years.'' The man then asks, ''Then Lord, help me to understand in my own mundane way—what is a penny like to you?'' ''To me,'' the Lord declares, ''A penny is like a million dollars.'' The man pauses, thinks for a moment, and then asks, ''Lord, would you give me a penny?'' And God answers, ''I will, in a second.'' (Laughter and applause.)

I am honored deeply by being asked to speak to you this morning. But as that story suggests, I proceed with a profound sense of my own human limitations.

I want to begin by talking with you about the weekly Senate prayer breakfast. Those still small gatherings that have, along with their counterpart in the House, spawned this magnificent National Prayer Breakfast, as well as similar meetings in every American state and so many countries throughout the world.

When I was first invited to the Senate Prayer Breakfast years ago, I found a lot of excuses not to go. Some were good, like my reluctance to leave my family early on another weekday morning. But some excuses turned out to be not so good, like my apprehension that the Senate Prayer Breakfast was really a Christian breakfast, and that because I am Jewish, either I might feel awkward or my presence might inhibit my Christian friends in the Senate in their expressions of faith. Well, I turned out to be

wrong on both counts. The regular participants in the breakfast and our wonderful shepherd, Chaplain Lloyd Ogilvie, persisted and finally convinced me to attend by employing a tactic that usually works with us politicians. They asked me to be the speaker. (Laughter.)

That was a very important morning in my now 11 years in Washington. We began with prayer and readings from the Bible, and then called on the Chaplain who told us about some people in the Senate family we might want to pray for because they were ill or had lost loved ones. And then it was my turn. I spoke about the Passover holiday and answered some very thoughtful questions. At the end, we joined hands and prayed together. All in all, it lasted less than an hour, but I will tell you, I was moved that morning. More than that, I felt at home. I found a home. Today, years later, I can tell you that the Senate Prayer Breakfasts have become the time in my hectic life in the Senate when I feel most at home, most natural, most free, most tied to a community, because when we are at those breakfasts, we are there not as senators, not as Republicans or Democrats or liberals, or conservatives—not even particularly as Christians or Jews. We are there as men and women of faith, linked by a bond that transcends all the other descriptors and dividers, our shared love of God, and acceptance of his sovereignty over us, in our common commitment to struggle to live according to the universal moral laws of the Lord.

I pray that all of you who have come from so many places, some from so far to be here this morning, feel that same unifying, humanizing, elevating love. And I also pray as we begin this new session of Congress that your presence will inspire those of us who are privileged to serve in government to appreciate the truth that is so palpable at these breakfasts. What unites us is so much greater than what divides us. The work that needs to be done for the people we in government serve will best be done if we work together and we will work together best if we understand that we are blessed, not only to be citizens of the same beloved country, but children of the same awesome God.

Praying for the Lord's guidance, as Connie has said as we begin a new session of Congress, has been the traditional purpose of this National Prayer Breakfast. But there is another stated aspiration, and I quote, ''To reaffirm our faith and renew the dedication of our nation and ourselves to God and his purposes.''

I want to speak with you about that second goal this morning because I believe it is critically important at this moment in our national history, when our economic life and so much else is thriving, but there is evidence that our moral life is stagnating. Although so much is so good in our country today, there are other ways in which we need to do better. There is, for example, compelling evidence that our culture has coarsened, that our standards of decency and civility have eroded, and that the traditional sources of values in our society—faith, family and community—are in a life and death struggle with the darker forces of immorality, inhumanity and greed.

From the beginning of our existence, we Americans have known where to turn in such times of moral challenge. John Adams wrote, ''Our Constitution was made only for a moral and religious people.'' George Washington warned us never to indulge the supposition that morality can be maintained without religion. That is why we pledge our allegiance, after all, to one nation, under God, and why faith has played such a central role in our nation's history.

Great spiritual awakenings have brought strength and purpose to the American experience. In the 18th century, for instance, the First Great Awakening put America on the road to independence and freedom and equality. In the 19th century, the Second Awakening gave birth to the abolitionist movement, which removed the stain of slavery from American life and made the promise of equality more real. And early in the 20th century, a third religious awakening led to great acts of justice and charity toward the poor and the exploited, which expressed themselves in a progressive burst of social and humane legislation.

In recent years, I believe, there have been clear signs of a new American spiritual awakening. This one began in the hearts of millions of Americans like you who felt threatened by the vulgarity and violence in our society and turned to religion as the best way to rebuild a wall of principle and purpose around themselves and their families. Christians flocked to their churches, Jews to their synagogues, Muslims to their mosques, and Buddhists and Hindus to their temples. Others chose alternate spiritual movements as their way to values, order and peace of mind. I have thought at times that it has been as if millions of modern men and women were hearing the ancient voice of the prophet Hosea saying, ''Thou hast stumbled in thine inequity, therefore, turn to thy

This morning I want to ask all of you here to think with me how we can strengthen and expand the current spiritual awakening so that it not only inspires us individually and within our separate faith communities, but also renews and elevates the moral and cultural life of our country. Let me suggest that we can begin by talking more to each other about our beliefs and our values, talking in the spirit of these prayer breakfasts—open, generous, and mutually respectful—so that we may strengthen each other in our common quest.

The Catholic theologian Michael Novak has written wisely, ''Americans are starved for good conversations about important matters of the human spirit. In Victorian England, religious devotion was not a forbidden topic of conversation, sex was. In America today, the inhibitions are reversed.'' So, let us break through those inhibitions to talk together, study together, and pray together, remembering the call in Chronicles to give thanks to God, to declare his name and to make his acts known among the peoples, to sing to him, and speak of all his wonders. And I would add that we who believe and observe have an additional opportunity and responsibility to reach out to those who may neither believe nor observe and reassure them that we share with them the core values of America, and that our faith is not inconsistent with their freedom, that our mission is not one of intolerance but of love.

Discussion, and study and prayer, I think, are only the beginning, because we know, all of us from our faith communities, that in the end we will be judged by our behavior. In the Koran, the prophet says, ''So woe to the praying ones who are unmindful of their prayer and refrain from acts of kindness.'' Isaiah at one point seems to summarize the entire Torah in two acts: keep justice and do righteousness. And the Beatitudes inspire and direct us beautifully to action. Blessed are they who hunger and thirst after righteousness, for they shall be filled. Blessed are the merciful, for they shall obtain mercy. Blessed are the pure in heart, for they shall see God. Blessed are the peacemakers, for they will be called the children of God.

Turning faith into action I think is particularly appropriate in this millennial year, whose significance will be determined not by turning a page on our calendars at work or home, but by turning a page on the calendars of our hearts and deeds. To make a difference, we must take our religious beliefs and values, our sense of justice and right and wrong into America's communal and cultural life. In fact, I want to suggest to you this morning that there is good news, that that has begun to happen. In our nation's public places, including our schools, people are finding constitutional ways to honor and express faith in God. In the entertainment industry, a surge of persistent public pressure, a revolt of the revolted, has prodded at least some executives to acknowledge their civic responsibility to our society and our children. It is even happening in government, my friends, where we have come together, under the leadership of President Clinton in recent years, to embrace some of our best values, by enacting, for instance, new laws and programs that help the poor by reforming welfare, that protect the innocent by combating crime, and that restore responsibility and trust by balancing our budget. In communities across America, people of faith are working to repair some of the worst effects of our damaged moral and cultural life, like teenage pregnancy, family disintegration, drug dependency and homelessness. Charitable giving is up. More of the young are turning to community service. And because our economy is booming, or perhaps in spite of it, people are finding that they need more than material wealth to achieve happiness. They want spiritual fulfillment, cultural inspiration, more time with their families, and more confidence that they in their lives are making a difference for the better.

So, there is ample reason in this millennial year to go forward from this 48th National Prayer Breakfast with our hearts full of hope, ready, each of us in our own way, to serve God with gladness, to work to transform these good beginnings into America's next spiritual awakening, one that will secure the moral future of our nation and raise up the quality of life of all of our people.

''Let your light shine before others,'' Jesus said, ''so that they may see your good works and give glory to your father in heaven.'' And if enough of us do let our lights shine before others and involve ourselves in good works, then in time, as Isaiah prophesied, ''Every valley will be exalted, every mountain and hill will be made low, the crooked will become straight, and the rough places smooth, for the earth will be full of the glory of the Lord.''

Thank you. God bless you. Godspeed.

SEN. MACK: Joe, thank you very much for that most inspiring and thoughtful and beautiful presentation, the message of which is unity and love that we share among each other. Thank you again for that beautiful message.

Distinguished guests, ladies and gentlemen, as I mentioned a moment ago, we are deeply honored to have both the President and Mrs. Clinton with us this morning. It is now my pleasure and honor to present to you the President of the United States.

(Applause.)

PRESIDENT CLINTON: Thank you. Thank you very much. Thank you and good morning Senator Mack, Senator Lieberman, Mr. Speaker, Congressman Doyle, other distinguished head table guests, and members of

Congress and the Cabinet and my fellow Americans and our visitors who have come from all across the world. Let me thank you again for this prayer breakfast and for giving Hillary and me the opportunity to come. I ask that we remember in our prayers today the people who are particularly grieved, the men, women and children who lost their loved ones on Alaska Airlines Flight 261. And let me say to all of you, I look forward to this day so much every year; a little time to get away from public service and politics into the realm of the spirit and to accept your prayers.

This is a special year for me because, like Senator Mack, I am not coming back, at least in my present position. I have given a lot of thought to what I might say today, much of it voiced by my friend of 30 years now, Senator Joe Lieberman, who did a wonderful job for all of us.

The question I would hope that all of my fellow citizens would ask themselves today is: ''What responsibilities are now imposed on us because we live at perhaps the greatest moment of prosperity and promise in the history of our nation, at a time when the world is growing ever more interdependent? What special responsibilities do we have?'' Joe talked about some of them.

I sometimes think in my wry way: when Senator Mack referred to his cousin, Judge Arnold, a longtime friend of Hillary's and mine, as being on his far right and that making it uncomfortable, I laughed to myself, ''That's why Connie wanted him on the bench so he'd get one more Democrat out of the public debate.'' (Laughter.) But I wonder how long we will be all right after this prayer breakfast. I wonder if we will make it 15 minutes or 30 or an hour; maybe we will make it 48 hours before we will just be back to normal.

So I want to ask you to think about that today: What is underneath the fundamental points that Senator Lieberman made today? For us Christians, Jesus said the two most important commandments of all were to love the Lord with all our heart and to love our neighbors as ourselves. The Torah says that anyone who turns aside the stranger acts as if he turned aside the most high God. The Koran contains its own powerful version of the golden rule, telling us never to do unto others what we would not like done to ourselves.

So what I would like to ask you in this, my last opportunity to be the President at this wonderful prayer breakfast: Who are our neighbors? And what does it mean to love them?

His Holiness John Paul II wrote us a letter about how he answered that question, and we are grateful for that.

For me, we must start with the fact that ''neighbors'' mean something different today in common language than it did when I was a boy. It really means something different in common language than it did when I became president, when there were 50 websites on the world wide web. Today there are over 50 million, in only seven years, so that we see that within our borders we are not only growing more diverse every day, in terms of race and ethnic groups and religion, but we can talk to people all across the world in an instant, in ever more interesting ways that go far beyond business and commerce and politics.

I have a cousin who is from the same little town in Arkansas I am, who plays chess a couple times a week with a man in Australia, 8,000 miles away. The world is growing smaller and more interdependent.

The point I would like to make to you today is, as time and space contract, the wisdom of the human heart must expand. We must be able to love our neighbors and accept our essential oneness.

Now, globalization is forcing us to that conclusion. So is science. I have had many opportunities to say in the last few months that the most enlightening evening I had last year was one that Hillary sponsored at the White House, where a distinguished scientist, an expert in human genome research, informed us that we are all genetically 99.9 percent the same, and furthermore said that the differences among people in the same racial and ethnic group genetically are greater than the differences from group to group.

For some, that is reassuring. For some, that is disturbing. When I said that in the State of the Union, the Republicans and Democrats both laughed uncomfortably. (Laughter.) It seemed inconceivable. (Soft laughter.) But the truth is that modern science has taught us what we always learned from ancient faiths: the most important fact of life on this Earth is our common humanity.

Our faith is the conviction of things unseen—I love what Representative Doyle said—but more and more our faith is confirmed by what we know and see. So with all the blessings we now enjoy, what shall we do with it? If we say, okay, we accept it, God, even though we don't like it everyday, we are one with our brothers and sisters. Whether we like them or not all the time, we have to be bigger. Our hearts have to grow deeper. Time and space contract; help us to expand our spirits. What does that mean?

We know we cannot build our own future without helping others to build theirs, but many of us live on the cutting edge of a new economy while over a billion people live on the bare edge of survival; and here in our own country there are still too many poor children and too many communities that have not participated in our prosperity.

The Bible says that Jesus warned us that even as we do it unto the least of these, we have done it unto our God. When times are tough and all of our fellow citizens are having a hard time pulling together, we can be forgiven if we look at the welfare of the whole. Now the welfare of the whole is the strongest it has ever been, but people within our country and beyond our borders are still in trouble—people with good values, people with the values you have held up here today, people who would gladly work. We dare not turn away from them if we believe in our common humanity.

We see all over the world a chorus of denial about our common responsibility for the welfare of this planet, even though all the scientists say that it is changing and warming at an unsustainable rate, and all the great faiths remind us of our solemn obligation to our earthly home.

Even more troubling to me, our dazzling modern world is witness to a resurgence of society's oldest demon—the inability to love our closest neighbors as ourselves if they look or worship differently from the rest of us. Today the Irish peace process is strained by a lack of trust between Republican Catholics and Protestant Unionists. In the Middle East, with all its hope, we are still having to work very hard to overcome the profoundest of suspicions between Israeli Jews and Palestinian and Syrian Arabs.

We have people here today from the Indian subcontinent, perhaps the most dangerous place in the world today because of the tensions over Kashmir and the possession of nuclear weapons. Yet, when people from the Indian subcontinent come to America, they do better than nearly anybody because of their family values, their work ethics and their remarkable innate capacity for absorbing all the lessons of modern science and technology.

In Bosnia and Kosovo, Christians thought they were being patriotic to cleanse their lands of Muslims. In other places, Islamic terrorists claim their faith commands them to kill infidels, though the Koran teaches that God created nations and tribes that we might know one another, not that we might despise one another. Here at home, we still see Asians, blacks, gays, even in one instance last year children at a Jewish school, subject to attacks just because of who they are.

Here in Washington, we are not blameless, for we often, too, forget in the heat of political battle our common humanity. We slip from honest difference, which is healthy, into dishonest demonization. We ignore when we are all tight and in a fight, all those biblical admonitions we profess to believe, that we all see through a glass darkly; that with St. Paul, we all do what we would not and we do not do what we would; that faith, hope and charity abide, but ''the greatest of these is charity''; that God says to all of us, not just some: ''I have redeemed you. I have called you by your name. You are mine, all of you.''

Once Abraham Lincoln responded to some friends of his who were complaining really bitterly about politicians who would not support him. And he said to them, and I quote: ''You have more of a feeling of personal resentment than I have. Perhaps I have too little of it. But I never thought it paid.''

We know it does not pay. And the truth is we are all here today because, in God's timetable, we are all just like Senator Mack and me: we are all term-limited.

In my lifetime, our nation has never had the chance we now have—to build the future of our dreams for our children, to be good neighbors to the rest of the world, to live out the admonition of all our faiths. To do it, we will have to first conquer our own demons and embrace our common humanity, with humility and gratitude.

I leave you with the words of a great prayer by Chief Seattle. ''This we know: all things are connected. We did not weave the web of life. We are merely a strand in it, and whatever we do to the web, we do to ourselves.''

May God bless you all. (Applause.)

SEN. MACK: Mr. President, thank you for those comments. At least for me, what you said was a challenge, a challenge to reconcile the way we live, what we do, with the spirit that we hold so dear—the challenge for us as individuals and the challenge for the nation as well. Thank you so much for those beautiful words. (Applause.)

Mr. President, we have another very special moment, I think. Our closing song this morning will be sung by a young lady from my hometown of Ft. Myers, Florida. Her name is Erin Hughes. I had the joy of hearing Erin sing last year at the prayer breakfast in Ft. Myers. Erin will sing for us The Lord's Prayer.

(Erin Hughes performs.)

SEN. MACK: Wow! Thank you so much, Erin. You touched my heart a year ago, and you touched it again this morning. Thank you so much.

Now I would like to call on Reverend Franklin Graham, who will lead us in the closing prayer. But first let me say to you,

Franklin, we are delighted to have you with us. Your father, Billy Graham, was one of the founders of this event in 1953, and has been with us almost every year since its inception. We wish him and your mother our best and our love, and our prayers are with both of them.

REV. FRANKLIN GRAHAM: Thank you, Senator Mack. Mr. President, Mrs. Clinton, Mr. Speaker, distinguished guests, ladies and gentlemen, I bring greetings to you from my mother and father. I spoke with my father last night, Mr. President, and he asked I give to you and Mrs. Clinton his love and his greetings. He is unable to be with us this morning due to an operation that my mother had just a few days ago. She is in the hospital, and she is not doing very well. I know my mother and father would appreciate your prayers for them.

We have heard much said about a new beginning at the start of this millennium. Many would like to have a new beginning because of the mistakes and sin in their lives. They wish they could experience forgiveness and just some way start over again, to have a new beginning. This is exactly what you can have with Jesus Christ, a new beginning. In your personal life, your home, your family, in your role as a leader, in your office, in daily relationships and responsibilities, a new beginning is what Jesus Christ accomplished with his death on the cross and his resurrection from the grave. The Bible says that we have all sinned and come short of God's glory and that the wages of sin is death. But God so loved the world that he gave his only begotten son, that whosoever believeth in him should not perish but have everlasting life. God gives each one who will respond in faith to his son the opportunity for a new beginning. If we confess our sins to God and repent, and by faith receive Jesus Christ, God's son, into our hearts and make him the lord of our lives, God will forgive our sins. He will heal our hearts and give us the hope of eternal life, through Jesus Christ our Lord.

Let us pray: Our father and our God, once again, we thank you for this unique occasion that brings us together to reflect on your goodness to our nation, to meditate on thy word and pray to you with thanksgiving. We come this morning first of all to pray especially for those in leadership over us. We ask you to give wisdom and strength to our President, to our Vice President, the Cabinet, the members of the Supreme Court, the Congress, our military leaders, and all others who carry such heavy responsibility in our nation. We thank you for their willingness to give of themselves, sometimes at great personal sacrifice. We pray also for those heads of state and those who have joined us from other nations.

We humbly turn to you, oh God, for the help we need each day. In spite of the fact that we are now in the year 2000, the social problems of the world are still with us, as they have been since the dawn of history. Our tremendous technological and scientific achievements have not solved the basic human heart and the problems of this world of greed, and pride, and moral depravity and hatred, or the problem of loneliness and sorrow and suffering.

Once again as we have gathered here in this great city and amidst this bountiful breakfast, we are reminded that there are those that are hungry and hurting in this country and around the world. We pause, father, to remember those who are homeless and those who are starving, those who are living under war and oppression and persecution like in the Sudan and other parts of the world. Oh, father, guide our President and leaders in Congress as they try to solve and respond to the great political and humanitarian crises at home and around the world.

You alone have given this nation our prosperity, father. You have given our freedom, and our strength. Our faith in you, oh God, is our heritage and our foundation. We have neglected your word. We have ignored your laws. We have tried to solve our problems without reference to you, and we ask for your forgiveness. Help us this day to confess our sins and to repent and to receive by faith your salvation, your son, Jesus Christ. Thank you for our great nation and the freedoms you have given to us. With this freedom, may we not serve ourselves, but may we serve others in your holy name. Amen.

SEN. MACK: That concludes our prayer breakfast. There have been lots of people who have spent a great deal of time in preparing both the program and the breakfast this morning, and I would like for you to give them and all those who volunteered a round of applause. (Applause.)

I would like to take this opportunity to thank you for coming this morning. Your presence has helped to make the event a great success, and I hope you are happy that you came and that you are leaving with a very special spirit.

Good morning, and God bless.

FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2002 AND 2003

SPEECH OF

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 16, 2001

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1646) to authorize appropriations for the Department of State for fiscal years 2002 and 2003, and for other purposes:

Mr. DINGELL. Mr. Chairman, I rise in strong opposition to this amendment, and in great bewilderment over it's purpose. Passing this amendment will damage the credibility of the United States in the Middle East, weaken the government of Lebanon, and further isolate and endanger Israel. It, in fact, runs counter to the objectives of establishing stability along the Lebanese-Israeli border and fostering a climate more conducive to peace in the Middle East.

While this amendment doesn't help the U.S., Lebanon, or Israel, it does strengthen the appeal of extremist groups in South Lebanon and increases Syrian influence over Lebanon. This amendment lands a haymaker on the person of innocent Lebanese civilians, USAID and U.S. educational institutions. Mr. Chairman, I cannot believe that my good friend from California really wants the result he is going to get.

Proponents of this reckless amendment have quoted a lot of sources, but I want to read what Secretary of State Colin Powell had to say about this matter. "The Department opposes the amendment proposed by Representative LANTOS to H.R. 1646. If enacted, this amendment would severely impede our ability to pursue the critical U.S. policy objectives in Lebanon and the region, including stabilizing the south and providing a counterweight to the extremist forces." Mr. Chairman, I submit a copy of this letter for the CONGRESSIONAL RECORD. Colleagues, if you want to perpetuate instability in Lebanon and undermine the Lebanese government's efforts to rebuild the nation, the Lantos amendment is the mechanism for doing so.

Kofi Annan, Secretary General of the United Nations, has been quoted. He had this to say about what the Lebanese are doing: "At present, Lebanese administrators, police, security, and army personnel function throughout the area (southern Lebanon), and their presence and activities continue to grow. They are reestablishing local administration in the villages and have made progress in reintegrating the communications infrastructure, health, and welfare systems with the rest of the country."

That is what this amendment would bring to a halt. He goes on to say. "The Lebanese Joint Security Forces proceeded smoothly, and the return to Lebanese administration is ongoing. I appeal to donors to help the Lebanese meet urgent needs for relief and economic revival in the south, pending the holding of a full-fledged donor conference."

Mr. Chairman, I submit the Secretary General's full report of October 31, 2000, for the RECORD. Mr. Annan has gone on to point out that we should help, not hurt, the Lebanese in these undertakings.

United Nations Security Council Resolution 425 has been cited today. I submit for the RECORD the entire text of that resolution. Had proponents of this measure read UNSCR 425, they would know that Lebanon is neither required to deploy a specific number of troops to south Lebanon, nor take specific steps to reestablish "effective control." However, U.S. Assistant Secretary for Near Asian Affairs Ned Walker testified to Mr. LANTOS' committee on March 29 that, "The Lebanese government has sent a thousand security forces, both military and police, to the southern area (of Lebanon)."

Last May, Israel withdrew its troops from south Lebanon for the first time since 1977. Only then did Lebanon regain the ability to govern the south. Lebanon, which is in the process of rebuilding its economy after years of war, has actively sought international aid to assist in its efforts to reunite the south with the rest of the country, replace infrastructure, and provide basic social services. Congress recognized that providing USAID assistance to Lebanon in wake of Israel's withdrawal was critical, and increased the Lebanese assistance package from $12 to $35 million. I would note that the gentleman from California (Mr. LANTOS) joined me by signing a letter to President Clinton in support of this aid. I would also note that Israel received $4.1 billion. Israel even received $50 million from the U.S. to finance its withdrawal from Lebanon. This figure was larger than the entire Lebanese aid program.

USAID–Lebanon has developed ties and initiated projects in south Lebanon, helping fill the vacuum created by the Israel's departure. Without access to the basic life-sustaining services provided by USAID, to whom does this author think the people of south Lebanon will turn to?

Rebuilding a country after years of occupation and civil war is not an easy job. However, it is a job that is made much easier with the financial support and encouragement of the United States. The money we spend in Lebanon is minimal, but provides funding for essential public works projects, basic social services, and American educational institutions. The administration and the United Nations support these efforts, which demonstrate American goodwill to the Lebanese people at a critical time. The Lantos amendment is the way to kill these efforts and further poison the well and harm U.S. interests in the region.

I know my colleagues who support this amendment steadfastly believe that it in some way helps Israel. It won't. It does not help Israel's defenses, nor does it foster stability along the Lebanese border. It does nothing to improve relations between Israel and Lebanon, and further isolates Israel. The Lantos amendment, in fact, only increases the appeal of organizations in South Lebanon hostile to Israel.

The only message being sent by this message is directed at the people of Lebanon, and the message being conveyed is that the United States' Middle East policy is biased against Lebanon. Instead of hope, goodwill, and encouragement, we are telling Lebanon that we are not friends and have no vested interest in helping the Lebanese rebuild their country and economy.

I urge my colleagues to read this amendment, see what it really does, and vote no. This amendment is unwise, it is irresponsible, it is destructive of American interests, it is destructive of the interests of Lebanese citizens, and it is destructive of the interests of the people of Israel and the region.

Mr. Chairman, if you want peace, if you want this country to work for and be able to effectively lead the people in this troubled area, reject this amendment. Show the Lebanese people that you support their efforts to redevelop a peaceful land. And do something else: Demonstrate to people in Lebanon and across the Middle East that this is a country that wants to be a friend of all parties.

THE SECRETARY OF STATE,
Washington.

Hon. JOE KNOLLENBERG,
House of Representatives.

DEAR MR. KNOLLENBERG: Thank you for your letter and the chance to elaborate on my congressional testimony of May 10 on Lebanon.

The Department opposes the amendment proposed by Representative Lantos to H.R. 1646. If enacted, this amendment would severely impede our ability to pursue critical U.S. policy objectives in Lebanon and the region, including stabilizing the south and providing a counterweight to extremist forces.

The United States has provided assistance for the essential framework for alleviating destabilizing influences in Lebanon. Our economic assistance program strengthens Lebanese central government institutions, and provides a foundation for improved economic and social conditions. Our modest international military education and training (IMET) program helps build an important unifying institution. As such, U.S. assistance helps foster stability and mitigates sectarianism.

I strongly oppose the proposed amendment. I want to assure you that we are actively encouraging the Government of Lebanon to deploy its forces and assert its authority in the south, and will continue to do so. I look forward to working with Congress to advance this shared goal as part of our broader effort to work for comprehensive peace in the region.

Sincerely,

COLIN L. POWELL.

UNITED NATIONS SECURITY COUNCIL—INTERIM REPORT OF THE SECRETARY-GENERAL ON THE UNITED NATIONS INTERIM FORCE IN LEBANON

INTRODUCTION

1. The present report is submitted pursuant to Security Council resolution 1310 (2000) of 27 July 2000, by which the Council extended the mandate of the United Nations Interim Force in Lebanon (UNIFIL) for a further period of six months, until 31 January 2001, and requested me to submit an interim report on progress towards achieving the objectives of resolution 425 (1978) and toward completion by UNIFIL of the tasks originally assigned to it and to include recommendations on the tasks that could be carried out by the United Nations Truce Supervision Organization (UNTSO).

MAINTENANCE OF THE CEASEFIRE

2. From the end of July until early October, the situation in the UNIFIL area of operations was generally calm, except for numerous minor violations of the line of withdrawal, the so-called Blue Line. These violations were attributable mainly to Israeli construction of new military positions and fencing along the line; they were corrected in each case after intervention by UNIFIL. Minor Lebanese violations occurred as a result of shepherds or fishing vessels crossing the line; in a few instances, vehicles were driven across the line. For several weeks, Hizbollah maintained a post across the line east of Kafr Shuba. The personnel there stated that they had permission to be there but would leave if ordered to do so by the Government. UNIFIL repeatedly raised this violation with the Lebanese authorities but without effect. Hizbollah vacated the position on 7 October in connection with its attack across the Blue Line (see below).

3. In addition to these violations, there were daily incidents of Lebanese civilians and tourists hurling stones, bottles filled with hot oil and other items across the line at Israeli soldiers and civilians, some of whom were injured. On several occasions the soldiers fired warning shots and rubber bullets, which caused some injuries. Most of these incidents occurred at the so-called Fatima Gate west of Metulla. There was also friction at a tomb on Sheikh Abbad Hill (east of Hula), which straddles the Blue Line and is considered a holy site by both Muslims and Jews. In September, Lebanese civilians held several demonstrations east of Kafr Shuba, in some cases crossing the line. Rolf Knutsson, my Personal Representative, and Major General Seth Obeng, the Force Commander of UNIFIL, repeatedly urged the Lebanese authorities to take the necessary measures to put an end to those incidents and violations.

4. A serious incident occurred on 7 October. In the context of the tension in the Occupied Territories and Israel, about 500 Palestinians and supporters approached the line south of Marwahin to demonstrate against Israel. As the crowd attempted to cross the Israeli border fence, Israeli troops opened fire, killing three and injuring some 20. Since then, the Lebanese authorities have prevented further demonstrations by Palestinians on the line.

5. Later the same day, in a serious breach of the ceasefire, Hizbollah launched an attack across the Blue Line about 3 kilometers south of Shaba and took three Israeli soldiers prisoner. The attackers withdrew under cover of heavy mortar and rocket fire, targeting all Israeli positions in the area. More than 300 rounds were fired over a period of 45 minutes. The Israeli forces did not immediately return fire, but later fired at some vehicles from the air. Following this incident, the Israeli air force resumed flights over Lebanese territory, the flights take place almost daily, usually at high altitude.

6. Hizbollah has stated that its operation had been planned for some time in order to take prisoners and thus obtain the release of 19 Lebanese prisoners still held by Israel. The Secretary-General, who had been pursuing the question of these prisoners with the Israeli authorities, remains ready to work with the Governments of Israel and Lebanon with a view to resolving this matter.

7. On 20 October, in what appears to have been a local initiative, three Palestinians crossed the Blue Line east of Kafr Shuba and tried to break through the Israeli technical fence, which runs some distance behind the line. The Israeli forces responded with heavy fire. One of the three was killed; the others managed to get away.

RETURN OF GOVERNMENT AUTHORITY

8. On 9 August the Lebanese Government deployed a Joint Security Force of 1,000 all ranks, which is drawn from the Internal Security Forces and the Lebanese army. The Force has its headquarters in Marjayoun and Bint Jubayl and carries out intensive patrolling, with occasional roadblocks. Lebanese security services have established a strong presence in Naqoura, and the Lebanese police have resumed operations in key villages. Although it is outside the UNIFIL area of operation, it is worth mentioning that the Lebanese army deployed in mid-September in the Jezzine area, which the de facto forces had vacated in January.

9. At present, Lebanese administrators, police, security and army personnel function throughout the area, and their presence and activities continue to grow. They are re-establishing local administration in the villages and have made progress in re-integrating the communications, infrastructure, health and welfare systems with the rest of the country. In late August the former Israeli-controlled area participated for the first time since 1972 in a parliamentary election.

10. However, near the Blue Line the authorities have, in effect, left control to Hizbollah. Its members work in civilian attire and are normally unarmed. They maintain good discipline and are under effective command and control. They monitor the Blue Line, maintain public order and, in some villages, provide social, medical and education services. On several occasions, Hizbollah personnel have restricted the Force's freedom of movement. The most serious incidents of this kind occurred after Hizbollah's operation on 7 October, one on the same day, the other four days later. In both, Hizbollah forced UNIFIL personnel at gunpoint to hand over vehicles and military hardware they had found on the terrain. UNIFIL protested all such incidents to the Lebanese authorities.

11. The Government of Lebanon has taken the position that, so long as there is no comprehensive peace with Israel, the army would not act as a border guard for Israel and would not be deployed to the border.

UNITED NATIONS ACTIVITIES

12. UNIFIL monitored the area through ground and air patrols and a network of observation posts. It acted to correct violations by raising them with the side concerned, and used its best efforts, through continuous, close liaison with both sides, to prevent friction and limit incidents. However, UNIFIL so far has not been able to persuade the Lebanese authorities to assume their full responsibilities along the Blue Line.

13. At the end of July and in early August UNIFIL redeployed southwards and up to the Blue Line. The redeployment proceeded smoothly, with the Lebanese authorities assisting in securing land and premises for new positions. At the same time, in order to free the capacity needed for the move south, UNIFIL vacated an area in the rear and handed it over to the Lebanese authorities. In the interest of economy, UNIFIL continues to use its larger facilities in that area. A map showing the current deployment of UNIFIL is attached.

14. The United Nations Development Programme (UNDP) continued to lead the efforts of the United Nations system in working with the Lebanese authorities on a plan of action for the development and rehabilitation of the area vacated by Israel. In this effort UNDP cooperated closely with the United Nations Special Coordinator, Terje Roed-Larsen, who led the efforts at the international level together with the European Union and the World Bank. A donor meeting was convened on 27 July to gather support. Mr. Knutsson joined those efforts when he assumed his responsibilities in Beirut in mid-August. On 27 and 28 September UNDP organized in Beirut a conference of non-governmental organizations, funded by the Italian Government. As in the past, UNIFIL assisted the civilian population, using resources made available by troop-contributing Governments.

15. The clearance of mines and unexploded ordnance was an important concern, especially in connection with the redeployment. UNIFIL also assisted in humanitarian demining activities and set up an information management system for mine action. In Tyre, Lebanon, a regional mine action cell was established with the help of the United Nations Mine Action Service, which cooperated closely with the Lebanese national demining office. During the period, three children died and eight persons were injured by exploding mines and ordnance.

OBSERVATIONS

16. During the past three months there has been further movement towards the implementation of Security Council resolution 425 (1978). Except for Hizbollah's attack on 7 October, the area was relatively calm. The deployment of both UNIFIL and the Lebanese Joint Security Force proceeded smoothly, and the return of the Lebanese administration is ongoing. While much remains to be done to restore the full range of government services to a standard comparable to that in the rest of the country, there has been tangible progress in that direction.

17. The sequence of steps foreseen in Security Council resolution 425 (1978) is clear and logical: the Israeli forces must withdraw, there must be no further hostilities, and the effective authority of the Lebanese Government must be restored. Thereafter, the Governments of Israel and Lebanon are to be fully responsible, in accordance with their international obligations, for preventing any hostile acts from their respective territory against that of their neighbour. It is relevant to recall in this connection that both Governments have committed themselves, despite misgivings, to respect the Blue Line established by the United Nations for the purposes of confirming the Israeli withdrawal in accordance with resolution 425 (1978).

18. I believe that the time has come to establish the state of affairs envisaged in the resolution. This requires, first and foremost, that the Government of Lebanon take effective control of the whole area vacated by Israel last spring and assume its full international responsibilities, including putting an end to the dangerous provocations that have continued on the Blue Line: Otherwise, there is a danger that Lebanon may once again be an arena, albeit not necessarily the only one, of conflict between others.

19. I had the opportunity to speak about these matters with the President and Prime Minister of Lebanon during my recent visit to Beirut. We also discussed Lebanon's need for international assistance to address long-standing problems, in particular the reintegration of the area that was until recently occupied. I appeal to donors to help Lebanon meet urgent needs for relief and economic revival in the south, pending the holding of a full-fledged donor conference.

20. The present report is being written at a time of high tension in Arab-Israeli relations and continuing confrontations in the occupied Palestinian territories. Under the circumstances, I deemed it prudent not to submit suggestions for the reconfiguration of the United Nations presence in south Lebanon, as requested in paragraph 12 of Security Council resolution 1310 (2000). With the agreement of the Security Council, I proposed to address this subject in the report that I shall be submitting prior to the expiration of the UNIFIL mandate.

RESOLUTION 425 (1978)

OF 19 MARCH 1978

The Security Council,

Taking note of the letters from the Permanent Representative of Lebanon and from the Permanent Representative of Israel,

Having heard the statements of the Permanent Representatives of Lebanon and Israel,

Gravely concerned at the deterioration of the situation in the Middle East and its consequences to the maintenance of international peace,

Convinced that the present situation impedes the achievement of a just peace in the Middle East,

1. Calls for strict respect for the territorial integrity, sovereignty and political independence of Lebanon within its internationally recognized boundaries;

2. Calls upon Israel immediately to cease its military action against Lebanese territorial integrity and withdraw forthwith its forces from all Lebanese territory;

3. Decides, in the light of the request of the Government of Lebanon to establish immediately under its authority a United Nations interim force for Southern Lebanon for the purpose of confirming the withdrawal of Israeli forces, restoring international peace and security and assisting the Government of Lebanon in ensuring the return of its effective authority in the area, the force to be composed of personnel drawn from Member States;

4. Requests the Secretary-General to report to the Council within twenty-four hours on the implementation of the present resolution.

Adopted at the 2074th meeting by 12 votes to none, with 2 abstentions (Czechoslovakia, Union of Soviet Socialist Republics).

RESOLUTION 426 (1978)

OF 19 MARCH 1978

The Security Council,

1. Approves the report of the Secretary-General on the implementation of Security Council resolution 425 (1978), contained in document S/12611 of 19 March 1978;

2. Decides that the United Nations Interim Force in Lebanon shall be established in accordance with the above-mentioned report for an initial period of six months, and that it shall continue in operation there-after, if required, provided the Security Council so decides.

Adopted at the 2075th meeting by 12 votes to none, with 2 abstentions (Czechoslovakia, Union of Soviet Socialist Republics).

DECISION

At its 2076th meeting, on 3 May 1978, the Council proceeded with the discussion of the item entitled ''The situation in the Middle East: letter dated 1 May 1978 from the Secretary-General to the President of the Security Council (S/12675)''.

RESOLUTION 427 (1978)

OF 3 MAY 1978

The Security Council,

Having considered the letter dated 1 May 1978 from the Secretary-General to the President of the Security Council,

Recalling its resolutions 425 (1978) and 426 (1978) of 19 March 1978,

1. Approves the increase in the strength of the United Nations Interim Force in Lebanon requested by the Secretary-General from 4,000 to approximately 6,000 troops;

2. Takes note of the withdrawal of Israeli forces that has taken place so far;

3. Calls upon Israel to complete its withdrawal from all Lebanese territory without any further delay;

4. Deplores the attacks on the United Nations Force that have occurred and demands full respect for the United Nations Force from all parties in Lebanon.

Adopted at the 2076th meeting by 12 votes to none, with 2 abstentions (Czechoslovakia, Union of Soviet Socialist Republics).

HONORING THE LIFE OF WILLIAM H. HANLEY III

HON. SCOTT McINNIS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 17, 2001

Mr. McINNIS. Mr. Speaker, I would like to take this moment to honor the life of Mr. William Hanley. Mr. Hanley served his community diligently as the Mayor of Mountain Village. His contributions to the area were varied and distinguished. Not only did Mr. Hanley serve as Mayor, but as a member of the board of directors on various community organizations. As his friends, family and colleagues gather this week to celebrate a life spent in service to the public, I too would like to pay tribute to William and honor his accomplishments. Clearly his service is worthy of the praise of Congress.

Born in San Pedro, California, William spent much of his childhood overseas. His family eventually settled in Indianapolis, Indiana making annual trips to Walloon Lake in Michigan. This summer tradition created the avid outdoor enthusiast and sportsman that his friends and

family know well. William attended the Fountain Valley School, and received his degree from the University of Colorado. In 1989 William moved from San Francisco to the Telluride area with the beautiful Kimmy Kelly whom he married the following year. The hobbies that he enjoyed included skiing, golfing, fly fishing and spending time with his family.

William started his career in the Telluride area as a real estate developer and realtor. He then served on various board of directors including Mountain Village Metro District, Telluride Foundation and the Elk Run Homeowners Association. He was also a member of the Telluride Elks Club and the Telluride Ski and Golf Club. For eight years William made great contributions to the town of Mountain Village, as their Mayor. As Mayor he had the opportunity to touch many lives.

Mr. Speaker, although Mr. Hanley's life was short, he made an enormous impact on his community. His wife Kimmy, daughter Ryan, son Wilder along with his parents Barbara and William, Jr., sister Bobsey and brother Micheal should all be extremely proud of his accomplishments. William is an example to all, and going to be missed by many. His legacy, Mr. Speaker, is what I would like to honor here today.