SENATE—*Friday, May 25, 2001*

The Senate met at 10 a.m. and was called to order by the Honorable GEORGE ALLEN, a Senator from the State of Virginia.

The PRESIDING OFFICER. Today's prayer will be offered by our guest Chaplain, Father Paul Lavin, of St. Joseph's Catholic Church, Washington, DC.

PRAYER

The guest Chaplain offered the following prayer:

In the book of the prophet Amos, the Lord tells us:

I hate and despise your feasts,
I want none of your burnt offerings.
Let me have no more of the din of your chanting,
No more of your strumming on harps.
But let justice flow like water,
And integrity like an unfailing stream.

Let us pray.

Lord God, we praise You and bless You for the many gifts You have given to the United States, and for the gifts You have given to the men and women who serve in the Senate. Let our feasts be to come to the aid of the poor and the oppressed. Let our song be to practice justice, and let our sacrifice be the offering of a humble and contrite heart. Then, when our lips sing Your praise, You will listen to our song. Amen.

PLEDGE OF ALLEGIANCE

The Honorable GEORGE ALLEN 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 legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, May 25, 2001.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable GEORGE ALLEN, a Senator from the State of Virginia, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. ALLEN 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.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business with Senators permitted to speak therein for not to exceed 10 minutes.

Under the previous order, there will now be 30 minutes under the control of the Senator from Illinois, Mr. DURBIN, or his designee.

The Senator from Minnesota.

Mr. WELLSTONE. I thank the Chair.

STEEL REVITALIZATION ACT

Mr. WELLSTONE. Mr. President, I rise to speak in support of the Steel Revitalization Act of 2001. This is the companion measure to H.R. 808 which, as of this moment, has 189 cosponsors in the House of Representatives. The measure represents a comprehensive approach to a serious crisis which is facing our domestic iron ore and steel industry.

Several of the provisions contained in this act are ones that my colleagues in the bipartisan Steel Caucus have introduced in the Senate. I particularly thank Senators ROCKEFELLER and SPECTER for their work in cochairing this caucus, and Senator BYRD for his unflinching support of the entire steel industry and his creative efforts on behalf of the industry's working families. A special thank you to Senator ROCKEFELLER, who has been absolutely the leader on this issue.

The Steel Revitalization Act includes the following components:

First, there is import relief. We go back to a 5-year period of quantitative restrictions on the import of iron ore. We go back prior to the import surge in 1997. We go to a 3-year average. That is where we hold the line. Between February and March, 2001, there was a 40-percent surge in the import of steel or semifinished steel, way under the cost of production, constituting unfair trade and putting people out of work.

Second, there is creation of a steelworker retiree health care fund which is administered by the steelworker retiree health care board at the Department of Labor. This fund would be underwritten through a 1.5-percent surcharge on the sale of all steel products in the United States, both imported and domestic.

One of the awful things about what is going on is many of the retirees worked their whole life, thought they had health care coverage, and are terrified they will not have the health care coverage. A 70-year-old struggling with cancer now is worried there will be no health care coverage.

Third, we have the enhancement of the current Steel Loan Guarantee Program which provides the steel companies greater access to funds needed to invest in capital improvements to take advantage of the latest technological advancements.

Finally, we have the creation of a $500 million grant program at the Department of Commerce to help defray the costs of environmental mitigation and the restructuring as a result of consolidation—again, assuming these companies make a commitment to invest in our country; again, assuming these companies make a commitment to the workers.

I think all Senators can appreciate this legislation. The Iron Range of Minnesota, and if you think of our sister State of Michigan, this is a part of the United States of America with a proud history of providing key raw materials to the producers of steel for well over a century. In these taconite mines are some of the hardest working people you ever want to meet. LTV has closed down in Hoyt Lakes; 1,400 miners lost their work. They are steelworkers, but they work in the mines. These were good, middle-class jobs. It is not just these workers who have lost their jobs; it has the ripple effect on all the small businesses, all the subcontractors, all the suppliers—all the families.

I am in schools all the time. There is such pain, such concern about the future of these families and concern for the future of their children. From my point of view, and I know I speak for Senator DAYTON, there is probably not a more important piece of legislation to introduce.

The introduction of a piece of legislation is not symbolic politics. It does not mean it passes. We have a lot of work cut out for us, but I will say to my colleague from Virginia, I thank publicly on the floor of the Senate—I certainly have called her—Secretary of Labor Chao. We are, again, in a situation right now where there is a lot of economic pain, a lot of economic desperation. The Secretary of Labor has provided the workers up there with at least some relief, which was extremely important. We were so hopeful we could get trade adjustment assistance benefits. The Secretary of Labor granted us an additional year, above and beyond unemployment benefits that

workers receive through the State of Minnesota.

It is additional money for job relocation. For workers and their families to get that trade adjustment assistance is a lifeline. It gives them more time. It gives them an opportunity to think about what ladder there is for career development. It gives them some financial assistance for their families. I have told Secretary Chao—I don't know if I will get her in trouble with the administration by being so glowing about what I have to say about her—I so appreciate it and so do the people in the State of Minnesota. I want to publicly thank her.

I also want to say we are now waiting, of course, for the administration on a decision—Secretary Evans will make a decision soon—as to whether or not we will be taking some trade action to really make sure we have a future for this industry. The next big decision is going to be in mid-June about whether or not the taconite workers on the Iron Range in Minnesota are going to have a future. This industry will not survive if it is continually faced with unfair trade practices, if it continues to face this import surge of slab or finished steel. Our taconite workers on the Iron Range of Minnesota ask nothing more than to have a level playing field. We wait for a decision mid-June.

I think steelworkers and industrial workers all across the country—and I think they will have a lot of allies—will in a strong voice say you have to take some action. For the Iron Range in Minnesota, northeast Minnesota, time is not neutral. Time moves on. It is extremely important, above and beyond this lifeline assistance, that we get serious about a fair trade policy so these workers and their families have a future.

There is companion legislation in the House. Very important work has been done by Senator ROCKEFELLER and Senator SPECTER. I think we can get some strong bipartisan support, but it is not going to be enough to just introduce a bill. We will need action from the administration and we will need legislative action if there is to be a future for this extremely important industry—which, by the way, I think is essential to our national security.

This legislation is legislation near and dear to my heart because it is so connected to the lives and people I truly love, that is to say the steelworkers and their families on the Iron Range of the State of Minnesota.

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

The ACTING PRESIDENT pro tempore. The clerk will please call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DORGAN. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DORGAN. I ask consent to speak in morning business for 15 minutes.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota is recognized.

OUR TRADE DEFICIT

Mr. DORGAN. I want to speak this morning about international trade and our growing and troubling trade deficit. In March, the merchandise trade deficit surprised economists, jumping to $37.6 billion in that month alone. That is the latest month for which we have data. In March imports into this country increased to $101 billion, while American exports decreased to $64 billion.

This is a very serious problem. The trade deficit continues to balloon. We had a $450 billion merchandise trade deficit last year and it continues to grow and grow. It increases our indebtedness in this country. Unlike a budget deficit, about which economists over strong coffee can make the point that we owe to ourselves, you cannot make the point that our trade deficit is owed to ourselves. It is owed to others outside this country and will be and must be repaid one day with a lower cost of living in this country. We must get a handle on this exploding trade deficit.

Let me speak to one portion of the trade issue. We are about to see the administration take a step that I vigorously oppose. I am going to offer a piece of legislation today on behalf of myself and my colleague from Nevada, Senator REID, that deals with the issue of Mexican trucks entering this country under the provisions of NAFTA, the North American Free Trade Agreement.

What is the issue? We signed a free trade pact with the country of Mexico. It has not turned out very well, as a matter of fact. We had a trade surplus with Mexico when we signed the trade pact. Now we have a $24 billion trade deficit with Mexico. So we went from a surplus to a very large and exploding deficit with Mexico.

But one aspect of the trade pact with Mexico is the question of movement of goods and individuals back and forth across the boarder and especially the question of Mexican trucks coming into this country. President Clinton, I believe in violation of NAFTA, prescribed a 20-mile zone in which Mexican trucks could haul goods into this country for trade purposes. But they could not go beyond that zone. This administration is about to lift that and provide unrestricted access into this country for Mexican trucks. My legislation will say that is not possible, we will not allow that to happen until and unless the Administration implements certain safeguards to protect those who use America's highways.

Let me describe why this is important. Do you want to drive down a highway in this country and drive next to a Mexican truck that is pulling double the load we allow pulled in this country behind our trucks, driven by a driver who is making less than the minimum wage in this country—on average, incidentally, of $7- to $10-a-day salary for that Mexican truck driver; a truck that has not been inspected in most cases, if inspected, not inspected to the same standards to which we inspect trucks in this country?

This is a circumstance where the Mexican trucks are determined to be unsafe at the border crossings at which the trucks are inspected. In many cases, 40 percent are turned back because they are unsafe, do not meet standards. Is that what we want to have on American highways? I don't think so.

This is what has happened. Mexico threatened, under NAFTA, to sue the U.S. for billions of dollars per year in compensation if the U.S. did not lift this longstanding control on allowing Mexican commercial truckers to operate within the United States. President Bush has agreed to allow them to operate in the United States beyond the limit, even though the Department of Transportation says it cannot certify the safety of any, except a tiny fraction, of the Mexican trucks that enter this country.

This month, in fact, the Department of Transportation's own inspector general concluded that the Department of Transportation's enforcement program cannot reasonably assure the American people of the safety of Mexican trucks entering this country.

Barely 1 percent of the 3.7 million Mexican trucks that enter into the United States are inspected. Of those inspected, 36 percent are declared out of service for serious safety violations. At the border crossing in El Paso, TX, there are 1,300 trucks that come across every single day. One inspector is on duty—one—and he or she can inspect about 10 to 14 trucks a day. Most inspectors work only during daylight hours, leaving crossings with no inspectors at all during much of the day.

Now Mexico still lags far behind the United States when it comes to truck safety. They do not have an effective drug and alcohol testing program for truck drivers as we do. They simply do not have it. They have no hours-of-service regulations and only recently proposed the use of logbooks for hours of service. A reporter from the San Francisco Chronicle recently drove with a Mexican truck driver. They drove 20 to 21 hours straight—20 to 21 hours. That is significant and also dangerous. That cannot happen legally in this country. I do not want that driver on the road next to my family or my neighbors or my friends or anyone else in this country who is driving.

Right now there is no way for American law enforcement agencies to access a database containing information

on Mexican truckers. If a police officer pulls me over to the side of the road or pulls the Presiding Officer, from the State of Virginia, over to the side of the road, and asks to see our license, they can put that name into a database. They can figure out very quickly what we have or have not done, what is on our driving record and what isn't. If the same police officer pulls over a Mexican truck driver, he will not find any information on him because it does not exist.

Despite these unresolved issues, and despite all of these facts and figures, despite the written objections of 258 Members of the House and 48 Senators, on both sides of the aisle, the administration has said that the NAFTA trucking provisions should be implementing. They are wrong. The provisions should not be implemented until and unless we can demonstrate safety for the American people by allowing these trucks into this country. If we cannot demonstrate safety—and clearly we cannot at this point—they should not be allowed in.

I am introducing legislation to prohibit the administration from granting operation rights to Mexican motor carriers until we can ensure that they meet the safety standards we require in this country. My bill would require the implementation of inspections and the deployment of needed resources to ensure that the trucks that would come in would meet basic safety standards.

This is not some issue where one can say: These people are antitrade, and therefore they want to stop trucks from this country or that country. This is very real. Every day, every hour, we have massive numbers of trucks coming into this country. There is evidence from California and New Mexico and from Arizona. The evidence of the number of trucks turned back for serious safety violations is overwhelming.

Mexico does not have the same standards. Their drivers can drive 20 hours a day and no one will know it. They have no logbooks. They have no drug testing. They do not have the same equipment standards as we do. It demonstrates, in my judgment, the concern that many of us have about this unfettered notion of opening up borders without making sure we have adequate safety in place for the American people. I am going to introduce this legislation on behalf of myself and my colleague, Senator REID, from the State of Nevada. And other colleagues I know will join us because there are nearly 50 Members of the Senate who have expressed their reservations about this issue.

I urge the administration to reconsider this issue. Change your mind about this. The American people don't want to be driving down a highway to pull up next to an 18-wheel truck that is hauling a load that is twice as heavy as that which could be hauled by an American trucker in this country, with a driver who has been driving 20 hours, who has never been drug tested, and driving equipment that doesn't meet safety specifications on American roads. That is not what we want on American roads and not what we want for the safety of the American people.

Mr. President, I am happy to yield to my colleague from Nevada.

The ACTING PRESIDENT pro tempore. The Senator from Nevada, Mr. REID.

Mr. REID. I am very happy to join with my colleague from North Dakota on this most important legislation. He has outlined very clearly the problems we have.

Let's think about this. In the United States there are 400,000 trailer truck accidents every year. Keep in mind, we have pretty strong, strict safety standards. Over 14,000 of those accidents involve hazardous materials. Do we want to add to that mix unsafe vehicles?

The trucks that have accidents in America that are American trucks are not unsafe. Those accidents are caused by driver errors, weather conditions.

We need to move forward on this legislation yesterday, not today. I certainly hope, through administrative fiat, that the President does not allow this to happen. That is our fear. That is what we have heard.

The Senator from North Dakota is really a visionary as far as legislation goes, on what he has focused in making statements in this Chamber, what he has done as a Senator, and what he has done as a Member of the House, focusing attention on our trade deficits. It is a stealth monster. Ultimately, if we do not do something about it, it is going to destroy the economy of this country. It is getting bigger and bigger and bigger. As the Senator has outlined with the chart he has behind him, this balloon is going to continue to get bigger and bigger and thinner and thinner and finally explode. I say he is a visionary because he has talked about our trade situation. This legislation in regard to dangerous trucks is excellent legislation.

Also, we have an amendment pending on the education bill that I think says it all. What it says is we should have the House and the Senate have a joint committee and convene immediately to determine what is happening with the gasoline and fuel prices in this country.

They expect in California, which is a neighboring State to Nevada, that the price of gasoline will be $3 a gallon this year. If we can inspect and investigate the price of chickens, can't we investigate the price of gasoline? Yes, we can.

So I say to my friend from North Dakota, I hope that when that amendment comes up—which was written by the Senator from North Dakota and on which I happily joined as a cosponsor—it is adopted overwhelmingly. I also acknowledge and appreciate his authoring the legislation that deals with these trucks, in which I happily join.

Also, as an aside, I tell him how much I appreciate him being one of the lone voices who talks continually about the dangers of this burgeoning debt we have in the form of a trade debt. It is just as dangerous as any debt we have. We need to do something about it. But it is a difficult issue to understand. It is in the background and people really don't focus on it. I appreciate very much the Senator not letting us not focus on it.

Mr. DORGAN. I thank the Senator from Nevada.

I have a couple minutes remaining. Let me point out what is happening with our trade deficit.

As you can see: With Canada, our trade deficit has dramatically increased from 1999 to 2000; China, $83 billion merchandise trade deficit in a year; European Union, $55 billion; Japan $81 billion. Japan, a $50 billion-plus trade deficit for us almost forever. Mexico—this used to be a surplus, incidentally—now the trade deficit is $24 billion-plus.

We cannot continue to do that. We just cannot continue to run up these kinds of trade deficits.

Just for a moment, let me describe some of the circumstances of the trade deficit. When we want to ship apples into Japan, they say the apples must come from trees that are separated at least 500 feet from apples on apple trees in the orchard that are not going to be shipped to Japan. So if we are going to ship apples to Japan, they have to be in a grove 500 feet away from other apple groves. What kind of sense is that?

We ship T-bone steaks to Japan. Guess what the tariff is after 12 years of an agreement. Twelve years after an agreement with them, the tariff is 38.5 percent on beef going into Japan.

In Korea, just as an example, we exported 4,400 cars last year. They exported 470,000 to us. One might ask the question, Where is the fair trade here? Where is the reciprocal treatment? This country needs to demand of its trading partners that they open their markets to us so we can have fair trade.

Our deficit with China is going up, up, way up. It is now $83.8 billion. We take all their trousers and shirts and tennis shoes and jeans. They ship them into our country, and guess what. When we try to penetrate the Chinese market, we get a pitiful amount of exports into China.

People say: Hoorah, it is increasing. Hoorah, it is increasing at a minuscule level, and we have an $83 billion deficit with them. We have to change that.

I have other things to say.

The ACTING PRESIDENT pro tempore. The time of the Senator has expired.

Mr. DORGAN. I ask for 30 additional seconds.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DORGAN. The President says he now wants fast-track trade authority. Fast-track trade authority to do more of this? Not on my watch. Let's have some trade authority that says when we do trade agreements in the future, we do them on behalf of this country's best interests. Maybe we should put some jerseys on those trade negotiators that read: USA. We do that for the Olympians. How about doing it for trade negotiators so they remember for whom they are negotiating.

My legislation on Mexican trucking is very important. I encourage my colleagues to cosponsor it.

Mr. President, I yield the remainder of my time.

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be 30 minutes under the control of the Senator from Wyoming, Mr. THOMAS, or his designee.

Mr. DORGAN. Might I ask the Senator from Wyoming if he will yield for a question?

Mr. THOMAS. Certainly.

Mr. DORGAN. I ask the Senator from Wyoming if he would allow me to propound a unanimous consent request that at the conclusion of his 30 minutes, I have the floor for another brief statement in morning business? I believe his time will run until 11 o'clock. I ask unanimous consent that I be recognized at that time.

Mr. THOMAS. I have no objection to that.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Alabama.

GOOD NEWS

Mr. SESSIONS. Mr. President, some good news came out this week. I don't know how many people saw it. It was a report of the status of the surplus in our accounts for the United States. As it was reported in the Wall Street Journal and other organizations, for the month of April of this year, the surplus was $30 billion larger than the surplus for April of last year. For the first 4 months of this year, it showed that the surplus was $41 billion larger than the surplus of the first 4 months last fiscal year.

That is a rather significant event because we are in an economic slowdown. As everyone knows, a vibrant economy is the greatest motivator for creating surpluses.

There is a lot of fear out there that we may not continue to have surpluses. Since I have been in the Senate, going on my fifth year now, every projection on the status of the budget has understated the income to the Federal Government. For the last 3 years, the surplus has substantially exceeded what OMB and the Congressional Budget Office have projected for the surplus.

To me, we have one goal as a Congress and a Government: To try to make sure this economy gets on its feet again and gets humming and makes even more money for the taxpayers and for individual Americans. But at the same time, we have to look at what is happening.

The good news is that even in a time of slowdown, we have a real surplus churning out there. We have gone from a gross domestic product take by the Federal Government of 17.6 percent of GDP to 20.6 percent of GDP. The Government is taking a larger and larger percentage of American wealth to fund governmental programs.

That is a historic change. It may not sound like much to go from 17.6 to 20.6, but 20.6 represents the highest amount we have taken from the American economy for the Government since the height of World War II.

What is at work here is an opportunity for the American people to say: Great, we are paying down this debt in record numbers. We are paying down all debt that can be paid down without a penalty being paid on it. We are doing the right thing as far as debt is concerned. We are setting aside money for contingencies, $500 billion or so for contingencies. That is extra spending.

Remember, this surplus is calculated above inflation. When they figured how much the surplus would be, they figured in that the Government would increase spending at the rate of inflation every year. So we have the rate of inflation in there, another $500 billion for extra spending, and we are paying down debt at record numbers.

It is time for us to have at least this $1.35 trillion tax cut. We can do that. If we do not do that, we will spend more, and we will continue to take more of the overall wealth of the American economy. It will move us into a system such as those that exist in Europe that some in this body admire and want for us.

Our economy is more vibrant. Our economy is more productive. Our people have better health care and better incomes than Europeans. Our unemployment rate is lower by and large than our competitors, even though they have so many good things to offer their people.

We are on the right track. I am pleased with where we are today. Nothing could give me greater anticipation that within hours, perhaps, we will be able to send to the President of the United States a piece of legislation that will represent perhaps the largest tax cut in over 20 years, that could allow him to fulfill the promise on which he was elected to allow the American people to keep a larger portion of their wealth, to be able to spend it on their needs for their families, and for their children.

It is a great day. I am excited about it. I hope the conferees can complete their work promptly and we can bring that bill to the floor and we can make it law promptly.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Wyoming, Mr. THOMAS.

TAXES

Mr. THOMAS. Mr. President, I rise to talk about taxes, which is the focus of where we are, and prior to that, to mention that despite all the discussions we have had about certain issues, this Senate has accomplished quite a bit in the several months we have been in session. That is our task; we ought to be doing that.

A number of things have happened. First of all, we abolished the Clinton ergonomics regulation. We used a technique that allows the Congress to bring back regulations that are put in and to review them, which, quite frankly, is something we ought to be able to do on all regulations. I come from Wyoming. I was in the Wyoming Legislature. There, when you have a statute passed by the legislature, the rules are then put in by the appropriate agency, and those rules come back to the legislature to see if, indeed, they are consistent with the purpose of the legislation.

That doesn't happen in the Congress. It is too bad. You can pass a law, and by the time the regulations are in, the concepts under the law can be quite different. In any event, this one was brought back on ergonomics. It was successfully overhauled in the Congress. That is good.

Of course, we approved a deficit reduction budget, a budget that still has more expenditures perhaps than we ought to have. But in any event, it probably is about a 5-percent increase, which is less than the increases of the past number of years—less because when you have a surplus, it is awfully hard to hold down spending. It was an appropriate thing to have this budget that does reflect at least some control in spending and we are pleased about that.

Of course, currently pending and perhaps the most important thing we will do in a very long time will be the tax reduction that is now being considered by committee. It has passed the Senate as well as the House. And when the conference committee completes their work, it will be back here for consideration. We are anxious for that to happen.

The Bankruptcy Reform Act was passed as well. We had brownfields revitalization, which is something that has gone on for a very long time that allows lands to be put back into use

more easily. We have construction of a memorial honoring World War II and those who served there. We have intellectual property, a number of things that are quite important and that have, in fact, been achieved during this relatively short time.

So we are looking forward to that. But in the meantime, I am going to soon yield the floor to my friend from Idaho. I believe one of the most important bills we will be passing in this session of the Congress is the bill to cut tax rates across the board, bury the death tax, fix the marriage penalty, and double the child credit. We can do a lot to make this economy stronger, more fair, and to allow people to utilize more of their own money for the purposes upon which they decide.

I yield the floor.

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

ENERGY POLICY

Mr. CRAIG. Mr. President, I thank the senior Senator from the State of Wyoming for yielding to me, and I thank him for his leadership on all of these many issues that he has discussed. He comes from a fascinating State, a State with a basket full of potential energy for this Nation if we can change a few of our policies and allow Wyoming, Montana, and other such States to be able to use the abundance of their coal to produce electricity at the mouth of the mine itself, and then through transmission lines to transport it across the Western States and to the State of California, where they are so desperately in need of more energy.

I say that in my opening comments because we are on the threshold of beginning to work on a national energy policy. The President has presented one. The Senate has produced a bill. The Energy Committee, on which I serve, will now begin to review all aspects of that proposed policy and begin to shape for our Nation new public laws, amended public laws, a new regulatory process, a reduced regulatory process that will allow this country, once again, after nearly a decade, to get back in the business of producing energy.

Senator THOMAS and I were downtown yesterday speaking to a group, and I, at that time, said we are a rich Nation. Compared with all other nations of the world, we are one of the most wealthy. It is because of a combination of assets that we have had and have uniquely combined in the American character.

First of all is the free enterprise system where an individual is allowed to create at his or her level and with his or her talent, and to use that creation not only to create wealth for themselves but for everyone around them. That is probably the No. 1 resource in our country and always has been. But tied to that resource is an abundance of energy in almost all forms—electrical, hydrocarbon, you name it. We have never wanted for energy in our country. But today we do. The American public is paying a higher price for gas than at any time in our Nation's history. They are paying higher electrical rates than at any time in our Nation's history, and they are asking a fundamental question: Why? Why are we? Why do we have to?

Of course, we already know that those higher costs have depleted or reduced the wealth-generating capability of our country. It has cost thousands of jobs. It has hurt households. Every day, the commuter to his or her job is paying nearly double in the commuter costs than a year ago.

This country cries out for a new energy policy of production. But they also want to see it done in a clean and responsible way when it comes to the environment. All of those things can be accomplished if this Senate will put its mind to it to assuring that we make that happen, and that we partner with States and local governments to assure they are fully involved and engaged with us in this most important process.

A lot of people are saying right now: Well, George Bush, why aren't you helping out in California?

After about 20 decisions coming out of the new administration, 3 decisions coming out of the FERC, at some point we have to do the very common and necessary thing and say to California: Help yourself.

California, finally, is beginning to do that. They are beginning to recognize that after 10 long years of not producing any energy, they are going to have to produce some. They used to buy a lot of energy from Idaho. We used to ship a lot of energy down there. But we Idahoans now need our energy because we are growing. We also had a drought in the Western States of Idaho, Oregon, and Washington. We used to produce most of our power by turbines and dams and hydro power. As a result, this year we have less capability to produce and therefore we have less power to sell to California.

Those are some of the critically important dynamics of the policy we will have to develop in the Senate. I have already had some of my folks calling me from Idaho saying, with what happened yesterday and with Democrats taking control of the Senate, is the energy policy dead?

No, I don't think it will be. It can't be. My colleagues on the other side of the aisle cannot be viewed as obstructionists who are advocates of $2 or $3 gasoline or $400 or $500 megawatt power. They aren't now, and they can't be later. They must work with us and the Bush administration to get this country back into the business of producing and conserving and balancing out our electrical needs.

President Bush said: Give me a tax cut now and give me some immediate response so at least in the short term a consuming family will have just a little bit of relief in their energy bill or any other part of family expenses.

That is what we are struggling with at this very moment. The House and the Senate are meeting in conference to work out the differences between what we have produced in the Senate and what our colleagues in the House have produced. I hope in the end it will look very closely like what our President is asking—to return some of their tax dollars to them in the form of tax relief, both in the short term and in the long term, to stimulate the economy and to allow the producer to keep more of his or her hard-earned cash.

In the midst of all of that, for just a little bit of time, maybe they can afford to pay just a little more for energy. I wish they didn't. I wish we had been smart enough 10 years ago, 5 years ago, 4 years ago, to shift the policy. But we had an administration that said all you have to do is conserve and maybe use a little gas—that is, natural gas—to generate electricity, and we will get through all of this. We know that didn't work very well. Conservation was an important part of that energy message, and it is today.

The average consumer today is now making a choice. I heard on the television a couple of mornings ago that the American Automobile Association says consumers are going to travel less this summer. Instead of a 10-day trip in their automobile, they are going to take an 8-day trip or a 7-day trip. That is the American consumer doing what they do best—evaluating the cost of the trip and what they have in their pocketbooks and what their family can afford and stepping back.

It is OK to do that in the short term, but when it comes to industry and the creation of jobs and the fact that industry may have to produce less and step back because of the input cost of energy, that then begins to hurt the whole economy of our country.

So how can I talk about tax relief and energy in the same conversation? They are, in fact, integrally related. The ability to create a job, the ability to earn a paycheck, and to have a fair amount of that which you can apply to yourself, your family, and your kids' education has, in part, always been in direct relation to the amount it takes you to live; and the cost of living has gone up substantially in the last 2 years because of the fundamental cost of energy. All of these issues are tremendously important. Thank goodness we now have a President who speaks boldly, clearly, and bluntly about these kinds of issues.

He says we are in an energy crisis and we can get out of it if we simply

produce and get back to the business of providing for the consumer of this country. He has laid out a plan on how to do it. On most of it, I agree. I certainly hope this Senate in future days, and under its new leadership, will recognize the importance of such a policy to the American people. You simply cannot deny it any longer. If conservation is the only message out there, then look at California, the greatest conserving State in the Nation. They have conserved themselves right into darkness. That is no way to run a State. They now know they have to produce along with that conservation, and we ought to allow this great country of ours that opportunity.

I have always been one who believed that the freer our citizens, the freer our economy, the more flexibility to do what we do best—generate this great country's wealth and, therefore, this great country's world presence.

Wealthy nations can provide for their people, and we do. Poor nations cannot. There is nothing wrong with the idea of creating wealth and allowing people to share it, allowing people to have the fruits of their labor and their genius. It is what has made us great, and it is what allows us to turn to those less fortunate here and around the world, to say we can help, and the only reason we can help is because we are, fortunately, a rich nation.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. DORGAN. Mr. President, my understanding is the next 8 minutes are under the control of the Senator from Wyoming, Mr. THOMAS. I ask unanimous consent that I be recognized, and in the event someone comes to whom Senator THOMAS wishes to yield that time, I will be happy to discontinue my comments.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The Senator from North Dakota is recognized.

ENERGY POLICY

Mr. DORGAN. Mr. President, my colleague from Idaho just discussed the energy issue. There is not any question the energy policy is a critical policy for this country. We must develop a national energy plan that makes sense for our long-term future.

Every American every day has a claim on the need for energy. We need a consistent, predictable supply of energy that is reasonably priced. We need a policy that allows that to happen. When the price of oil went to $10 a barrel for some long while, people stopped looking for oil and natural gas. It is pretty predictable. There were fewer rigs looking for oil when the price of oil and natural gas was very low. When the price of oil went up and natural gas spiked back up, there were more drilling rigs and more people are searching for more oil and natural gas. That is predictable. That is how the market system works.

It is not in this country's best interest to have a roller coaster of exploration, and that is what happens. That is what describes only part of our current problem with the imbalance between supply and demand for energy.

We are too dependent on the OPEC countries. All of us know that. One day we will wake up—I hope this is not the case—it is likely we will wake up when some grotesque terrorist act in the Middle East interrupts the supply of oil, even if temporarily, and it will allow us to understand how overly dependent we are on a source of energy and oil, natural gas from a region that is so unstable.

In addition to having this roller coaster on exploration and being overly dependent on a supply of energy from the Middle East, we also are a country that has largely decided to ignore conservation. One can drive down the road these days and see someone driving a new vehicle that looks a lot like a Humvee, except it is bigger and heavier and is sold at your local dealership as a family vehicle. People have a right to drive that, but the point is that is moving in the opposite direction of having a national conservation ethic.

It is true, as the Senator from Idaho said, that we must produce more. I do not think you will find Members of the Senate in disagreement on that. We must produce more oil and natural gas. We must use coal resources. There are ample resources in our coal fields. We can do it using clean coal technology. We must use our fossil fuels in a thoughtful way, and we can do that in a manner that is not inconsistent with a good and clean environment.

That is important, but it is also important to understand we just cannot produce ourselves out of this problem. We cannot produce our way out of this problem. We have a President and a Vice President who come from oil backgrounds so it is probably not surprising their energy plan is to just drill more. They have an easy solution to America's energy problem: Just drill more.

That is one approach, but it is not a balanced approach. Yes, we must produce more, and I support that, but we also must conserve more. Conservation of energy is another way of producing energy. We must have a conservation component that is real, not just talk, but real as we deal with this energy policy.

We also must have an efficiency process in this energy plan. All of the appliances, the things we use every day in our lives that make our lives better, easier, can be made more efficient and should be. We have efficiency standards. The question is whether we continue to press for greater efficiency in all of these appliances or not. The answer should be yes.

Finally, renewable resources. We ought to use renewable forms of energy, and I know the big oil companies have never liked that very much, but I happen to believe that using ethanol, taking a drop of alcohol from a kernel of corn and using it to extend our energy supply, makes good sense.

We can take a drop of alcohol from a kernel of corn and still have the protein feedstock left. So we have extended America's energy supply and we still have protein feedstock for animals. What a wonderful thing to do. Plus, it is renewable. We are not depleting it every year.

Wind energy. North Dakota happens to be the Saudi Arabia of wind, according to the Department of Energy. There is nothing wrong, as an important part of our energy plan, of putting up more efficient wind turbines and using that wind energy to extend America's energy supply.

It is true, as my colleague from Idaho says, we need to produce more, and all of us support that, but a balanced energy plan will include production, conservation, renewable energy, and also efficiency with appliances and the things we use day to day. If we have a bold energy plan that includes all of those components, I believe we will find a broad area of support for it in this Congress.

As I mentioned, we have a President and Vice President who come from the oil industry, so it is not unnatural for them to produce a plan that says: By the way, let's just drill more. But that is not a balanced plan. We can, should, and must do much better than that and have a plan that balances all of these interests.

And, finally, another thought on this issue of an energy plan. We have other dislocations occurring in this country in a very significant way. In California, the price of electricity is going through the roof. Some say that is supply and demand. That is nonsense. That market is broken. It is flat dead broke, and the regulators should have intervened.

The Federal regulators are doing their best imitation of potted plants. They sit on their hands, we pay them salaries, and they do nothing. The fact is, they should have put a cap on wholesale prices for electricity in California.

We have big traders and big economic interests that take an Mcf of natural gas, trade it from an unregulated market to a regulated market, and in 24 to 48 hours, the price of that same Mcf of natural gas will double, triple, or quadruple. Guess who gets hit right square in the jaw with that. The consumer.

The price of power in California was $7 billion 2 years ago. It is expected to be $70 billion this year, a tenfold increase.

My point is this: Whether it is the price of natural gas that is being sold

into California or the price of natural gas that is doubling around the rest of the country, or the price of gasoline at the gas pump, or the price of electricity, the fact is, we need to shine the spotlight of investigation on energy pricing in this country.

The education bill is going to be pending in the Senate when we return. It has an amendment that is pending which I offered calling for a joint House-Senate investigative committee on energy pricing. Is there some manipulation going on? Are there some interests that are manipulating both price and supply and driving up energy prices for the American people? I do not know, but I suspect so.

Some very limited investigations have shown that supply has been manipulated in a way to drive up price. It seems to me, given what is happening in California and the rest of the west coast, and given what is happening to natural gas prices and other things around the country, and the price at the gas pump for that matter, the American people will be served well by shining a spotlight of investigation on energy pricing practices all across this country.

That would represent a component to an energy plan that gives the American people some confidence that we are doing the right thing.

Mr. DURBIN. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. DURBIN. I thank the Senator from North Dakota for highlighting this energy issue. If there were ever a moment in time when we should talk about energy, it is on the Friday before the Memorial Day weekend when families across America are making plans to head out for vacations or family reunions. It is the time when they get in the car or decide whether to take a long or short trip and become sensitized to the price of gasoline.

In Chicago and in the Midwest, for the second year running, we have seen devastating increases in the price of gasoline. It seems Easter is the kickoff for the oil companies to start raising the prices and then to catch all sorts of criticism from the public and elected officials and to bring them down after Memorial Day. In the meantime, families and businesses are being socked by the high prices.

The Senator from North Dakota puts his finger on it. This Congress has been unwilling to take a look at the energy industry. Certainly, we do not expect the White House, with the President and Vice President, with their background in this field, to do it. If this Congress will not do it, the consumers of America stand on the sidelines. They stand on the sidelines with their pockets empty because each time they go to the gasoline station, they are putting more and more money into their cars and trucks, into their vehicles to move their families.

I ask the Senator from North Dakota, if we have an opportunity for a joint conference with the House and Senate in a bipartisan approach to get into the energy pricing, how soon can we have that hearing, what kind of things can we look into, what kind of relief can we offer to businesses and families across America who are being nailed by the high energy prices?

Mr. DORGAN. The Senator from Illinois knows we have an amendment pending on the Elementary and Secondary Education Act that calls for the creation of a select committee on investigation. One of the problems is you need resources to do that; you need investigators. You cannot do this without the ability to investigate pricing practices. My hope is that we can move quickly when we get back. We will have a vote and see who wants to do this.

I make another point that is important. One hundred years ago, Teddy Roosevelt, carrying a big stick, said to John D. Rockefeller: ''You can't do that.'' He was talking about price fixing with respect to oil and energy. He began to break it up.

I am not alleging there is widespread fraud or abuse. All I am saying is there are things that do not add up. We have big energy traders, huge economic interests, trading energy and doing it at secret prices from unregulated markets into regulated markets. We have oil companies much, much bigger than they used to be because they merged, and merged, and merged again. We have economic power with the opportunity to manipulate markets and try to drive up prices. Who are the victims? The victims are the American consumers. They deserve to know.

There was a limited Federal Trade Commission investigation dealing with gas prices last year in the Midwest. Some say that exonerated the companies. It did no such thing. It was such a limited investigation. Even that limited investigation showed some deliberately limited refinery output. They did not want to increase supply because they knew if they restricted supply, they could jack up prices.

Mr. DURBIN. I ask the Senator another question. When we ask the people in the energy business, why are prices out of control, they say it is the market mechanism, market forces.

There are two things I find interesting. Our common experience says when gasoline prices go up in a town, they all go up at the same time in lockstep. When they come down, they trickle down at the same rate. You don't see competition in pricing that could be found in any other market.

Second, the oil companies consistently guess wrong about supply. That is what the Federal Trade Commission said. Why would they guess wrong? They make more money when they guess wrong. These oil companies are now having record profits and they are saying: We just did not have pipeline capacity; we were not prepared for reformulated gas, for clean air; we made a mistake.

Look at what resulted from the mistake. It did not result in their being penalized. It resulted in their being rewarded with some of the highest profits they have seen in 10 years. I cannot think of another company or another industry in America that can guess wrong so consistently and profit from it time and time again.

Vice President CHENEY recently he saw no evidence of price gouging. Mr. Vice President CHENEY, come to Chicago, come to Illinois. Take a look at what happened in a 30-day period. The price of gasoline went up 50 cents a gallon. No price gouging?

I have a quote from Vice President CHENEY who said:

> Americans are more understanding and tolerant of high gas prices than most pundits believe.

Again, I invite the Vice President to speak not only to the families who are now paying $50 and $60 and $70 to fill the gas tank but also talk to business people, the small businesses that have been forced to consider layoffs and a reduction in their own activities because of high energy prices. To say people understand this and accept it is to ignore our responsibility. We are supposed to be there for these consumers and these businesses and these families who have no other voice in the process.

I have joined with the Senator from North Dakota. I think it is important we have this investigative hearing to make certain that the people who run this industry come in and are held accountable.

I also think when we get into the debate about energy, we ought to have consumers at the table. It is not enough to have the energy giants and the government agencies and people in pinstriped suits from K Street in Washington. Let's have people representing small businesses in Illinois, farm families from North Dakota, who can talk about the practical impact. I know the Senator from North Dakota supports that. I would appreciate it if he told me what he thinks we can do to deal with the market mechanism which always is stacked against the consumer.

Mr. DORGAN. Mr. President, the market is broken. It is clearly broken.

Look at what is happening in California: $7 billion was the cost of power in California 2 years ago. This year it is estimated to be $70 billion, a tenfold increase. Who are the victims? The folks in California who are going to work every day, coming home to open the bills and figure out how to pay an electric bill that has dramatically increased.

That is why I say, look, we need a new energy plan. I don't disagree with that. We have not had a good energy

plan for decades. We are too dependent on foreign sources.

The Senator from Idaho piqued my interest on the subject. There are a lot of areas we can agree. I agree with the Senator from Idaho, that we do need to produce more oil and gas. I agree with that. We need to build more power lines and more transmission capability. I agree with that. We need to build more powerplants, I agree. We need to use more coal sources, use more clean coal technology, and do all of that while being sensitive to the needs of the environment. We can do that. I support that in a manner consistent with protecting our environment.

Then I say: Support us on this. We need better conservation. More conservation. We need more effort towards renewable sources of energy. We need more effort towards greater efficiency of appliances and the rules that support that are in place. And now the administration threatens to retract on some of those rules.

Finally, we also need to have an investigation of pricing practices. Join us on that.

If my colleague from Idaho and his colleagues would join in the resolution I have included on the Elementary and Secondary Education Act that calls for the selection of a House and Senate committee to investigate pricing, we will have an energy plan that includes a lot of the right things but also says, while we are doing this, let's take a look to make sure the American people are not victims of pricing practices and supply manipulation that enriches some of the bigger economic interests, but takes it out of the pockets of the folks who are trying to gas up at the pump in order to go to work.

Mr. DURBIN. Will the Senator yield?

Mr. DORGAN. I am happy to yield.

Mr. DURBIN. I follow up on a point. There was an old saying during debate of the Clean Air Act, a belief that once we established standards for clean air in America, it was said as a result of that Government decision, the people in the automobile industry in Japan went out and hired an army of engineers to figure out how to make their cars cleaner and more fuel efficient.

The people in charge of the American automobile industry went out and hired an army of lawyers to fight the regulations at every possible level. That is an oversimplification.

But I want to say to the Senator from North Dakota that 8 years ago, during the Clinton-Gore administration they said to Detroit: We want you to sit down and work on a more fuel-efficient automobile that is safe for families. We are prepared to make certain that you do not run afoul of any antitrust violations. We want you to come together, the big three, put your heads together with your best creative talent and come up with that automobile, come up with that SUV, come up with that truck. They gave them that assignment. They moved forward with it and they hoped for the best.

Let's take a look at where we are today. Today the only vehicle I know of that is on the road that offers fuel economy over 50 miles a gallon in a car that is of normal size is, sadly, from Toyota Motor Company. It is a model called the Prius. They have a 5-month waiting list of people who want to buy this car which combines electric power with a gas engine and gives much greater fuel economy.

Detroit announced last week that they will have a competitor for the Toyota Prius in about 3 or 4 years.

You have to ask yourself, what is going on here? If this country, with all its creative talent and technological skill, cannot come up with a product, an automobile, a truck, an SUV, that is safe and fuel efficient, what are we missing?

I think what we are missing is the guidance and leadership and direction from the top. We cannot just say let market forces come to work because if market forces come to work, we are going to get scooped time and time again by someone with more vision. Sadly, in this case it happens to be a foreign automobile manufacturer.

I ask the Senator from North Dakota if part of this energy debate should not include incentives for those who are making the automobiles and the trucks and other vehicles to come up with more fuel-efficient vehicles so we can have safe vehicles that also reduce our need for foreign oil.

Mr. DORGAN. Mr. President, I say to the Senator from Illinois, I think that makes a great deal of sense. I know one of our colleagues drives one of the hybrid cars. I have seen it parked outside of the building when we have late votes. It is a car that runs on both gasoline and electricity. I understand they are very efficient.

But the roads are not populated with many of those cars, largely because we have an energy industry and auto industry that moves down the road with the internal combustion engine, and they fight every step of the way on increased efficiencies people propose in Congress.

Mr. President, I have told my colleagues this before, my first car was a 1924 Model T Ford. I bought an antique car and restored it. My dad told me where it was. He was hauling gasoline and was out on a farm and they had an old car in a granary. He told me about it and said you should write to this fellow and see if he wants to sell it. The guy had long since moved to Wisconsin. So I wrote to this fellow from Wisconsin and asked if he wanted to sell an old Model T stored in a granary for 30 or 40 years. I was a teenager.

He said he would sell it for me for $25, and he sent me the owner's manual and the key. So I went out and hauled the old Model T in and restored it.

It is interesting, that 1924 Model T Ford is fueled exactly the way a car built in 2001 is fueled. You pull up to a gas pump and you stick the nozzle in the tank and you pump gas in it. Think of the few things that have changed in 75 or 80 or 90 years—almost everything has changed around us. Almost everything we do is dazzling, breathtaking new technology, technological change that takes your breath away. Guess what. Eighty years ago you pulled up to a pump and stuck a hose in and pumped a little gas in, and 80 years later you do exactly the same thing.

You wonder why; why would nothing change? Clearly, part of the solution is technology. I just described the technology of a car that is occasionally parked in front of the Capitol. We have the capability of making more efficient automobiles. Of course we have the capability. We ought to have the will. As the Senator from Illinois says and proposes, we ought to provide incentives as part of an energy plan to say to those who are interested in doing that: Here is your head, go do it. We encourage you to do it. Here are the financial incentives to do it.

That is another way to provide conservation and new technology to move out of this energy problem that we have. That is longer term, not short term. But it is certainly part of what we ought to be doing.

Mr. DURBIN. If the Senator will yield, I would like to ask him this question. There are those who argue from the energy industry side that the only way we can improve our energy future in America is by compromising on air quality standards. They suggest it is environmental regulation which is causing the problem we face today.

I disagree with that. I think they ignore realities. One of the realities we should not ignore is to perhaps visit a local hospital, go to an emergency room, and ask the doctor who is in control what is the No. 1 diagnosis of children going to emergency rooms in America today. I was surprised to learn it is not trauma, kids falling off a bicycle; it is asthma. The No. 1 reason kids miss school: Asthma. The No. 1 diagnosis in emergency rooms: Asthma. Pulmonary disease, lung problems, and asthma are, unfortunately, becoming epidemic in our country. I cannot give you the specific reason for all of it, but the people I have spoken to say air quality is part of it.

I will mention something else to the Senator from North Dakota. The former head of the Environmental Protection Agency, Carol Browner, told me that the Web site for the Environmental Protection Agency had a dramatic increase in visits from a few thousand a month to millions a month when they started posting ozone alerts on cities across America. Families literally got up in the morning and logged on, went to the EPA Web site to

find out whether it was safe for their child to go outside. Think about that.

If we are talking about compromising air quality standards in America, more kids are going to be sitting inside their homes; more elderly people with pulmonary disease are going to be at risk. We cannot afford that. We can have a good energy policy and not compromise the public health of this Nation and the health of families across the board. I totally reject the concept that I have heard from some in this administration and from the energy industry that the only way we can move forward in America is at the expense of our health.

This should not be ''your money or your life.'' In this situation I think we can have a good energy policy that does not compromise that basic quality standard. We have made amazing progress over the last 20 years. Visit any foreign industrialized country and take a look at the muck they call air. Go to Beijing in China. You wake up in the morning and say it is a foggy day; at noon you say it is still a foggy day; midafternoon, still a foggy day; at night, still foggy; and the next morning, the same. Every day, day after day, the air quality is miserable.

I don't pick on China. There are many other comparable countries. The United States should lead, not only being an industrial power but also sensitive to the health of its people. I ask the Senator from North Dakota for his comments on this relationship between energy and the environment.

Mr. DORGAN. Mr. President, the Senator from Illinois makes a good point. Increasing the supply of energy in this country does not have to be at odds with protecting and preserving a good environment. It just does not.

We have had experience with this in North Dakota. Some 25 years ago, the proposals to build coal-fired electric generating plants in our State produced a great deal of controversy. I was one in the State capital who led the fight saying if we are going to build coal-fired generating plants, then you must provide the latest available technology on those stacks. We must have wet scrubbers and the latest available technology to scrub down those emissions.

The industry was furious with me because I led a vigorous fight and we built those plants in North Dakota. But they did it and they had to have latest available technology scrubbers on their stacks. When they strip-mined to get the coal, they had to segregate top soil and do layers and topography restoration. They did not like it. But guess what. We did it the right way.

Mr. President, 25 years later, looking in the rear-view mirror, they would all agree that was the right thing to do. We were the first State in the Union to meet the ambient air quality standards. We now have segregated top soil and topography restored on strip-mined lands of which we are proud.

You can do this the right way. I know the energy industry sometimes doesn't want to because it is more costly to do it that way. But it makes sense to do it the right way. Increasing the supply of energy does not have to be at odds with protecting our environment.

Let me make one final important point. Gregg Easterbrooke wrote a book that I believe was entitled ''America the OK.'' It was published a few years ago. In it he said we have doubled our use of energy in our country in the last 20 years, and we have cleaner air and cleaner water. Why? Because this country demanded it. We demanded, through the Clean Air and Clean Water Acts, that we take steps to protect our air and our water.

The point is, no one 20 years ago would have predicted you could double the use of energy without significantly fouling your air and water. If you do it the right way, you can coexist: an increased energy supply with a good, clean environment. That is what the Senator from Illinois is saying.

So as we go through these battles about energy policy, my hope is that the good ideas on that side of the aisle can be merged with our good ideas and we can have a policy that is balanced. Yes, more production, but production the right way, with environmental safeguards. Yes, let's also insist on some conservation, efficiency, and renewable energy at the same time; we can do all of this together.

But it is not a balanced energy plan simply to say, the market will take care of this. The market is broken, and we know it. Buy electricity in California today, and ask yourself whether you think this market works, while the big economic interests get rich and you get gouged. Ask yourself then, on the west coast: Do you think this market works? Everyone in the country knows that is not the case.

Americans deserve the opportunity to have an investigation of energy pricing that shines a spotlight on pricing and supplies and evaluates whether they are being manipulated in a way that victimizes consumers.

As I said before, 100 years ago, Teddy Roosevelt took a big stick and said to John D. Rockefeller, you cannot do this any more, because he was manipulating the price of oil. And 100 years later it is useful for us to have a significant investigation of both the price and supply of energy and find out who is doing what so the American people have some confidence, as we develop a new energy plan, that the big economic interests will not gouge the American consumers.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. ROBERTS). The distinguished Senator from Georgia is recognized.

Mr. CLELAND. Thank you very much.

Mr. President, I appreciate the magnificent discussion on energy policy and environmental concerns led by the distinguished Senator from North Dakota and the Senator from Illinois.

I would like to change the subject for a moment as we approach Memorial Day weekend.

MEMORIAL DAY

Mr. CLELAND. Mr. President, on next Monday, May 28, and acting pursuant to a joint resolution actually approved by the Congress back in 1950, the President of the United States will issue a proclamation calling upon the people of the United States to observe a day of prayer for permanent peace in remembrance of all of those brave Americans who have died in our Nation's service.

In many ways, this is part of our history and heritage, Memorial Day. In 1866, citizens from both the North and the South, after the Civil War, decided to form the first Memorial Day effort and place a flag on the grave sites of those brave Americans who had died in the Civil War.

That is actually how Memorial Day got started.

Whenever Memorial Day comes around, I am reminded of what may well have been the first, and is still one of the finest, memorials to fallen soldiers. Thousands of years ago: the Funeral Oration of the great Athenian leader Pericles, as recorded by the historian Thucydides, during the Peloponnesian War in the 5th century BC:

> For this offering of their lives made in common by them all they each of them individually received that renown which never grows old, and for a sepulcher, not so much that in which their bones have been deposited, but that noblest of shrines wherein their glory is laid up to be eternally remembered upon every occasion on which deed or story shall call for its commemoration. For heroes have the whole earth for their tomb; and in lands far from their own, where the column with its epitaph declares it, there is enshrined in every breast a record unwritten with no tablet to preserve it, except that of the heart.

There are many thoughts as we approach Memorial Day weekend. In that spirit, I am pleased that both the House and the Senate have now passed legislation that will expedite a monument commemorating the sacrifice of those who served in World War II.

My father served in World War II after the attack at Pearl Harbor. This weekend I will be visiting some of my fellow veterans, and we will see the premiere of the new movie ''Pearl Harbor.''

I introduced a resolution on Tuesday calling upon all Americans to especially dedicate Memorial Day of 2001 to those brave American men and women

who have given their lives in service to their country especially since the end of the war in Viet Nam.

As a Vietnam veteran, I appreciate the monument in this great city, sometimes called ''The Wall,'' the Vietnam Veterans Memorial.

But no grand edifices or other public monuments commemorate the deeds of those who have died after the Vietnam war, but their service to their country was just as strong, their sacrifice just as great, their families' and communities' loss just as keen as that of their predecessors in the two world wars of the 20th century, Korea and Viet Nam.

Honoring our fallen heroes is altogether fitting and proper, as President Lincoln said at Gettysburg. At this point, I thank my many colleagues, on both sides of the aisle, who joined me in cosponsoring this resolution: Senators MCCAIN, LEVIN, HUTCHISON, MILLER, BIDEN, JEFFORDS, LANDRIEU, BENNETT, MURRAY, JOHNSON, CARNAHAN, DAYTON, CONRAD, KENNEDY, DURBIN, HATCH, SESSIONS, CLINTON, and ALLEN. I also thank the entire Senate for adopting this measure by unanimous consent last evening.

I am reminded of the line from one of Wellington's troops that: ''In time of war, and not before, God and the soldier men adore. And in time of peace, with all things righted, God is forgotten and the soldier slighted.''

Mr. President, I am honored to live in a country that forgets not God and does not slight the soldier.

I yield the floor.

The PRESIDING OFFICER. The distinguished Senator from Missouri is recognized.

EXTENSION OF MORNING BUSINESS

Mr. BOND. Mr. President, on behalf of the leader, I ask unanimous consent that the Senate remain in a period of morning business with Senators speaking for up to 10 minutes each, with the following exceptions: Senator DURBIN or his designee will control the floor from 11 to noon and from 1 to 2 p.m.—and I ask within that timeframe, if no one seeks the floor, I may be recognized to introduce a bill—and Senator THOMAS or his designee will control the floor from noon to 1 p.m. and from 2 to 3 p.m.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BOND. 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. BOND. Mr. President, I ask unanimous consent to speak as in morning business for up to 10 minutes for the purpose of introducing legislation.

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

(The remarks of Mr. BOND pertaining to the introduction of S. 967 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. BOND. I yield the floor.

The PRESIDING OFFICER. The distinguished Senator from North Dakota is recognized.

RURAL AMERICA

Mr. DORGAN. Mr. President, some weeks ago, I was on an airplane, and I had a laptop computer with me and my briefcase. Like most of my colleagues sitting on an airplane, I went through my briefcase and found a letter from the U.S. Park Service. I read the letter, and it provoked me to get my laptop computer out of its case and put it on the tray table, and I started typing.

I created a message for the U.S. Park Service. Here is what their letter said to me. The U.S. Park Service wrote me a letter and said in the Teddy Roosevelt National Park, one of their picnic grounds was being colonized by prairie dogs. So they were going to do something called a ''scoping'' exercise and an EA, called an environmental assessment, to think about spending a quarter of a million dollars to move the picnic grounds.

I read and reread this Park Service letter about the scoping and the environmental assessment they were doing to spend a quarter of a million dollars to move the picnic grounds, and I sent them a letter.

What I said to the Park Service was that I found it interesting that they had the time to do scoping and EAs on these kinds of issues. I said, at the moment, we are in a rather complicated budget fight in Congress, but you have solicited my opinion, so let me give you a few thoughts.

I said: I am not unsympathetic to prairie dogs. I think they are cute little creatures. They, unlike the rats, were blessed with a furry tail and a button nose and they have a good deal more human sympathy, therefore, than rats do.

I asked the Park Service what would have been the Park Service's response if it had been a group of rats that had colonized the picnic area rather than prairie dogs. Then I thought better of asking because maybe they would have had a larger EA and scoping mission.

My point to them was: Do not waste the taxpayers' money; do not move the picnic grounds, move the prairie dogs.

I said: When I was growing up, about 50 miles from where they have this problem in the Badlands, I was growing up in Regent, ND, we had a group of rats ''colonize,'' to use the Park Service's word, our horse barn. I was about 14 at the time, and my dad said the rats could live a very good life just 1 mile from our barn in the town dumps, which is where a lot of rats live, and he said he would like me to enlist a couple of my schoolmates and see if we couldn't move the rats.

It turns out these rats were no match for three 14-year-old boys. We very quickly retook the Dorgan horse barn. We understood that we could do that without a lot of effort.

Getting back to the prairie dogs, I told the Park Service that I figure there are about 1.4 million acres of ground in the Badlands in North Dakota in which prairie dogs can, do, and are colonizing. They have many prairie dogs in the Badlands. So the prairie dogs can colonize in a million and a half acres or so. They just cannot colonize in this picnic area.

I said: The way to handle these prairie dogs is to find somebody who can communicate with them. That is not hard. We have a lot of folks who ranch and farm and spend a lot of time around animals, and one very quickly learns how to communicate with animals. I raised some horses. We raised cattle, and we learned how to communicate with animals.

I said to the Park Service: If you do not have anybody who knows how to communicate with an animal, go out in a ranching area and get some instruction, and once they have taught you how to send certain communications to animals, go back and have a little discussion with those prairie dogs and tell the prairie dogs they are not welcome in the picnic area; that you do not want to spend a quarter of a million dollars of the taxpayers' money to move the picnic area, and you want them to leave. And if they will not leave, I said to the Park Service, here is a cost-free way to deal with it: Get about three 14-year-old boys from somewhere in that area, and they will take care of that problem real quick for you.

As I was sitting on this airplane thinking about all the things we confront in rural America—yes in and near the Badlands where I grew up—I was thinking that we are not short of prairie dogs; we are short of people. We have Federal agencies that want to treat lightly that which is serious and then treat seriously that which is light, and they do not quite understand.

The real problem in our part of the country, where the Park Service is worried about prairie dogs and picnic areas, is that human beings are becoming an endangered species. All of our rural counties are shrinking like prunes. The counties are shrinking in population. People are leaving, not coming in. Farmers and ranchers are leaving the land at an alarming rate. Small towns are shrinking. Many rural counties are very fast becoming a wilderness area. That is not by Federal

designation, it is the way things are working in rural America.

I said to the Park Service: When I received your letter about prairie dogs, picnic areas, and environmental assessments, and scoping, it just seemed to be such an unusual bureaucratic effort for such a minor issue.

Having prairie dogs move into a picnic area, in my judgment, does not rank up there with having people moving out of rural America. So I said: You have to excuse me for being a little impatient.

Just once, I told the Park Service, I would like to see a Federal agency crank up a little energy, a little emotion about the real problems facing rural America.

Have my colleagues ever heard of a Federal agency say: This county has shrunk 50 percent; we are going to do a scoping exercise to figure out what we can do to solve that problem.

Have my colleagues ever heard of a Federal agency cranking up an effort to do an environmental assessment of what is happening with the creation of wilderness areas, where people are moving out, jobs are leaving, and people on Main Street are having a devil of a time keeping their front door open because rural areas are shrinking?

Have my colleagues heard a Federal agency say that matters to them; they are going to make an effort to find out about that?

No; oh no. Scoping and environmental assessments are reserved for dealing with furry little creatures that inhabit a picnic area. God forbid a Federal agency ought to spend its money and its time worrying about a few prairie dogs.

Again, we are just not short of prairie dogs, we are short of people in rural America. I would like very much just once to have a Federal agency, the Park Service, the Forest Service—you pick it—just once to have a Federal agency get aggressive on something that really matters to us in rural America.

I said to the Park Service: You probably regret asking for my advice. You probably certainly regret I had time on an airplane to read your letter and had a laptop available to respond to it. But, frankly, my advice is do not spend the taxpayers' money, do not spend a quarter of a million dollars; get those prairie dogs out of the picnic area and get your people, if you have the time work on things that really matter, to work on things with us that matter to rural America in a real way.

I know the Park Service has read my letter because they sent me another letter and said this is not just about prairie dogs and picnic areas, it is now about the bubonic plague or some godawful thing, and they have developed several areas of new dimensions to this tiny little issue, as is always the case. I am sure they brought in four or five specialists now to respond to this issue that I have raised with them about worrying about all the wrong things.

Some days you just scratch your head and wonder whether bureaucracy has any common sense left.

I say to the Park Service, and all the others who are engaged in these Federal agencies: Give us some help from time to time on things that really matter to people living in rural America.

I live in a wonderful State. It provides a wonderful environment for people who want to live in an area where they have good neighbors, no overcrowding, and very little crime. It is a wonderful place with wonderful values. The fact is, we are fighting a losing battle in many ways trying to keep people, jobs, promote economic opportunity and a future that has some assistance for people who want to live in rural areas.

I say to Federal agencies: If you want to worry about something, do not worry about a few prairie dogs in a picnic area. Help us worry about promoting some economic help in rural America for a change.

If you don't want to do that, cut some of the positions out of some of the agencies to say you have too many people working on some of the issues. Maybe we can cut down on the idle time.

It was therapeutic for me to say this on the floor. It probably was a slow water drip for the Presiding Officer. I ask unanimous consent to have printed in the RECORD the letter I sent to the Park Service on the subject of prairie dogs and picnic areas and scoping and environmental impacts, and I say to them, save your breath and save the taxpayers' money and work on things for a change that do matter.

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

MOVE THE PRAIRIE DOGS

(By U.S. Senator Byron Dorgan, D-North Dakota)

The National Park Service wants to spend nearly a quarter of a million of dollars to move a picnic area in Theodore Roosevelt National Park to accommodate a colony of prairie dogs that moved into the area. A quarter of a million dollars? To move a picnic area? To accommodate prairie dogs?

They must be kidding, right? No. They're serious.

Following is the text of a letter I'm sending to the acting Director of the National Park Service in Washington, D.C.:

DEAR MR. GALVIN: This is in response to the Park Service letter asking for my thoughts about how to deal with some prairie dogs that have ''colonized'' your picnic area in the south unit of the Badlands in North Dakota.

Your letter stated that you are ''scoping'' the issues and about to prepare an ''Environmental Assessment'' (EA) to determine whether you should spend $223,000 to reconstruct the picnic area in a different location.

We're in the middle of a rather complicated fight about the federal budget here in Congress, but still, I'm pleased to offer a few thoughts about prairie dogs and picnic areas.

Now I want you to know that I'm not unsympathetic to prairie dogs. They are cute little creatures. Unlike a rat, the prairie dog was blessed with a furry tail and button nose and seems to have a better public image. But, I just wonder if it had been rats that had colonized the picnic grounds if you would be talking about spending a small fortune to fix the problem? Maybe I shouldn't ask. . . .

My advice is this: don't waste the taxpayers' money. You don't have to move the picnic grounds. Move the prairie dogs!

When I was growing up in Regent, some rats ''colonized'' (to use your term) our horse barn. My dad told me that since it was our barn, and the rats could live a good life just a mile south in the town dump, I should get rid of them. I recruited a few school friends to help. We didn't do any ''scoping'' or ''Environmental Assessment.'' The rats were in a foul mood, but they were no match for three fourteen year old boys. We reclaimed the Dorgan barn in no time.

Now getting back to the prairie dogs that are ''colonizing'' your picnic area, I figure that there are about 1,428,288 acres of ground in the Badlands that those little dogs can colonize. But they have no right to do it in your picnic area.

So here's what you should do. And it's nearly cost free. Find a way to communicate with those prairie dogs. If you don't know how, check with some of the neighbors living in western North Dakota. When you live on a farm or ranch, you learn quickly how to communicate with animals.

Once your Park Service employees get the hang of communicating with prairie dogs, have them let those dogs know you're reclaiming your picnic area, with force if necessary. And if those prairie dogs won' leave, you go out and hire three or four teenagers from the area and tell them to get the job done. I guarantee you those kids will have this problem solved in just a couple of days. And it don't cost you $223,000.

Don't misunderstand me. I am a supporter of our environment, of wildlife and, yes, of the Endangered Species Act. And so are most North Dakotans. But prairie dogs are not endangered in western North Dakota. To those who insist they are, I challenge them to put a male prairie dog and a female prairie dog in their own backyard and report back to us in a couple of years.

The fact is, we're not short of prairie dogs. We're running short of people!

The real endangered species, especially in the western part of our state, is the human species.

Farmers and ranchers are leaving the land at an alarming rate. Small towns are shrinking like prunes. Many rural counties are fast becoming wilderness areas.

When I received your letter about prairie dogs, picnic areas and environmental impact statements, it seemed such an unusual response to such a small issue.

Having prairie dogs move into a picnic area doesn't rank up there with the problem of people moving out of our state.

You'll have to excuse me for being impatient with federal agencies that treat the light too seriously and the serious too lightly.

Just once I would like to hear of a federal agency interested in doing an impact statement on what our country will lose when there are no family farms or ranches left in rural America. How about ''scoping'' that

issue? Or how about an impact statement on the damage done to our farmers and ranchers from the mergers and monopolies that are being formed in the industries that farmers rely on such as the railroads, grain trade, packing plants and more.

By now you probably regret asking for my advice. Simply put, my advice is don't you dare spend nearly a quarter of a million dollars to move that picnic ground. Move the prairie dogs.

And then spend some time with me and others in Congress to help create a friendly environment for people to make a decent living on our farms and ranches in rural America.

Sincerely,

BYRON L. DORGAN,
U.S. Senator.

Mr. DORGAN. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. INHOFE). The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE) ordered.

THIS GREAT DEMOCRACY

Mrs. HUTCHISON. Mr. President, this has been a tumultuous week in the Senate. We have had significant legislative accomplishments. I think it is an interesting process to watch the changes that are taking place. It always makes me value our Constitution and the peaceful transitions of power our Constitution has provided.

I was watching C–SPAN this morning. The topic was ''The Greatest Generation.'' People were talking about what they consider to be our greatest generation. The debate was about whether the greatest generation was the wonderful heroes who went to battle in World War I and especially World War II, because we are talking to them, and in Tom Brokaw's book ''The Greatest Generation'' being the silent heroes, the people who answered the call of their country and fought bravely and came home and never talked about it, never whined, never complained. They are, indeed, our great heroes.

Then people started talking about the greatest generation being our Founding Fathers and their families, and the sacrifices they made when they declared independence and when they crafted our Constitution that set in place the document that has kept us vibrant and alive today.

Through all of the things that I, personally, have lived, even in my mere 7 years in the Senate, I have seen our Constitution tested and prevail, tested and come through, tested and show the wisdom of the balance our Founding Fathers put in place so we could have changes in power and have them peacefully.

While talking about the greatest generation, it also has come home to me when I have visited foreign countries, foreign countries that have seen the despotism of military rule, of dictatorships, of communism. They are coming out of those totalitarian governments. They are coming into democracy. I thank the Lord, I thank my lucky stars, and I feel so grateful we had Founding Fathers, and families who supported our Founding Fathers, who created a document that is living today, that has given the balance so we have never had a totalitarian government since the democracy we formed in 1776.

I feel very proud, and it came home to me today as I started thinking about the greatest generation. I think our Founding Fathers and their families certainly created generations behind them who also were great in that they answered the call of the time. That is what has happened throughout the 17 or so generations since the founding of our country. Sometimes we have not had to answer a crisis. Sometimes the United States has had a period of peace and prosperity. When we have been tested throughout the 17 or 18 generations, we have met the test. We have met the test because we have learned from our Founding Fathers and their families and we have built on their strengths and the Constitution they created. We have been able to answer every test with success.

I feel very grateful to live in a society where we can debate which were the greatest generations. I don't think we have had a generation that has ever sunk to the lows we have seen in other countries and other societies where our Government has broken apart or our institutions have broken apart. I think we have perhaps expanded beyond the boundaries, but we have always come back because we have the structure that we do.

I appreciate very much the opportunity to serve in the Senate in this great democracy and hope we will always be able to meet the test of the strength of our Founding Fathers and always be grateful for the Constitution that has been so vibrant throughout the generations.

I yield the floor.

The PRESIDING OFFICER (Mr. INHOFE). The Senator from Maine.

Ms. COLLINS. I thank the Chair.

(The remarks of Ms. COLLINS pertaining to the introduction of S. 970 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Ms. COLLINS. Mr. President, I yield the floor and, seeing no one seeking recognition, 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. INHOFE. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

TAX RELIEF FOR THE AMERICAN PEOPLE

Mr. INHOFE. Madam President, while I was presiding, something occurred to me. I felt compelled to share it.

Right now, something very significant is taking place. There is a conference committee that is looking at the bill that we passed and the bill that was passed in the House of Representatives. They are going to come out with a product and decide just how to change it because the bills are not exactly the same.

It is a piece of legislation that will do something very significant. It is going to provide tax relief for the American people. It occurred to me—I will use the words ''liberal'' and ''conservative'' in a very friendly way, but all too often, people do not know what you are talking about when you call someone a liberal or a moderate or a conservative.

A liberal believes that Government should have a greater involvement in his or her life and really believes that there are more things in which the Government should be involved. I suggest to you that the more things Government gets involved in, the more individual freedoms we lose.

I happen to be a conservative. I agree that Government is involved in too many things. I think that other than national defense, which we need to be more involved in right now, there are many activities taking place in this country that our Founding Fathers really did not think were the role of the Federal Government.

We are in a very strange time right now. We are in a time when we have surpluses. We are all very gratified for that. But the whole idea of tax relief is offensive to people who fall into the definition I just referred to of a liberal. They want to use that money. They want to start new programs.

Now we have this time of surplus. I want to applaud the President of the United States, George W. Bush, because what he said he wanted to do was, first of all, take everything that could be used to spend down the deficit for the next 10 years and use it.

I have a lot of town meetings in my State of Oklahoma with very wise people, but they are too busy going out to make a living and paying for all this fun we are having in Washington, that they do not really understand that when you have such surpluses that once you use those surpluses to start new Government programs, then the Government programs might work, and the problems that they are addressing might go away but the Government program goes on.

I can remember that one of the greatest speeches made during my career

was one that was made many years ago by Ronald Reagan before he even ran for Governor of California. The speech was called ''Rendezvous With Destiny.'' He said: There's nothing closer to immortality on the face of this Earth than a Government agency, once formed.

So if you don't want to increase the size and scope of Government, then you need to address what the President is addressing now. President Bush said: Let's start off by taking all the money to pay down the debt. Most people think, if you had $5 billion, you go up there and drop it someplace and the debt would be gone. That is not true because you can't pay off something until it comes due. So what this President has suggested to us is, let's pay off everything for the next 10 years that can be paid off on the national debt.

Then let's look at Social Security. Let's make sure the fund is actuarially sound and the money is going to be there for the people when they reach the age that they can draw it out.

Incidentally, Social Security reform doesn't mean that is going to change. That program would continue; the money will be there; but it will give some of the new people who come into the program an option as to what they do with the money they pay into the system.

Then the President said: Let's take Medicare and do the same thing with that. So he proposed actually increasing it by $153 billion over a period of 6 years—that would take care of that problem—and after that, to put some money in so we can take care of a very serious problem, the most serious problem the Nation is facing right now, and that is the demise of the military over the last 8 years. Let's build that back up.

After that has been done, all of that is behind us, then let's take this surplus that remains and return it to the American people as an overpayment because they paid too much. It is like buying a car and you find out when you get back home, you read the sticker price and think, wait a minute, I paid too much. You go back to the dealer and you expect to get the money back. He would say: I gave it to my mother-in-law. That is kind of what happens in this case.

So we have the opportunity to return to those who paid it an amount of money. We should be looking at a much larger tax reduction than they are negotiating right now. What they are negotiating right now, if you put it in as a percentage of GDP, would be about 1 percent. Yet our other two major reductions in this century were far greater than that.

The liberals are missing a bet. If they really want to get more money into the system, they should be supporting larger tax cuts because history has shown us, when you reduce the marginal rates, it has the effect of increasing revenues.

Going back to World War I, the President, after World War I, said: The war effort is behind us now so we will go ahead and reduce these marginal income tax rates. And they did. To their shock, they found out that it didn't reduce revenues. It massively increased revenues.

I am a conservative Republican. I look back wistfully at the days when we had a President, a Democrat, who realized that this concept works every time. It was President Kennedy in the 1960s who said, we need to expand the role of Government and get into a lot of programs—perhaps such as the dental program the Presiding Officer discussed—and the best way to do this—this is a direct quote from President Kennedy—to increase revenues, is ''to reduce the marginal rates so that the economy will expand.'' For each 1-percent expansion in the economy, that produces about $46 billion in new revenue.

Sure enough, it happened. In fact, it almost doubled the revenue in the 6 years after that massive cut. Remember how big that cut was? It went from 91 percent down to 78 percent. It was a huge cut, much greater than we are talking about doing today. So that worked and some of these programs were funded.

Then along came Ronald Reagan. The decade of the 1980s, from 1980 to 1990, saw the largest tax reduction in the history of this Nation. President Reagan was elected and the first thing he did was sign the tax reduction. He took that 78-percent rate and brought it all the way down to, I think, 28 percent. The result was great increases, massive increases in revenues.

To document that, the total amount of revenue that came in from all marginal rates in 1980 was $244 billion. In 1990, it was $466 billion after all the reductions that had taken place, the largest reductions in any 10-year period in the Nation's history.

You hear the liberals saying: Look at all the deficits that came about during that 10-year period. That wasn't a result of the President. That was a result of a very liberal, big-spending, Democrat-controlled House and Senate that increased the spending.

You cannot blame that on the President because he was the one who reduced the taxes and was responsible for doubling the revenues at that time.

We should stand back and look at this. We had one of the financial advisers to President Clinton, when he was President when he first came in, who made the statement that there was no relationship between the level of taxes the Nation pays and its productivity. Theoretically, that means if you pay 100-percent taxes, you will be just as motivated to work hard and to expand the economy as if you were paying no taxes. Obviously, that doesn't make sense.

It is time the American people realize what we are trying to do and what this President is trying to do and that we get the best conference report out and that this can be a very historic time because sometime, maybe today, that conference report will come out. It will incorporate some tax reduction, not great tax reduction—the top rate may be going down from 39 to 35 percent—and actually eliminating some taxes down at the lower income level. I think we have an opportunity to pass this thing out today. This will go down as probably a great legacy, not just for the President of the United States but for the House and the Senate which are working on this.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

A MOMENTOUS WEEK

Mrs. HUTCHISON. Mr. President, I rise today to talk about some of the activities that are going on right now. We have had a momentous week in the Senate. We passed a tax relief bill so that every working American would get relief from the burden of taxation. We passed a budget that is responsible stewardship of the people's money.

I stress people's money because one of the things I think is very important is that we remember the money people work so hard to earn is not the Government's money. It is what people send to the Government to do the functions of Government and that we have the responsibility to assure it is wisely spent and what isn't necessary for the functions of Government is sent back to the people who earn the money. We believe that people can choose how to spend their money better than a big Government program can do.

So we have passed the budget resolution that provides for tax relief for hard-working Americans. It would be $1.35 trillion over a 10-year period. It would pay down the debt to the maximum extent possible without paying a premium for early payment of outstanding Treasury issues. And I think that is a very important component because paying down the debt frees up more money that is going to go to interest payments, and that is money that can either go into the spending that is necessary to cover the costs of Government or more can be sent back to the people who earn the money.

We also do provide in the budget that was passed at least a $500 billion cushion—a rainy day fund—which we think

is very important for meeting the emergencies we might face in the next 10 years. It is also important for the added spending that we know we are going to face. We have set a 5-percent limit on the increase in spending for the next year. A 5-percent increase is more than most families are going to increase their spending in the next year, so I certainly think it is the most we should go beyond this year's spending of the Government money.

With that 5-percent increase and the $500 billion rainy day fund, we will be able to spend more in the priority areas such as national defense. We know we have fallen behind in the last few years in keeping up our strong national defense. We also know we are going to have to meet some future technology tests in order to maintain our superiority and security. So that means we are going to be looking at the next generation of airplane, the next generation of ship, the next generation of land-based vehicle, and the next generation of missile defense.

We must perfect our theater missile defense, so that when our troops are in any theater in the world, they will have the protection of a missile defense system, such as the PAC 3, which is a hit-to-kill missile—a missile that can hit a missile. That has been tested and it works. It is going to be the most successful theater defense system we have ever had in our country.

We are also looking at a longer range missile defense system, possibly a sea-based system and, later down the road, an intercontinental ballistic missile defense system. This is because we want to make sure that our shores are totally secure from any kind of incoming ballistic missile and that our people, wherever they may be in the world defending our interests, will also be secure. So that is going to take more money and we are going to put more money into it.

In addition to more defense spending, we are going to have to deal with prescription drug options in Medicare and prescription drug benefits for people who are facing true hardships in meeting their medical needs. That will take more money. I hope we can reform the Medicare system so that it does meet the test that all of us want it to meet for quality health care for our senior citizens, and that we can add a prescription drug component. So that will be another area of added spending.

I hope we will be able to have a Social Security reform bill, and all of the money that is now in Social Security surplus will be held for Social Security reform. It will be held for the integrity of the Social Security System that is done in the budget we have passed because we want to reform Social Security to make sure it is secure, not only today and 10 years from now but in the year 2030 when it will go into deficit if we don't do something to make sure it remains solid.

So we passed a very good budget. In that budget, we also allocated $1.35 trillion for tax relief. I am very proud that our conferees are trying to work that out between the two Houses. The two Houses passed very different bills. The Senate bill was passed this week; the House bill was passed earlier. They are different bills. The rate reduction is different in the two bills, so we are trying to reconcile those rate reductions. We are trying to make some of the reductions earlier in the process, over a 10-year period. Some of the rate reductions take effect later in the 10-year period. We would like to bring all of the reduction into 2002 so that every working American would start feeling some relief by January 1 of this year.

We are trying to give relief from the marriage penalty. When two single people are working—for instance, a policeman and a schoolteacher—when they get married today, they will pay approximately $1,400 more in taxes just because they got married. You may say, why would they have to pay $1,400 more in taxes? Why would our Tax Code do that? Well, it is because when they get married, they go into the next bracket; whereas, if they make $30,000 and $25,000, respectively, and they are in the 15-percent bracket, when they get married they go into the 28-percent bracket. That is a $1,400 hit. So we are going to try to relieve that penalty.

In the Senate bill, there was very solid relief—double the standard deduction, double the 15-percent bracket. That is solid relief. It will take place over the 10-year period. Many of us hoped it would take place sooner than the 10-year period, but at least if we can get that relief on the books, we will begin to change our Tax Code so that it does not discriminate against people who get married. We want people not to think of taxes as a factor when they decide to tie the knot and start their family.

So anything in the Tax Code that will have the effect of cutting back on the ability of people to get married and start their families, buy their first home, buy the extra car, whatever it is, we want them to be able to do it without regard to the Tax Code.

So we are looking at significant rate reductions that will affect every working American. We are talking about significant marriage penalty relief. We are also talking about relief from the death tax. We are talking about trying to keep a family-owned farm or business in the family.

I don't want to continue to see family businesses in our country sold to big businesses and take away the family nature of the business which is important to that family and important to every employee of that family business. I want those family businesses to stay together. I don't want every farm in America to be part of an international conglomerate. I want family farms to make it in America, and I want family ranches and family small businesses. That is the economic engine of this country, and it has been our tradition for over 200 years, valuing family-owned businesses.

If we can pass them through the generations without taxing them and causing them to have to be sold to pay inheritance taxes, then I think we will have maintained one of the very important economic engines of America, and we will have maintained a very strong tradition and a very strong part of the entrepreneurial spirit that has helped build this country. So we address that death tax, and we eliminate it over the 11-year period, and we significantly increase the exemption through the 10-year period.

The fourth area of major tax reduction that we hope will come out of the conference report and was a component of both the House and Senate bills is the child tax credit. We are trying to double the child tax credit over a 10-year period. Today, it is $500. We hope to increase that to $1,000.

So the four major parts of our tax relief bill will be a major tax reduction through rate reduction, marriage penalty relief, death tax relief, and the $500-per-child tax credit doubles for every family.

There are many other important elements; there are many other important tax relief measures I would like to see pass. If we can keep those four strong elements so that everyone will realize relief in a big way, I will be happy.

Hopefully, we will lower the capital gains rate and will increase the IRAs and the pension capabilities. The more people can save, the better off our country will be and the more stability our country will have. Those are all worthy. I hope we can do those at a later time.

There are some very important education deductions in the Senate bill. I hope we can keep some of them. Trying to help people with their education expenses is the most important thing we can do to increase the number of young people who get a solid education, K–12 and college.

It will be a great stepping stone to go into the next year if we can pass the tax cut bill. Right now the conference committee is working. I believe Senators are willing to stay. We thought we would be out for Memorial Day right now. We thought we would be gone. I thought I might be home with my family last night, but I am not. I am here and so is every Senator.

We hope to pass this tax reduction package. If we cannot do it today, we are willing to stay until tomorrow. We will pass it tomorrow if we can get out the tax cut package and certainly we hope we can finish this business because there will be some major changes that are dependent on our passing that tax cut legislation.

There are major changes in the Senate. They are not my first choice for changes, but nevertheless the decision has been made, so we ought to go forward and let people start making concrete plans about how the Senate is going to be organized. It is in everyone's best interest to do that.

The Senate is staying in session. We are going to make every effort to finish this tax relief bill for the American people if we have to work today, tonight, tomorrow, Sunday, Tuesday—whatever. If we can come to an agreement on a tax cut bill that has the general principles I have outlined that were passed in the House and Senate bills, then we will be in very good stead with the American people that we have done our job to the best of our ability in a bipartisan way, and we will then come back and start the business of reorganizing the Senate and continuing to do the people's work.

When we come back from Memorial Day and visiting with our people at home, we are going to start talking about the energy crisis. During Memorial Day weekend, we are going to want to start thinking about how we can address the energy crisis in a meaningful way, hopefully with some short-term relief but, more importantly, for the long term.

We have three major problems with the energy crisis in this country. We have a production problem. We are importing 56 percent of the energy needs of our country from foreign countries, and that is not a good, stable situation. We have a distribution problem in that we do not have enough refineries and pipelines to distribute the energy even if we increase production, and we have a conservation, a consumption problem. We need to encourage people in every way to conserve heating and air-conditioning in their homes, the gasoline they use in their cars.

We can encourage people to conserve. We hope they will do it anyway. With incentives, people will be even more encouraged to conserve.

We have a three-pronged energy problem: production, distribution, and consumption. That is going to be our priority when we return.

Senator MURKOWSKI has been talking about the energy crisis in this country for the last 4 years. I have been privileged to work with him, along with Senator BREAUX, Senator LANDRIEU, Senator DOMENICI, and Senator THOMAS, on this energy issue in a bipartisan way.

We have been saying for the last 4 years we have an energy crisis in this country. We have not been able to get the rest of the Members of Congress to listen. They are going to listen now, and Senator MURKOWSKI, myself, Senator BREAUX, Senator THOMAS, Senator DOMENICI, Senator LANDRIEU, Senator BINGAMAN—all of us are going to be working on an energy package that will address the three components.

It must be balanced, and we must address all three components.

I hope we can get tax relief on the table, letting people keep more of the money they earn, and send it to the President. I know he is going to sign it because he asked for it. He campaigned on it. He kept his promise; he asked for it and we are going to give it to him. Now we are going to address energy. We are going to address education reform and try to keep doing the people's business.

We have toiled in the fields. We have worked hard. We have a lot to show for that work. We will finish the job the people have asked us to do on tax relief and, hopefully, we will go home, turn a leaf, and start addressing education and energy when we return.

I am proud of the job our President is doing, and I am proud of the job the Senate has done.

I end by saying on a personal note, I am very proud of our leader, Senator TRENT LOTT, the majority leader of the Senate. He has worked very hard to push the President's programs he campaigned to do and was elected to do.

Senator LOTT has the most unfailing sense of humor and optimism of anyone I have ever met. He has been hit with a few blows in the last few weeks. I admire what he has been able to do, working with the Democrats, saying we are going to work in a bipartisan way. Through the filibuster of the tax cut bill, he kept his optimism. He never let down. He let the 50 or so amendments be voted on time after time. He kept his good humor.

Now he is facing becoming the Senate Republican leader rather than the Senate majority leader, and he is already reaching out to Senator DASCHLE, who will be the majority leader in the next couple of weeks. He said: We are going to keep working with you, and we are going to try to work in a bipartisan way to assure the people's business gets done.

My hat is off to Senator LOTT today. I have seen him up close in the last few weeks, and I can tell you he is a leader who is determined to continue to do his job in the best way he can, in the most sincere way he can, never with acrimony, always trying to do the right thing, working with a 50–50 Senate, which has not been the easiest job he has ever been handed but one he has tried to dispatch in a most fair and equitable way.

I yield the floor.

The PRESIDING OFFICER (Ms. STABENOW). The Senator from Rhode Island.

CONGRATULATIONS, GENERAL LENNOX

Mr. REED. Madam President, last evening, the Senate of the United States confirmed MG William J. Lennox, Jr., of the U.S. Army, to be the 56th Superintendent of the United States Military Academy at West Point.

General Lennox is an extraordinary officer and gentleman. I have known him for a long time. In July of 1967, we entered West Point together. He proceeded through West Point and for 30 years he has been an extraordinary soldier. He represents the very best of what our Army is all about. He is a soldier and he is a scholar, but he is a soldier first.

He was commissioned in field artillery and served in various demanding assignments from platoon leader, battery commander, executive officer of the 2d Battalion, 41st Field Artillery in Germany; Deputy Commanding General to the U.S. Army Field Artillery Center and School at Fort Sill; Chief of Staff, III Corps at Fort Hood; and Assistant Chief Of Staff, United Nations Command for the United States Forces Korea. In his most recent assignment, General Lennox was the liaison for the Department of the Army to Congress.

He has performed all of these duties in extraordinary fashion. Bill Lennox understands our Army is composed of the greatest soldiers in the world. He respects these soldiers. He has committed himself to lead these magnificent men and women with the same dedication, the same professionalism, the same fidelity to duty and country that these soldiers demonstrate every day.

He is a great soldier, but he is also a distinguished scholar. Bill was assigned to the Department of English at the Military Academy after receiving a master's degree from Princeton University. He accomplished a remarkable feat while teaching English at West Point. While being active as an officer and professor at the Military Academy, he also obtained his Ph.D. from Princeton University in English.

He is a rare combination of a great soldier and a real scholar. In fact, typical of the Army life, nothing is very easy. The day Bill was scheduled to take his final Ph.D. examination and present his oral defense was also the day that his family was moving from West Point to his next assignment. So as Bill was taking these exams, and after spending the week preparing not only for a demanding analysis of English literature but also a move, fortunately, his wife and his partner, Anne, had to pack up the house and get them moving.

It illustrates something else that General Lennox brings to West Point. He has an extraordinary family. His wife Anne has not only played a large part in his life, but also a large role in his career. Their sons are extraordinarily talented young men. Together, Bill and Anne will represent to a whole generation of cadets, both male and female, the exemplar of what an Army family should be: committed, patriotic,

and dedicated. They will ensure that cadets are conscious not only of their role as a professional members of the military service but also of their role as people and neighbors.

Bill is following a distinguished predecessor, LTG Dan Christman. The United States Military Academy today has compiled a remarkable record. Dan has reinvigorated the Academy in terms of academic performance, physical infrastructure, and commitment to basic values that make our Military Academy and our Army a very special one indeed.

I am confident that Bill Lennox can meet the very high standards established by Dan Christman and a whole succession of predecessors: people such as William Westmoreland, Douglas MacArthur, and Robert E. Lee. West Point has a very storied tradition and great legacy. Bill Lennox brings to that great tradition the character of a soldier and something else: Bill understands and appreciates that he is helping to train the leaders of the army of democracy; that unlike other countries around the world, we do not have a separate military caste. The men and women who lead our Army, the soldiers who man our Army come from every walk of life. They understand that they defend this great democracy, with all its contradictions, with all its unmet, untidy, and messy proceedings. They do it with great faith and great fidelity, with great competency and great patriotism.

I am delighted and honored to be able to say a few words about my friend and the next Superintendent of the United States Military Academy. I am pleased to commend Bill Lennox for his career and to celebrate his new appointment. But I am also honored to convey to my colleagues not only deep respect and affection for Bill, but also the sense that our Army is producing and promoting an individual who recognizes what we do here is very important. As Superintendent of the United States Military Academy, he will ensure that this democracy will continue.

Ultimately, it is not our weapons, but it is the brave men and women who wear the uniform of the United States that allows this experiment in freedom and democracy to continue day in and day out. He will instill in a generation of cadets a deep devotion to the credo and core values of the Military Academy: duty, honor, country. He will do that because he has lived his life according to that credo of duty, Army, country.

To Bill and Anne, good luck, Godspeed, go forward, and lead a right institution into this new century.

I yield the floor and 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. FITZGERALD. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. CLINTON). Without objection, it is so ordered.

Mr. FITZGERALD. I thank the Chair.

(The remarks of Mr. FITZGERALD pertaining to the submission of S. Con. Res. 44 are located in today's RECORD under ''Submission of Concurrent and Senate Resolutions.'')

Mr. FITZGERALD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KYL. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

TAX CONFERENCE

Mr. KYL. Madam President, our Senate colleagues are anxiously awaiting the report from the conference committee that is attempting to iron out the differences between the House-passed tax bill and the Senate-passed tax bill. I thought perhaps some who are waiting for this outcome would be interested in some thoughts with respect to what has gone on so far and what we might expect from the conference. In particular, I will address remarks to the part of the bill in which I was most involved.

I begin by noting that the conferees, who are the people on the Ways and Means and Finance Committees, are busy at work trying to iron out the differences between the two bodies. Part of the success of getting the bill to the conference in the first place is attributable to the bipartisan leadership of the chairman of the Senate Finance Committee, CHUCK GRASSLEY of Iowa, and MAX BAUCUS, the ranking Democrat from Montana. They worked very hard to develop a bill which wasn't all conservative or all liberal, all Republican or Democrat, but which represented views of a substantial part of the membership of the committee on both sides of the aisle. It represents most of what President Bush wanted, but not all, and not quite to the same degree, because by definition it is a compromise.

Because of that compromise, and it had support from both sides of the aisle, over the course of the last week there were 45 different attempts to amend the bill. Every one of them failed. In other words, the Members of this body voted time after time after time to support the work of the Senate Finance Committee, understanding it represents a good compromise.

Of course, there has to be another compromise, and that is with the House of Representatives. The bill the House passed represents a little more closely the views of President Bush. Naturally, those on the Republican side of the aisle are hoping there will be a compromise between the House and Senate versions that truly does reflect a meeting of the minds.

The Senate-passed bill was only a total of 10 years of $1.35 trillion because that was the compromise amount. That meant we could not grant relief quite as robust as the House had done earlier. All of the Republicans and 12 Democrats voted in favor of that bill.

From my perspective, it was not perfect; it certainly was a very good step toward tax relief, providing, most importantly, marginal tax relief from income tax rates and significant relief from the estate tax and eventual repeal, after 10 years, of the estate tax.

I am hopeful this conference committee will be able to reach a conclusion and enable the Senate to pass this bill sometime tonight or tomorrow, whatever might be the time.

I will discuss primarily the provisions relating to the phaseout and eventual elimination of the death tax in the year 2011. The death tax provisions being negotiated now, it is my understanding, are not as much as either in the House-passed bill or the Senate-passed bill. The reason is because there has been an effort to accommodate more Members with what they wanted to include in the bill. Everything else has to give. The net result is, according to my understanding, that the range they are talking about now, out of a total of $1.35 trillion, is about $135 billion, or 10 percent.

For practical purposes, about 10 percent of the tax relief under the bill goes to rate reduction of the death tax and an increase in the exemption and eventual repeal in the 10th year. President Bush, by contrast, allocated $260 billion for death tax relief. We are trying to get by to do more with less.

Probably the most important thing is there has been an understanding both in the House and in the Senate reflecting the will of the American people that there is something terribly unfair about a provision of the Tax Code that literally taxes people because they die; not because they sold an asset; not because they saved or invested or had some other kind of economic transaction that they fully knew the tax consequences of but, rather, they are taxed because they die.

We have come to conclude, representing the view of the majority of Americans, there is something very unfair about taxing people after they die. Actually, you are not even taxing the person who died. You are taxing that person's heirs—the spouse, the children—at the very worst time of their life following this tragic event. It is not fair. It doesn't represent good tax policy.

There is a good way to substitute the capital gains tax for the estate tax, so that the assets end up being taxed but being taxed the same as any other assets, based upon an economic decision, if and when those assets are sold, and then taxed at the capital gains rates. But a tax is not imposed at the time of death. Fundamentally, death should not be a taxable event and that is a core principle that will come out of this tax bill. It is a core principle embodied in the repeal of the estate tax, sometimes called the death tax.

To me, the most interesting thing to come out of this debate is the realization that the American people have a fundamental sense of fairness. When you ask them whether it is fair to tax at the rate of about 25 percent, for example, they say no; we ought to get taxes down.

When you ask them if it is fair that death should be a taxable event, they say no, even if they do not think they are ever going to benefit personally from repeal of the estate tax. Fairness is what this effort to repeal the death tax is all about.

What I mostly wanted to do today is to report the results of a national poll of just this week. So we are not talking about something a long time ago—just this week, a very objective poll. So it has a very low margin of error. It is a poll by the respected McLaughlin & Associates of a thousand likely voters from around this country.

Here is one of the questions they asked. They wanted to ask the question, in effect, in the worst way possible. They said: Do you believe it is fair or unfair for Congress to impose a 40-percent or greater tax on an estate worth $1 billion?

You could say, Do you think the death tax is unfair? I guarantee at townhall meetings people say: No, the death tax is not fair. That is not really putting the question in the most objective way. But when you ask: Is it fair or unfair for Congress to impose a tax of, be specific, 40 percent or more on estates—you don't use the death tax terminology—on estates of $1 billion or more, that is the loading of the question. That is the part that biases it, $1 billion or more, should you tax them at more than 40 percent?

Do you know what the answer is? By 60 percent the American people say: No, it is unfair. Only half that many said it was fair. How many of those people do you think would benefit from a repeal of that estate tax? Out of 1000, I don't know, maybe one but maybe not. There are not many people in this country leaving an estate of $1 billion. Yet all Americans realize it is fundamentally unfair to impose a tax of more than 40 percent.

Of course, I might add the law currently is that it is about a 60-percent tax rate, but the question was not biased.

I think what that shows is right this week the vast majority, by 2 to 1, of Americans believe that even a tax rate of 40 percent is unfair. The reason that is significant is in the Senate bill we were not able to reduce the tax rate on estates of even $5 million, let alone $1 billion, to that 40 percent level. As a matter of fact, I think we got it down to 45 percent, if I am not in error. Yes, we reduced the rate from 60 percent down to 45 percent. The House got it down into the 30s. I have forgotten whether it is 37 or 39 but something like that. We ought to be working to reduce the rate below 40 percent before the tax is finally eliminated in the 10th year. But we were not able to do that. I hope that is something the conference committee will work to do, to try to bring that rate down just as much as they possibly can.

What is interesting about this survey that shows that American people are fundamentally fair minded is that the results were the same across economic and political classes. For example, just as many voters who earned under $20,000 as those earning over $100,000 said the practice was unfair; exactly 61 percent in both cases. It is consistent across the political spectrum, very similar. Among Republicans, 65 percent said it was unfair. Remember the baseline is 61 percent. Slightly more Republicans, 65 percent, said it was unfair. Slightly fewer Democrats, 54 percent, said it was unfair; and Independents, 62 percent, almost right on the button.

The bottom line is, whether Republican or Democrat or independent, a substantial majority believe that even a 40-percent tax on $1 billion estate is unfair.

The other interesting thing is this survey tracks all the other surveys I have seen over time. I will go back just 1 year because that is a nice frame. But the clear and resounding message is the estate tax is unfair and ought to be stricken from the code. The same McLaughlin & Associates conducted a poll earlier this year, in January. It found then that 89 percent of the people surveyed believed it was not fair for Government to tax a person's earnings while it is being earned and then tax it again after the person dies—which is exactly what the estate tax does.

Mr. President, 79 percent approved the idea of abolishing the estate tax—79 percent. That is very consistent with other surveys as well.

I went back a year ago because there is an interesting Gallup Poll that was done just a year ago—not quite a year ago. It found 60 percent of the people supported the repeal, even though about three-fourths of them believed they would never receive any direct benefit from that repeal.

Again, it goes to the notion of fairness. People believe an unfair tax should be repealed even if it is not going to help them at all. The reality is it probably would help them in terms of its indirect benefits. I noted during the debate on the estate tax the economic benefits to repeal, in terms of new jobs created, the infusion of capital into the economy, the growth of the economy—all these things would be significantly benefited from a repeal of the estate tax. Of course, that benefits all Americans.

As John F. Kennedy said, in a different context, with respect to tax relief, ''A rising tide lifts all boats.'' So if you can help the American economy, it helps everybody in the economy, even if you are at the lower end. So the reality is, repealing the estate tax does help all Americans. But it obviously helps some more than others. It especially helps those in two categories: First of all, those who pay the tax. That is not very many people. It is maybe in the hundreds of thousands—maybe a million, I don't know. But if you take members of families who are directly affected by this, clearly it is a number that is very much in the millions, if at all. Yet Americans fundamentally believe it is unfair to tax them.

The other larger group that is affected by the tax is, of course, all the people, especially the small business people—family-owned farms and family-owned businesses—who have to spend their money to try to plan their estate in such a way as to minimize the estate tax liability. This is difficult and expensive.

The Women-Owned Business Association—by the way, women-owned businesses represent more than half the small business in this country. They surveyed their members and found—just 2 years ago I believe it was—the average small business spent $60,000 to do this expensive estate planning.

I note there was an op-ed in the Washington Post this morning by a very wealthy American who testified before the Finance Committee. He said it was really a shame we were going to do away with the estate tax. Of course, his point was he didn't think the American people really believed that way; yet I think the survey results show that they are. But people like this individual have the money to do the estate planning. They do not suffer from the tax. It is the small businesses and family-owned businesses and farms that end up having to pay a lot of money to buy insurance, to pay lawyers and accountants and estate planners to try to avoid the tax.

The real cost of the tax is at least as much, and probably more, in the wasted money spent to avoid paying the tax than it is the revenue to the Federal Government in the first place. Mr. President, 2 years ago when the tax collected about $20 billion, there is a study that showed that almost exactly the same amount of money, by coincidence, about $23 billion additional, was

spent by people to avoid paying the estate tax or minimize their liability. So it is a very inefficient tax, as economists Henry Aaron and Alicia Munnell said in writing a 1992 study. They said death taxes ''have failed to achieve their intended purpose. They raise little revenue. They impose large excess burdens. They are unfair.''

I think the thing to note at this point in time in this Chamber, at about 2:20 on Friday afternoon, is that the conference committee is working away trying hard to bridge the gap between the House and Senate versions of the estate tax. I think all of us are hopeful that they will conclude their work so we can vote on the bill and provide tax relief to Americans.

This is a bill which provides relief all the way from the refundable tax credits, literally providing money to people who do not pay taxes, all the way up to those few people who, as I said, would receive relief from the estate tax. But most importantly, it would provide marginal rate relief for all Americans.

We have an opportunity now. I hope that we can drive the rates of the estate tax down prior to the repeal but, in any event, we will have struck a blow for fairness in this country by reducing marginal rates; reducing, if not eliminating, the marriage penalty, which is very unfair; and, finally, getting rid of a tax that a majority of Americans believe is very unfair, a tax that literally requires people to pay money to the Government because they died, the estate tax.

Madam President, we have a wonderful opportunity. I hope the conferees come back soon and we will have a chance to vote on this legislation.

Again, I commend the members of the conference and, in particular, the bipartisan leadership in the Senate, Senator GRASSLEY and Senator BAUCUS, for the fine work they have done to get it this far.

I just hope now we can conclude the work and send it down to the President for his signature and the benefit of the American people.

I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Madam President, I yield myself a few minutes to talk about energy this afternoon, if I may, please.

First, I thank my friend from Arizona for a very complete discussion of the tax reduction bill. Certainly, it is one of the most important things we will do during this Congress, and, indeed, over the next number of years.

The whole question, in the broad sense, of how you do taxes is very interesting. One question is, How are they fair? How do you make them fair among all the taxpayers? Another question is certainly the amount. How do you justify taking this money from citizens and it going to the Government? And when you have more than enough, what do you do with the surplus?

So I thank the Senator very much.

IMPORTANT ISSUES BEFORE THE SENATE

Mr. THOMAS. Madam President, we, of course, have been dealing, over the last several weeks, with some of the most important issues that will be dealt with in this entire year, as we should. One, of course, is the budget. I think our success in the budget is holding down spending to something somewhat below what it has been in the past. Because we have had a surplus, the expenditures have gone up really more than you would imagine they would in terms of inflation and those kinds of things.

So this budget was held—I think the President asked for 5 percent—to a little in excess of that, but, nevertheless, a reasonable budget of which we can be proud.

The question now, of course, is staying within the budget. The budget is not an imposition of a limit; it is a pattern and a scheme to try to stay within. But it does not necessarily ensure that. That will be the real challenge.

The second thing we have dealt with, and have not yet completed, of course, is education. For most people in this country, education is the first issue they mention when they talk about issues.

Again, there are some rather basic issues that really ought to be talked about and decided. One issue is, What is the role of the Federal Government in elementary and secondary education? I think most of us would agree—and our experience has been—that State and local governments have the principal responsibilities in education. With that certainly ought to go the opportunity to make the decisions on a local basis.

The schools in Wyoming, obviously, have different needs, and have different uses for the dollars, than in areas of the country such as Pittsburgh or New York. And, therefore, local decision-makers ought to have a chance to be able to use those dollars in the ways they are needed.

Another issue in education, of course, is the basic question of, What is the role, in terms of expenditures, of the Federal Government? I think over the past number of years the Federal Government's contribution financially has been something less than 7 percent. So it is a relatively small contribution but a very important one and has caused us to have some of the programs that, of course, are very essential to our young people and very essential to education.

The tax bill that has been talked about is probably the most important thing we will do for a very long time. Hopefully, we will conclude that this afternoon. We will return a substantial amount of the surplus to those people who have paid it in and, at the same time, retain enough money to do the things that most people believe are a high priority; that is, to pay down the debt—to pay down all of the debt that is available to be paid down—to do something more with Social Security and pharmaceuticals, to ensure that Medicare is strong and continues in the future, and, of course, to have some flexibility so that there will be money there for increased expenditures for the military and for security.

I think all of those areas will be covered in this proposal that is before us.

The next issue that has a much higher profile now than normally is the question of energy. Of course, one of the reasons that it is now on so many people's minds is because prices have gone up substantially. There is the difficulty in California, the shortages that have occurred there. You can talk in many ways about why it has happened and what was the cause, but, nevertheless, it is there. Certainly there are some fairly interesting things that have happened there that have brought about the difficulties in electric energy.

But energy, of course, has been an issue for some time. It is not a brand new idea. It isn't hard to understand that when the market messages tell you that consumption is going up and production is going down that you are going to have a wreck inevitably and you need to do something about it.

It is not hard to tell that we have put ourselves at risk when we find ourselves depending nearly 60 percent on oil imported into this country as opposed to domestic production. That is an increase that has changed substantially over the last several years.

I suppose one might also say that it is not hard to imagine that you have some problems when you really have not had an energy policy for the past number of years, so that whatever has been done has not been part of a coherent plan to provide sufficient energy.

So I am very pleased to applaud the President and Vice President DICK CHENEY for the effort that they have put in—and immediately put in—to the energy issue. The White House energy tax force, chaired by Vice President CHENEY, has produced an energy package that has now been presented to the public and to the Congress with some 105 proposals that need to be considered, some of which can be done by administrative fiat within the Government. Others will have to come to the Congress, of course, to be acted upon.

I have been serving on the Energy Committee for some time and have been very interested in public lands and the interior. It has been very interesting that we focused entirely on the Department of Energy which, in turn, has not focused much on energy but,

indeed, has had most of its focus, over the last several years, on one of its other responsibilities, which is nuclear: nuclear waste, nuclear security, Los Alamos. Those kinds of things have been almost the entire attention of the Department of Energy as opposed to energy.

So it is significant to me that in this work group the Vice President has included not only the Secretary and the Department of Energy, as, of course, it should be, but also the Department of Interior, which manages our public lands—which have some of the greatest energy reserves—and also EPA, the Environmental Protection Agency, which has had a great deal to do with the production of energy and the regulations that have been promulgated.

So I think it was an excellent idea to have this collaborative effort, to bring several different agencies together. I hope they continue to be a part of dealing with the whole energy issue.

So I certainly support a program that recognizes that we have significant energy demands and one that begins to look for a solution—a solution that also includes conservation and the protection of the environment. I think those are very key elements.

I come from the State of Wyoming. We have a good deal of energy production in our State. Some call it the Btu capital of the world. We have probably the largest reserve of coal in the United States, as well as natural gas and oil. We have uranium, all those kinds of things. We also have some of the most beautiful mountains and flats and prairies of any State in the Union. And we have, for a number of years, produced energy. We intend to continue to do that. We intend to continue to do it in such a way that you can protect the environment at the same time you have multiple uses of those lands. But there will be lands that will not be used for a multiple use. They have been set aside as wilderness. They have been set aside as national parks, and that is as it should be. And so we do have to differentiate.

But in the policy, of course, we talk about energy and fuel diversity, which I think is very important. Certainly we are going to have a number of kinds of fuels that we can use, coal being one.

There is emphasis on clean coal technology so we continue to research ways that coal, which now produces about 52 percent of our electric generation, can be used with less intrusion into the air. We can do that. In this plan there are opportunities for that.

Renewables: We need to take a look at the long-term importance of renewables. Certainly all of us would like to see more power generated from wind and solar. Currently only about 1 percent of our consumption is produced by renewables. It can be greater, and we hope it will be.

Hydro: Of course, we need to take a look at our opportunities for renewables in hydro. Interestingly enough, some of the environmentalists who are critical of the President's plan more recently were asking to tear down dams. It is sort of a paradox.

Nuclear has a role, certainly. We have seen over the last few years that nuclear-generated power is probably the most clean power that is available and can be done in a safe manner. We need to do more there. We need to do something, however, about the waste storage, of course. That has not yet been resolved.

These are some of the things that can be done, and I hope we do them. We have an opportunity to set out a policy and then use a combination of production and conservation to protect our environment. Those are the challenges we can indeed meet.

I yield time to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah.

TAXES

Mr. BENNETT. Madam President, we are all waiting for the conferees to come back to us with the tax bill. As we do that, I thought it might be appropriate for me to talk a little bit about some of the rhetoric that has surrounded the issue of taxes in the time we have together.

If I may, I will be a little personal because I have experience with the issue of marginal rates which might be of some value to this debate and which I would like to share.

As many Members of this body know, I was one of the founders of a business that started in what the pundits have come to call the decade of greed; that is, the 1980s. In that period of time, that which has been most commented on and most decried by the pundits is the fact that the top marginal tax rate was 28 percent.

We are talking now about an attempt on the part of President Bush to bring that tax rate down to 33. It is pretty clear from the conversations I have had with the conferees that that is not going to happen. I think it will be somewhere in the neighborhood of 35.

Someone said: Why does Michael Jordan need a tax cut? Why does Ross Perot need a tax cut? Why does Donald Trump need a tax cut? Isn't it proper that they continue to pay the lion's share of the taxes in this country? And they do. The people in the top 1 percent pay most of the taxes. To put it in another statistic: The top 400 taxpayers—this is less than 1,000 tax returns—pay more than 40 million of the taxpayers down below; 400 pay more taxes in dollars received than 4 million people down below.

Why do those 400 need a tax cut? They have plenty of money. That is the argument we hear.

I will concede that I don't think Michael Jordan needs a tax cut; I don't think Donald Trump needs a tax cut; and I don't think Ross Perot needs a tax cut. But under the Constitution, we have equal protection of the laws, which means if you provide a tax cut for someone, for a good and logical reason, someone else who happens to be in the same boat, even if he is rich, gets the same equal protection of the law and gets the same tax cut. So it is the side effect, if you will, that Michael Jordan gets a tax cut.

Here is the experience I had which I think gets ignored over and over and over again in the rhetoric that is thrown out with respect to tax rates. As I say, my associates and I started our business during the decade of greed when everybody was saying it was so terrible that the top marginal tax rate was 28 percent. We used, as most businesses did at that time and many businesses still do now, a provision of the tax law that is known as section S of the tax law. Those who use it are known as S corporations as a result of their election.

All that means simply is that the profits of the corporation are not taxed at the corporate level. They flow through, as the Tax Code provides, to the individual tax returns of the shareholders.

We had five principal shareholders. That meant that as the corporation earned money, that money flowed through to our tax returns. If I can be fairly dramatic, in terms of the impact on me, I was earning my salary as the CEO of that company, which I and my wife thought was a relatively modest salary, but I filed a tax return showing that I had earned more than $1 million. Why? Because my share of the profits of the corporation showed up on my tax return.

Now it made absolutely no difference whatsoever to my take-home pay, which was tied to my salary, because the corporation did not give me any money beyond the money necessary to pay my share of the taxes. Why would we do that?

There are two reasons we made the S corporation. The first and primary reason is that we wanted to avoid double taxation. If the corporation earned $1 and paid corporate taxes on it—and let's take the corporate rate at the time, which I believe was 38 percent—if the corporation earned $1 and paid 38 cents of that dollar to the Federal taxes and then gave the resulting money to the shareholder, the shareholder would then have to pay taxes a second time on the money that came as a dividend. If you make an S corporation, you only pay taxes once instead of twice. That is the primary reason people make the S choice.

The second reason was that if we did the S choice, we only paid 28 percent on that $1 earned instead of 38 percent on that $1 earned. Naturally, we wanted to save the extra 10 percent, 10 cents on the dollar.

Many people have the idea that when you earn money, you buy yachts and you take vacations and you waste the money overseas in what the Scriptures would call ''riotous living.'' In fact, of course, when you are growing a business, you need every penny. It goes into inventory. It goes into accounts receivable. It goes into capital investments. If the business is growing—and our business was doubling every year; it did that for about 6 years running—you are always behind.

Indeed, I say to the students in business school, when I am asked to talk to them about this, the most terrifying thing you can do in a start-up business is make a profit, because then you owe taxes. Uncle Sam shows up and wants his tax money in cash.

You don't have it in cash because, as I say, your profits are all tied up in inventory, all tied up financing your growth. You end up, in most instances, borrowing cash from the bank in order to pay your taxes.

We paid a marginal rate of 28 cents out of every dollar we earned, and we plowed every one of the remaining 72 cents back into that business to make it grow. Our salaries did not increase. My take-home pay actually went down when that extra $1 million showed up on my tax return, because then I was being treated, as far as the Federal Government was concerned, as if I were a basketball star earning that $1 million, and that wiped out all of my deductions. That may not matter much to some people, but we had six children at the time, and that constituted a fairly significant amount of deductions that all of a sudden we couldn't take because we were ''rich.''

My take-home pay on my W–2 pay hadn't changed. The amount of money I was being paid by the corporation had not changed.

All that had changed was the bookkeeping entry on my tax return. Well, I am not complaining because the business was successful—so successful that we could look back on it now and realize that that business started literally in somebody's basement, with 2 employees, a husband and a wife, that then doubled to 4 employees, and that is how many they had when I joined them; I made No. 5. That business is now employing about 4,000 people. They are paying literally millions of dollars in Federal taxes, both the corporation taxes, the income taxes of the payrolls that have been generated with those 4,000 folks, plus the suppliers, plus all the rest of it. It is a fairly typical American success story.

The point of all this is not to bother you with details of my experience, but to point out that the difference between the top marginal rate of 28 percent that we pay and the current effective rate of 42 percent is 50 percent of the original amount; 14 points out of the 28 percent have been added on to the 28 percent. I suggest to you that if we were trying to start that business today, we would not have been able to finance it.

Many of the people who looked at this business said to us: How are you doing this? This growth is phenomenal. How are you creating these jobs?

We said we did it with internally generated cash. We didn't sell stock; we didn't go to the bank, although we had a credit line at the bank, of course. But we did it because we were able to save enough of the profit dollars we earned to pay for the growth of that business and create those jobs.

You can never say anything with certainty with respect to hypotheticals, but it is my conviction that if we were starting that business today, facing an effective tax rate of 42 percent, we would not succeed. We could not afford to do it. Therefore, we would not have created the 4,000 jobs that exist now.

The point I want to make with respect to the top marginal rate is that it does not just apply to the Michael Jordans and Donald Trumps of this world. That marginal rate applies to the entrepreneurs who are trying to do the same thing my associates and I were lucky enough to do—start a business, create jobs, add to the growth of this country, and discover as they go along that they need to hang on to every penny they earn to finance that growth, and every additional percentage point that we in the Congress put on the marginal rate hampers the opportunity of people to do that.

Senator GRASSLEY, chairman of the Finance Committee, has offered the statistics of how many hundreds of thousands of small businesses trying to become big businesses are affected, how many hundreds of thousands of them, with their subsequent millions of employees, would be benefited by the kind of tax relief at the top brackets that President Bush is urging us to pass.

We never hear that from the folks in the national media. Sometimes I wish that some of the people who are the talking heads on the shows on Sunday, who pontificate with such certainty about economic matters, might just take a few weeks off from their situation in front of the cameras and come out into the real world and try starting a business, try employing people, try creating jobs, and discover that life is a little different. Some in this Chamber have that experience.

Comments were made by one of the more distinguished Members of this Chamber who ran for President in 1972—the Democratic nominee, Senator McGovern. He was firmly and solidly in the camp of those who insist that top marginal rates should be higher and higher and Government should regulate more and more. He tells the story of how, after his political career was over, he still had enough notoriety left over that he could give some speeches and earn some money for those. As he was paid honoraria for the speeches, he accumulated some money and he decided: Now is the time for me to relax a little. I will buy a business.

He bought an inn in New England. Maybe he watched Bob Newhart's show and he thought that would be a nice thing for him to do—whatever. He has come back and said: If I had had the experience actually running a business in the real world before I became a Senator instead of afterwards, I would have been a very different kind of Senator. I would have had a very different view about regulations and taxes and the way the Government interferes with people's lives.

This came from a man who at the time was labeled the most left of all of the Presidential nominees put up by either party in a generation. Coming back from the actual experience, he finds things are really different in the real world than they are on the Sunday talk shows, and sometimes as they are portrayed in the Senate.

So while it may sound too personal for me to share this experience, I think it may have some value because we need to understand, as we are voting on this marginal tax rate, that we are talking about something far more than just the amount of taxes Michael Jordan or Donald Trump or Ross Perot may pay. We are talking about hundreds of thousands of businesses in this country that have been slowed in their growth, slowed in their ability to create jobs by seeing a jump in the effective rate go from 28 percent, which it was prior to 1991, to an effective rate of 42 percent now. And then people are beginning to wonder why there are some slowdowns in the economy.

There is another point I want to make about this issue and the rhetoric that has gone around about it. We are told over and over again that the primary benefits go to the top 20 percent and the folks at the bottom 20 percent don't get anything out of this. That is terrible, we are told, and we must somehow find a way to use the Tax Code to take the money from the top 20 percent and make it available to the bottom 20 percent.

There are several things that need to be said with respect to this argument. The first is the statistically obvious one. As long as you are dealing with 100 percent and dealing in percentages, you are dealing in what the mathematicians call a zero sum game; that is, you take a sum from this side, it must be added to that side, and everything in the end, one subtracted from the other, gives you zero, because everything equals.

The economy is not a zero sum game. Neither is society. If you are talking about the top 20 percent, you will always have a top 20 percent. You can't have a 100-percent scale without statistically and mathematically having a

top 20 percent. So the top 20 percent will never disappear. No matter how much you make an attempt to take money from the top 20 percent and put it in the bottom 20 percent, mathematically, somebody else will always show up in the top 20 percent.

The second point, however, is the more important one, and that is, in America, more than in any other economy and any other society in the world, there is fluidity all up and down the economic scale.

If I may be personal once again, let me demonstrate that. I have been in the bottom 20 percent. I am an entrepreneur. I start businesses. Most of the businesses I have started have failed. That is the way entrepreneurs live. I sat down when I got an award as entrepreneur of the year and said: Am I really?

I did a little calculation, and up to that time I had been involved in 11 different businesses that would be considered startups or turnarounds, 11 different entrepreneurial activities. Of those 11, 4 failed outright—just flat died. Four we managed to sell before there was any profit or loss; we broke even and got out. Only three of those businesses survived. Of the three that survived, only two really were major successes. One of the three was a minor success that was on a plus, so I have to include it. So there is the track record: Out of 11, basically there are 2 success stories.

While I was in one of the others that was not a success story, I was in the bottom 20 percent. Indeed, I was in the bottom of the bottom. I was getting no income. I was dipping into my savings, and when the savings were gone, I was going into debt. I was paying the payroll of the business on my American Express card, and then my American Express card got canceled because I hadn't made the payments on it.

Statistically, I was in the bottom 20 percent. It was not 5 years after that somewhat dispiriting experience that I was in the top 20 percent. One of those entrepreneurial efforts hit, and when it hits, it hits rapidly, at least in my experience. I went through the bottom 20 percent, the next 20 percent, the next 20 percent, the next 20 percent, up to the top 20 percent pretty fast.

Did I get from the bottom 20 percent to the top 20 percent because the Government took money from the top 20 percent and gave it to me while I was in the bottom 20 percent? No, I got there because the American economy makes it possible for entrepreneurs to have this kind of success story.

Quite frankly, since I have been in the Senate, I have gotten out of the top 20 percent. I have started coming back down again. That sort of fluidity happens to us all the time.

I have used the name of Donald Trump. Donald Trump has been from the top to the bottom to the top again as his real estate ventures go good and go bad.

The problem is not the statistical one of where people are at any one moment in time. I have six children. Right now some of them are doing pretty well. I have one child who, with her husband, probably is pretty close to the bottom 20 percent. He is not earning anything, and my daughter is supporting him. Gee, isn't that terrible, until you find out he is a student at the Harvard Law School and has pretty good prospects of good earnings once he gets out. He is going into debt now. He is in the bottom 20 percent, but when he gets his degree from the Harvard Law School, I believe he is going to be in fairly high demand with people dangling $125,000 a year starting salaries in front of him, and he will move very rapidly from one to the other.

The problem we should be talking about is not the dry statistics of income, it is the reality of skills. The income gap in this country is not something that can be addressed with the Tax Code. The income gap in this country is a skill gap and has to be addressed through a series of educational initiatives, retraining initiatives, both government and private, and a recognition that the people who have the skills in the freedom of the American economic and environmental system have the opportunity to move up. But when they move up, they will always be replaced statistically with someone who is earning less than they are who ends up in the bottom 20 percent.

Interestingly enough, when we had hearings before the Banking Committee on the issue of the Tax Code and tax relief, and Alan Greenspan was testifying before us, one of the members of the committee said to him: Mr. Chairman, with respect to the good economy we are enjoying, tell us who has benefited the most in terms of the economic strata of the United States, which group has gotten the greatest benefit out of this good economy?

Knowing the political orientation of the Senator who asked the question, I think he was expecting and hoping that Alan Greenspan would say: Well, this economy has mainly benefited people at the top and the people at the bottom have not gotten anything out of it.

I think the Senator was a little surprised when Alan Greenspan said: Without question, the people who have benefited the most from this good economy are the people at the bottom of the economic scale.

Then he was asked how can that be because statistically the top 20 percent has gotten richer than the bottom 20 percent. But Alan Greenspan pointed out a great truth: It probably does not make any difference—I am not quoting him now; this is my summary—it probably does not make any difference whatsoever to Bill Gates whether his portfolio is $60 billion or $80 billion in terms of his lifestyle. He still has his big house at $60 billion. He still has all of his opportunities at $60 billion. His life has not changed at all if it goes from $60 billion to $80 billion.

However, someone who cannot get a job, who suddenly finds that he or she can and become gainfully employed for the first time in his or her life sees an enormous change, and that, indeed, has been the primary impact of this good economy. It has virtually, at least for a period of time, eliminated unemployment.

I can remember when we thought structural unemployment in this country was about 6 percent, and when we got down to 6 percent, we had functional full employment. We saw unemployment go down below 4 percent at times in the recent boom situation, and who got those jobs? People who were unqualified for the jobs that were available when unemployment was higher.

I remember visiting with employers in my State and asking them: What is your biggest progress in this booming economy?

They said: We cannot hang on to workers. We will take any warm body. We need workers.

I said: Will you take the unskilled?

They said: Absolutely, we will take the unskilled and we will spend the money training them; we will spend the money making them skilled because we have to have people.

One employer said: We have a job fair opening where we rent a room and ask people to come in. They come in, we make a presentation to them. Say there are 30 or 40 people in the room. We make a presentation for an hour. We break for coffee and only 10 of them come back afterwards. All 40 of them are unemployed and want a job, but 30 of the 40 decided they did not like the way we made the presentation. And they can always walk down the street and get a job someplace else.

That is the impact of a booming economy on the people at the bottom. It gives them an opportunity that will make a more dramatic change in their lives than the change in the lives of the people at the top. That is what Alan Greenspan was talking about when he said in terms of the impact for good on people's lives, there is no question whatsoever but that the booming economy we are having has affected for good more people at the bottom than it has people at the top.

Yet from the rhetoric we hear around this Chamber, we are told over and over that if we do not somehow take money away from the people at the top and shift it to the people at the bottom, we are going to destroy American democracy.

This class warfare kind of rhetoric simply does not jibe with reality. It does not jibe with what we have experienced in the last 10 years. It does not

jibe with what the economists tell us is reality, and it certainly does not jibe with that which the small business man and small business woman will tell you in terms of actual job creation.

Of course, the statistic we need to keep in mind is that the great job-creating machine in this country is not the Fortune 500. The great job-creating machine that is creating new jobs is not headed by Exxon, General Motors, Ford, and DuPont. No, the jobs are being created the way the jobs were created in the circumstance of which I was fortunate enough to be a part: A company started in a basement by a husband and a wife that within a decade has created 4,000 jobs, and in the process of creating those 4,000 direct jobs, among the suppliers, there are another 2,000 to 3,000 to 4,000 jobs as people are hired to produce the articles that our company has to buy in order to provide its product to its customers.

As we wait for the report to come in from the conferees as to where they are going to put the marginal rate, I wanted to take the time to make it clear that the political rhetoric that flows around this issue really has little or no connection with reality.

In reality, a lower marginal rate primarily helps small businesses to grow. A lower marginal rate is crucial to the rate by which small businesses grow. The rate at which small businesses grow is the most important dynamic in terms of how the economy is growing, and for those who get statistically hung up on the gap between the top 20 percent and the bottom 20 percent, they must remember and recognize that in America, more than any other society in the world, the freedom to move both up and down the ladder is greater than anywhere else.

If we can understand those things, we can come to a more intelligent decision with respect to where the marginal rate will be. I have no illusions that the conferees will bring the marginal rate in at the level that I would like, but I hope that once it comes in, in future Congresses we can keep all of this in mind and take another bite at the apple at some particular point.

My desire would be to bring the top marginal rate back down to where it was during the decade of greed where, quite frankly, we sowed the seeds of the great economic expansion about which we are all excited and for which politicians of both parties have been taking credit when, in fact, they have had little or nothing to do with it.

I think the work I did at the Franklin Company before I came here had more to do with creating jobs than anything I have done since I have been here. I want to get the marginal rate back down so others who are trying the same kinds of things we did will have the same opportunity that we did.

I yield the floor.

The PRESIDING OFFICER (Mr. HAGEL). The Senator from Michigan.

Ms. STABENOW. Mr. President, I ask unanimous consent to speak up to 15 minutes in morning business.

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

TAXES AND THE ECONOMY

Ms. STABENOW. Mr. President, I rise to speak also about the tax cut proposal, about the debate on how to keep the economy going. I rise in great respect for my friend from Utah, who was successful in business, and lays out a prospective about how to keep the economy going.

While I share his view that we need to be focused on a skilled workforce and that is critical to keeping our economy moving, he and I represent two different views of how best to do that. That is the debate going on in Washington now. I characterize it as a debate about whether or not the 1980s or the 1990s worked. I argue the bill that will come back—whether tonight, tomorrow, or next week—is a bill based on the notion that the economic policy of the 1980s worked. I argue from the Michigan standpoint, and anyone in Michigan, any families, businesses, farmers I represent, would indicate the 1980s were not a good time for Michigan. We had high unemployment, high interest rates. We saw massive debts both at the State and national level. It is the same kind of approach I fear will be happening today with the policies being laid out.

No. 1 in the debate is how to give a tax cut. Is it supply side, as my colleague talked about?

The proposal we are being asked to vote on is a very large tax cut, two-thirds to the upper income wage earners, those in the top 10 percent. And then we wait for it to trickle down. My folks in Michigan have been waiting for the tax cut of the 1980s to trickle down and hit their pocketbooks. Many have not seen it. We are being asked now to, once again, place it there. I am supportive and have voted for tax relief and will continue to do that. I prefer to do tax relief that goes directly into the pockets of the majority of Americans.

Contrary to this tax cut, I believe we should eliminate the marriage penalty, not in 6 years, as in this bill, but now. Talk about unfair, that is extremely unfair. We are a country that values family and marriage. Yet we have a tax structure that unfairly penalizes those who are married. I support a proposal and did vote for a proposal to give relief now to married couples by eliminating that unfair tax penalty.

There is a difference in approach. The approach being put forward says a very large supply-side tax cut will trickle down. Coupled, in the 1980s, with a very large increase in defense spending and not controlling other spending, what happened? We tripled the national debt, interest rates were at the highest level ever, and employment went down.

In the 1990s we tried something different. Tough decisions were made. Revenue was put aside to pay down the national debt that had been tripled in the 1980s. We paid it down, slowed the rate of spending. We were able to make sure we were putting aside money for Social Security and Medicare and paying those dollars back instead of spending it on other programs. We were putting those dollars back and paying back Medicare and Social Security trust funds. We have had very tough decisions made to balance the budget.

And we did something important in the 1990s. We focused on real investments in education, job training to get that skilled workforce, and in research, health research, technology research, developed the new technologies that when combined with an educated workforce would increase our labor productivity.

It is a very different approach. We focused on growing the economy by investing in education, paying down our debt, investing in research and technology development, and balancing the budget.

What happened? In the 1990s, high interest rates went down. We have seen home ownership up. In my State of Michigan, more and more young people and older people are able to have their own home, an important part of the American dream. We have seen unemployment, jobs, go up in the 1990s as a result of this approach to the economy. We saw budget deficits go down and the Federal deficit go down.

This is a no-brainer. What do we want? The 1980s or 1990s? Yet what comes before us in the year 2001 is a set of proposals that takes us back to what happened in the 1980s. We are seeing a proposal that gives two-thirds of the tax cut to those at the very top, hoping it will trickle down.

We know as soon as this bill passes there will be requests for very large increases in defense again, and other increases will come forth. To me, what is most intolerable, is the tax cut proposed spends $550 billion of Medicare and Social Security to pay for it. That is not acceptable.

Over the next 10 years, we are seeing a tax cut and budget proposals that spend Medicare and Social Security right before the baby boomers begin retiring in 11 years. There is no time to pay it back. We are going to be facing massive debt if that is the case. I am very concerned about that.

Right now we are seeing the financial managers in the country, in the private sector, who are beginning to see it, as well. While short-term interest rates are going down, long-term high interest rates are going up in anticipation of the country going back into massive debt.

I urge Members, it is not too late to stop this train, to put some brakes on it. I propose we create, as we did on

this floor—we had an amendment we tried twice to pass—a budget trigger which says if the phase-in of the tax cut dips into Social Security and Medicare to pay for it, if we go back into debt, we will suspend that action, further tax cuts or spending, until the revenue comes in.

In Michigan, we call that common sense. Don't spend it unless you have it. We believe fiscal responsibility, keeping the budget balanced, paying down the debt, protecting Social Security and Medicare are critical and should not be compromised for any other actions no matter how well intended. We have a train going down the track. My fear is there will be no budget trigger to stop the train before it goes off the track. That is common sense.

We are going to be asked at some point to vote on a final budget proposal that spends Medicare and Social Security moneys for the future. When we look at the fundamental unfairness, we see that those who are most dependent on Social Security, most in need of Medicare health benefits, are those who receive little or nothing from the tax cut but their Social Security and Medicare, will help pay for it.

It is not fair. It is just simply not fair. We have in front of us a proposal that kept us moving in the same policy track as the 1990s. I urge we still have time to consider that. It is a proposal that gives tax relief but makes sure we condition it upon using none of Social Security and Medicare and that we keep our commitment to fiscal responsibility and paying down our debt while we do it.

The proposal I support also would put aside dollars for education to continue our ability to keep labor productivity going in our country. When we asked Chairman Greenspan at the Budget Committee hearing what was the one thing driving this economy, he said it was increased labor productivity. So why in the world would we be creating a situation where education funds are going to have to be cut and research funds and technology development will have to be cut in order to pay for the tax cut in front of us?

I believe common sense would dictate we pay down the debt, we protect Medicare and Social Security, we give a major tax cut focused on our middle-income families and small businesses and family farmers, and that we can do that and also be able to continue investments to keep the economy going.

This is the approach that worked. It is hard to argue with success. The policies in the 1990s were successful because of the hard work of both the private sector and the public sector to move us out of debt, to balance the budget, and to make investments in education and the economy.

I hope we will take a deep breath and reconsider what is about to be done in the next few hours or the next few days. We can do better than that.

Also, when we talk about putting money back in people's pockets, there are multiple ways to do that, all which I support, which we need to do and can do while being fiscally responsible. No. 1 is a tax cut. No. 2 is keeping interest rates down so your mortgage is down, as are your car payment and your student loan—those things are low enough for people to be able to afford those items for their families.

Finally, for the senior citizen in this country who gets up in the morning and sits at the table and decides, do I eat today or get my medicine, which too many seniors are doing in the greatest country in the world, we can put money in their pockets by lowering the cost of prescription drugs. They will not see much of this tax cut, but they deserve some money in their pocket, too.

If we do this right, if we use good old common sense, we can put forward a plan that keeps the economy going, puts money in people's pockets, and supports our families in a way that allows the economy to grow and prosper. We owe no less to our children.

We can do better. It is time to take a second look at what we are doing.

I yield my time.

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.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mrs. FEINSTEIN. Mr. President, I ask unanimous request to be recognized as in morning business.

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

(The remarks of Mrs. FEINSTEIN pertaining to the introduction of S. 976 are located in today's RECORD under "Introduction of Bills and Joint Resolutions.")

Mrs. FEINSTEIN. I thank the Chair. I yield the floor.

KOREAN WAR HEROISM

Mr. SMITH of New Hampshire. Mr. President, with the approach of Memorial Day, it is my privilege to call the attention of this body to one of the greatest, yet least known, acts of sustained heroism in the history of the United States. It occurred 50 years ago in the sixth month of the Korean war.

In December of 1950 American forces accomplished the unbelievable evacuation of 100,000 Allied troops from the port city of Hungnam in North Korea, barely hours ahead of the charging forces of our two newest enemies, North Korea and Communist China. At the same time our American soldiers, sailors, and marines, managed to evacuate another 100,000 persons, all North Korean civilian refugees who were fleeing their own harsh dictatorship and the ruthless Chinese army whose leaders had threatened to cut off their heads because some had been aiding our United Nations forces.

One of the most heroic acts in the evacuation of Hungnam is the virtually unknown story of a small American merchant marine freighter, the S.S. *Meredith Victory*. With space for only twelve passengers, the ship loaded and rescued 14,000 North Koreans—the innocent people of our enemy—old men, young mothers with their babies on their backs and at their breasts, children carrying children. Their rescue was accomplished during one danger-filled voyage of three days and three nights in bitter winter cold that ended in safety and freedom on Christmas Day. The United States Government, through its Maritime Administration, has called it "the greatest rescue operation by a single ship in the history of mankind."

The Korean war has been called "America's forgotten war," and the evacuation of Hungnam has been called "the forgotten battle in the forgotten war." I submit, that the heroic story of the men of the S.S. *Meredith Victory* is "the forgotten rescue."

Fortunately, this story is now being brought to the attention of the American people in a new book "Ship of Miracles" by Bill Gilbert, a former reporter for the Washington Post who served in the U.S. Air Force during and after the Korean war. The foreword to his book is written by General Alexander M. Haig Jr. whose career included serving as White House chief of staff, NATO commander, and Secretary of State. Appropriately, however, General Haig served in Korea during the war and was directly involved in the rescue of our troops and the refugees from Hungnam. The book was released by Triumph Books of Chicago.

General Haig states in his foreword, "The story of Hungnam and the *Meredith Victory* is a brilliant yet relatively unknown chapter in American history that can now take its place, during this fiftieth anniversary of the Korean war, among such legendary names as Bunker Hill, Midway, the Battle of the Bulge, Iwo Jima and Okinawa. This book did not just deserve to be written—it needed to be written."

The men of the *Meredith Victory*, led by their captain, Leonard LaRue of Philadelphia, emerge as the heroes of this amazing story. Every one of the 14,000 refugees aboard that ship survived, plus five babies born enroute to safety with no doctors to help. There was no food for the refugees, no water, no sanitation facilities, no interpreters, and no protection against the enemy. The men of the *Meredith Victory*

accomplished their rescue while sailing through one of the heaviest-laid mine fields in the history of naval warfare with no mine detectors. They had no anti-aircraft guns in case of an air attack. Radio contact with other ships was forbidden for security reasons. To add to the prolonged tension, the ship was carrying a large supply of jet fuel.

The *Meredith Victory* arrived at Pusan on the southern tip of the Korean Peninsula on Christmas eve but was not allowed to land because the port was already overflowing with refugees and rescued American troops. Captain LaRue wrote later of ''these people aboard who, like the Holy Family many centuries before, were themselves refugees from a tyrannical force.'' The ship did land safely on Christmas Day on Koje-Do island, fifty miles southwest of Pusan.

One of the Navy officers who participated in the Hungnam evacuation was the late Admiral Arleigh Burke who became Chief of Naval Operations. He later said, ''As a result of the extraordinary efforts of the men of the *Meredith Victory*, many people are now free who otherwise might well be under the Communist yoke. Many unknown Koreans owe the future freedom of their children to the efforts of these men.''

Larry King, the talk show host, said '''Ship of Miracles' will make you proud to be an American.''

The book has already won its first award. Mr. Gilbert has been awarded the Theodore Roosevelt and Franklin D. Roosevelt Naval History Prize, awarded annually by the New York Council of the Navy League. The Council's president, Rear Admiral Robert A. Ravitz (USNR, ret.), said Mr. Gilbert was selected ''because his book tells a story of American heroism and humanitarianism which has gone overlooked for 50 years and should be told and made a shining part of our military history.''

Admiral Ravitz added, ''At a time when we are reading other stories about what American forces did or didn't do in Korea and elsewhere, Mr. Gilbert has made a valuable contribution to American history of revealing this story of both the bravery and the goodness of America's men in time of war.''

For these reasons, our nation owes a debt to Bill Gilbert on this Memorial Day for writing a book which reminds the American people of that forgotten war and of an heroic incident in that war by the brave men of the S.S. *Meredith Victory*.

IN RECOGNITION OF OLDER AMERICANS MONTH

Mr. SARBANES. Mr. President, I rise today in recognition of ''Older Americans Month.'' Since 1963 when President Kennedy began this important tradition, each May has been designated as a time for our country to honor our older citizens for their many accomplishments and contributions to our Nation. Those of us who have worked diligently in the U.S. Senate to ensure that older Americans are able to live in dignity and independence during their later years look forward to this opportunity to pause and reflect on the contributions of those individuals who have played such a major role in the shaping of our great Nation. We honor them for their hard work and the countless sacrifices they have made throughout their lifetimes, and look forward to their continued contributions to our country's welfare.

Today's older citizens have witnessed more technological advances than any other generation in our Nation's history. Seniors today have lived through times of extreme economic depression and prosperity, times of war and peace, and incredible advancements in the fields of science, medicine, transportation and communications. They have adapted to these changes remarkably well while continuing to make meaningful contributions to this country.

Recent Census figures reveal that the number of Americans 85 and older grew 37 percent during the 1990's while the nation's overall population increased only 13 percent. Baby boomers, who represented one-third of all Americans in 1994, will enter the 65-years-and-older category over the next 13–34 years, substantially increasing this segment of our population.

At the same time the number of older Americans is skyrocketing, they are in much better health and far less likely than their counterparts of previous generations to be impoverished, disabled or living in nursing homes. More older Americans are working and volunteer far beyond the traditional retirement age to give younger generations the benefit of their wisdom. These figures show that commitment to programs such as Medicare and Social Security, and investment in biomedical research and treatment are improving the quality of life for older Americans. One of our national goals must be to ensure all older Americans experience these improvements. We must continue to enact meaningful legislation to help meet the needs of this valuable and constantly expanding segment of our society.

By 2020, Medicare will be responsible for covering nearly 20 percent of the population. Yet 3 in 5 Medicare beneficiaries lack affordable, prescription drug coverage. Though Medicare works, it was created in a different time before the benefits of prescription medicines had become such an integral part of health care. Today it is unthinkable to think of quality healthcare coverage without including the medicines that treat and prevent illnesses. I have and will continue to fight for Medicare prescription drug coverage. As a cosponsor of the Medicare Prescription Drug Coverage Act of 2001, I recognize the predicament many older Americans are in as they struggle to live independently on a fixed income and afford costly prescription drugs. It is imperative that we address the needs of the Americans who have devoted so much of their life experience and achievement to better our society.

The celebration of Older Americans Month provides us with the opportunity to highlight the importance of the Older Americans Act. As a vigorous and consistent supporter of measures to benefit older Americans, I am pleased that Congress and President Clinton reauthorized this important legislation last year. I commend my colleague from Maryland, Senator BARBARA MIKULSKI, for her tireless efforts in pressing for enactment of The Older Americans Act Amendments of 2000. This legislation funds a dynamic network of community and home-based services so critical to many of our Nation's seniors, including home care, ombudsman services for residents in long-term care facilities, and subsidized employment for older workers.

One of the most beneficial provisions of the Act is the creation of the National Family Caregiver Support Program. The Administration on Aging estimates that each day, as many as 5 million older Americans are recipients of care from more than 22 million informal caregivers. On average, these caregivers will limit their professional opportunities and lose an average of $550,000 in total wage wealth as they care for their loved ones. Women are 50 percent more likely to be informal caregivers, and as a result, they are more likely to risk their health, earnings and retirement security. As programs such as Medicare and Medicaid continue to feel the pressures of the current Federal budget process, the noble and compassionate work of these dedicated individuals is particularly critical. The National Family Caregiver Support Program addresses the challenges faced by informal caregivers. It authorizes funding for distribution of information to caregivers regarding available services, caregiver training, and respite services to provide families temporary relief from caregiving responsibilities.

I have always believed strongly that this wise population contributes greatly to American society. Our Nation's older generations are an ever-growing resource that deserves our attention, our gratitude, and our heart-felt respect. As observance of Older American Month comes to a close, I look forward to working with my colleagues in the Senate to implement public policies that affirm the contributions of older Americans to our society and ensure that they continue to thrive with dignity.

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 November 7, 1999 in Lawrence, KS. Two heterosexual men, one a student at Kansas University, were walking down the street when some men directed anti-gay epithets at them. After responding to the remarks, the two were attacked by five men. One of the victims was knocked backwards on a concrete planter and held down while two attackers struck his face with their fists. The other ran to call the police. This was the third such incident in as many months. One of the victims said that the police initially told him they could not arrest the perpetrators because, ''it was their word against ours.''

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.

ROLE OF THE FEDERAL OMBUDSMEN IN DISPUTE RESOLUTION

Mr. AKAKA. Mr. President, last week the General Accounting Office, GAO, released a report I requested entitled ''Human Capital: The Role of Ombudsmen in Dispute Resolution.'' The report studies the use of Federal ombudsman offices as an informal alternative to existing and more conventional processes to deal with personnel conflicts inside Federal agencies.

I know that traditional formal dispute resolution processes have long been criticized. To address these concerns, the Federal Government promotes and encourages alternative methods including the use of ombudsmen. This has resulted in the greater use of alternative dispute resolution, ADR, practices, both because of legislation, specifically the Administrative Dispute Resolution Act of 1990, ADRA, and because of a desire to resolve workplaces conflicts quickly to the mutual benefit of both the employee and the agency. I wish to point out that ombudsmen are not themselves an alternative means of dispute resolution, but rather a neutral practitioner of dispute resolution practices, including ADR techniques, to handle complaints.

I support strong workplace protections to protect Federal employees from arbitrary agency actions and prohibited personnel practices. Ombudsmen provide another way to ensure a more rapid conclusion to workplace problems. These offices may also provide another tool in assisting agencies in attracting, retaining, and motivating their workforces. In fact, this report concludes that ''ombudsman offices can offer a useful option for agencies to consider in developing their overall human capital management policies and practices.'' Another plus is that these offices focus on identifying systemic issues and developing conflict prevention strategies.

The GAO identified 22 workplace ombudsman offices in 10 agencies. Their ''best practices'' report focuses for illustrative purposes on offices within three agencies: The National Institutes of Health, NIH, the International Broadcasting Bureau, IBB, and the U.S. Secret Service.

NIH has one of the most developed ombudsman offices, which was established in 1997, and now has four full time ombudsman. The IBB office began as a part-time position in 1988, and now has two full-time officials. The Secret Service's office, started in 1987, employs one full-time staff member and nine collateral-duty people serving the Secret Service's field offices.

These ombudsmen are high-level managers with broad authority to deal with almost any workplace issue, including answering questions about agency policies, cutting through ''red tape,'' counseling employees and coaching them on how to manage situations, handling accusations about employment discrimination, and workplace safety issues. Ombudsmen are a resource for Federal workers with workplace issues; an office which they can consult that is independent, neutral, and provides confidentiality.

The 1990 ADRA authorizes the use of ombudsman offices but does not define or set standards for an ombudsman. The Act, as amended in 1996, established the Interagency ADR Working Group. There is also a Coalition of Federal Ombudsmen. The NIH, IBB, and Secret Service ombudsmen who participated in the GAO report are involved with both these and outside organizations. Some of the non-Federal Government organizations have published or drafted standards of practice for ombudsmen. These standards focus on the core principals of independence, neutrality, and confidentiality, which requires a commitment from the highest levels within an agency. This commitment is the guiding force in the success of the three offices studied by the GAO.

In addition to support from senior management, an ombudsman office must work closely with unions representing Federal workers. The General Counsel of the Federal Labor Relations Authority has issued guidance concerning the establishment of ADR programs and the Federal Service Labor-Management Relations Statute. It is essential that ombudsmen do not come in conflict with the role of unions in protecting worker rights. From the case studies examined by the GAO, there appeared to be good relations between ombudsmen and unions in the agencies where employees are represented by unions. As agencies consider this and other alternatives to traditional dispute resolution, there must be assurances that employees' rights are maintained throughout the process of implementing these practices.

I recommend this General Accounting Office report to my colleagues, and I commend Anthony P. Lofaro of the GAO for his contribution to this report, along with Stephen Altman and Katherine Brentzel. It provides excellent background and a best practices blueprint for Federal agencies as they consider employing ombudsman to assist their employees.

AMERICAN INDIAN HERITAGE MONTH

Mr. WELLSTONE. Mr. President, I rise today to speak on American Indian Heritage Month, which is celebrated in Minnesota in May. It is fitting that we take time during this month to recall the contributions, services and heritage of our fellow Native American citizens, and to remember that the enormous contributions and talents of Native American continue to enrich our lives every day.

In our review of these vital contributions, we must acknowledge the courage, talent, determination, leadership and vision of those men, women and children who made an impact on our Nation in the face of incredible obstacles. We should be mindful, as we celebrate the culture, heritage and spiritual contributions of the first Americans, that we must re-dedicate ourselves to preserving the unique relationship between Native Americans tribal governments and the Federal Government.

Many of the basic principles of our Constitution, such as freedom of speech and separation of powers, were embodied in practices already in use by American Indian tribal prior to our Republic. Many of our deepest values, such as respect for the preservation of natural resources, reverence for elders, and adherence to tradition, find root in American Indian traditions.

The relationship between American Indians and the Federal Government is unique and finds no parallel. When the United States was organized as a Nation, government officials continued the practice from the Dutch and British of making treaty agreements with American Indian Nations whenever land boundaries needed to be clarified or negotiated.

All of the land in Minnesota was gained by the United States through a

series of treaties with the Anishinabe and Dakota Nations. Sixteen treaties and four agreements applied to American Indians of Minnesota. One of the earliest treaties to affect Minnesota's American Indians was the Pike Treaty of 1806, which allowed the Federal Government to claim a small section of land near the confluence of the Minnesota and Mississippi rivers to build a military fort, which ultimately became known as Fort Snelling. The 1825 Treaty of Prairie du Chien created a boundary between the Dakota to the south and the Ojibwe who lived in the woodland country to the north.

In addition to acknowledging the historical context of the relationship between the Federal Government and the American Indians, we should also recognize the various contemporary entities and contributions of these Bands. Their efforts have helped shape the social, economic and political landscape of our region.

In the area of economic development, the Minnesota American Indian Chamber of Commerce has done tremendous work in the area of advanced telecommunications, and other forms of business development to expand economic opportunities for American Indians on reservations as well as in urban areas.

The Mille Lacs Band of Ojibwe was honored by the Harvard Project on American Indian Innovation in 1999 for their Ojibwe Language Program. This is a highly successful effort to revitalize the Band's native language by teaching it to their younger members in innovative ways.

Our community also is extremely privileged to have an organization with the capacity and outreach of American Indian Opportunities Industrialization Center. This organization provides necessary education and job training skills, serving as a bridge between public school and employment or college for its students.

I am also proud to commend the organizations that comprise the Metropolitan Urban Indian Directors for their unwavering efforts to examine and address many critical issues and challenges facing urban American Indians.

Native Americans in my State, and indeed in all fifty States, are justly proud of their heritage and culture. They can be just as proud of their efforts today to preserve that heritage, to protect that culture and to make it relevant for today's Native American children, and it is those efforts that I honor today.

CONFIRMATION OF RESERVE SERVICE CHIEFS

Mr. McCAIN. Mr. President, I rise to mark an historic day for our Nation's military, and specifically the reserves. Yesterday, the U.S. Senate honorably carried out its constitutional duty by approving the Presidential nominations of Reserve Service Chiefs to the rank of three-star. Last year's National Defense Authorization Act for Fiscal Year 2001, H.R. 4205, required the service secretaries to increase the rank of the Chief of the Navy Reserve, Commander of the Marine Forces Reserve, Chief of the Army Reserve, Chief of the Air Force Reserve, Director of the Army National Guard, and the Director of the Air National Guard to Vice Admiral or Lieutenant General. This mandate was very significant to me and many of my colleagues, as well as those who serve in our reserve forces.

Earlier this year, I was greatly honored to be recognized by the Reserve Officers Association in receiving their highest honor—the Minute Man of the Year Award. The Reserve Officers Association, particularly Rear Admiral Stephen G. Yusem USNR (Retired), deserves great credit for its efforts in working with Congress to ensure that this well-deserved change in promotion authority for the Reserve Chiefs became a reality.

It is especially important to me because of the significant changes I have observed in our Total Force, active duty and Reserve Components since the late-1980s to early-1990s when Senator Glenn chaired the Personnel Subcommittee on the Committee on Armed Services and I was the ranking member on the subcommittee. Back then, reservists were truly weekend warriors. That, however, is not the case now—they are much more than that. Today, reservists work considerably more than weekends, and are as critical a part of the fabric of our National Military Strategy as active duty servicemembers.

The all-volunteer military has largely been a success in our country. However, an unfortunate bi-product has been the increasing chasm between those Americans who have served in the armed services and those who have not. Twenty years ago, scores of elected officials in Washington were veterans. Today, the number of Senators and Congressmen who have worn the uniform of the armed services has rapidly declined.

This military-civilian gap, as some have characterized it, is a troubling reality that we must seek to bridge. It is increasingly difficult for many of our fellow citizens to truly appreciate the sacrifices of those who serve in any capacity. That is another reason that the reserves are so important for our national life. Our reserve servicemembers not only protect our liberty, but also serve as the indispensable link to those Americans in civilian life not ordinarily touched in their daily lives by the sacrifice, honor and privilege of military service.

The roles and missions of the Reserve Components have changed over the past several years, as the active duty force has evolved from the downsizing of our military forces during the last decade. For example, in March 2001, the Army National Guard 29th Infantry Division took command of the American peacekeeping mission in Bosnia. The significance of this deployment is that 75 percent of the 4,000 U.S. Army soldiers on the ground will be Army Reserve and Guard soldiers from 17 states—not just headquarters' staff, but operational units as well.

This is just one of many such deployments that have taken place in recent years, but it highlights the ever-increasing role of reservists in defending America's security interests around the world, and marks a radical departure from the past.

The figures are quite staggering when considered in total. Today, reservists and National Guardsmen are deployed under three presidential call-up orders for Bosnia, Kosovo and Southwest Asia. For Bosnia, more than 21,000 U.S. reservists have been called involuntarily since 1995, with another 14,000 having served in a voluntary capacity. For Kosovo, more than 7,100 have been called involuntarily, and these have been joined by more than 4,000 volunteers. For Southwest Asia, 2,800 have been called and some 11,000 have volunteered.

During each of the past five years, Reserve and National Guard servicemembers have performed between 12 and 13.5 million duty days in support of the active force. These numbers are a direct contrast to 1990, when just one million duty days were performed, yet there were 25 percent more reservists.

Reservists also currently make up more than half of the airlift crews and 85 percent of the sealift personnel needed to move troops and equipment in either wartime or peacetime operations. In addition, reserve medical and construction battalions, as well as other specialists, are critical to a wide range of operations. Consequently, efforts by the reserve components to move beyond a traditional wartime backup role and to provide peacetime support to active units are desirable. The Naval Reserve and Air Force Reserve components have made particularly impressive progress in this direction.

Reservists are performing many vital tasks, from patrolling the no-fly zones in skies above Iraq to rebuilding schools in hurricane-stricken Honduras and fighting fires in our western states, from overseeing civil affairs in Bosnia, to augmenting aircraft carriers short on active duty sailors with critical skilled enlisted ratings during at-sea exercises as well as periods of deployment.

I believe that the civilian and uniformed leadership of our Armed Forces and the Congress must recognize this involvement, and, at a minimum, provide equality in benefits for reserve

component servicemembers when they put on the uniform and perform their weekend drills as well as all other critical training evolutions. Quality of life is not just an active duty obligation that Congress must provide. Reservists, on duty, who resemble their active duty counterparts during training evolutions and are deployed at times around the world, should be treated equally when the administration and Congress provide for quality of life benefits.

I am pleased to pay homage to the many wonderful reserve servicemen and women who serve in our armed forces, and in some small measure thank them for their dedicated service to our country by recognizing the confirmation by the U.S. Senate of the Reserve Service Chiefs to three-star rank. Congratulations to Vice Admiral John B. Totushek, Chief of the Naval Reserve; Lieutenant General Dennis M. McCarthy, Commander of the Marine Forces Reserve; Lieutenant General Thomas J. Plewes, Chief of the Army Reserve; Lieutenant General James E. Sherrard, III, Chief of the Air Force Reserve; and, Lieutenant General Roger C. Schultz, Director of the Army National Guard. I am confident that our Reserve Component forces will continue to flourish under your leadership. All of you have already demonstrated that the key to your strength as leaders is in supporting the servicemen and women who work very hard in our military. I trust in your willingness and ability to uphold the honor of our country. Congratulations on your continued sacrifice and service to our Nation.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Thursday, May 24, 2001, the Federal debt stood at $5,660,965,921,275.71, five trillion, six hundred sixty billion, nine hundred sixty-five million, nine hundred twenty-one thousand, two hundred seventy-five dollars and seventy-one cents.

One year ago, May 24, 2000, the Federal debt stood at $5,676,762,000,000, five trillion, six hundred seventy-six billion, seven hundred sixty-two million.

Five years ago, May 24, 1996, the Federal debt stood at $5,122,025,000,000, five trillion, one hundred twenty-two billion, twenty-five million.

Ten years ago, May 24, 1991, the Federal debt stood at $3,481,461,000,000, three trillion, four hundred eighty-one billion, four hundred sixty-one million.

Twenty-five years ago, May 24, 1976, the Federal debt stood at $607,559,000,000, six hundred seven billion, five hundred fifty-nine million, which reflects a debt increase of more than $5 trillion, $5,053,406,921,275.71, five trillion, fifty-three billion, four hundred six million, nine hundred twenty-one thousand, two hundred seventy-five dollars and seventy-one cents during the past 25 years.

ADDITIONAL STATEMENTS

IN RECOGNITION OF THERMOANALYTICS, INC.

• Mr. LEVIN. Mr. President, I wish to acknowledge the achievements of ThermoAnalytics, Inc., a small business from my home state of Michigan that has been once again recognized for its quality products and high tech innovation. On May 9 of this year, ThermoAnalytics was selected by the Small Business Administration as the Small Business Prime Contractor of the Year 2000 for Region V, an area that includes Michigan, Illinois, Indian, Minnesota, Ohio and Wisconsin. This is the third quality award bestowed upon ThermoAnalytics, Inc. by the Federal Government in the past year.

ThermoAnalytics has worked with the automotive industry and the U.S. Army Tank-Automotive and Armaments Command (TACOM) to develop a world class software tool that is considered standard in the auto industry and Department of the Army. As the Army continues to transform itself into a smaller, lighter and more efficient fighting force, computer analysis tools, such as these, are used to design performance vehicles before they are built and tested. The products designed by ThermoAnalytics are helping the Army achieve this important goal.

ThermoAnalytics developed a computerized model for heat management to aid in the assessment of the susceptibility of Army vehicles to threat sensors. This technology was commercialized into a state-of-the-art image based radiation solver. The commercial product was released in July 1999 and provides engineers with a quick and simple thermal predication tool. A second commercial product was developed for more advanced use by the Big 3 automotive manufacturers and associated automotive markets. The products are used widely by the automotive industry and military labs and contractors.

In addition to the Contractor of the Year Award, ThermoAnalytics received the Small Business Administration's Tibbetts Award for their accomplishments in the area of high technology innovation on October 3, 2000. Tibbetts Awards are presented annually to small technology firms which have achieved excellence under the Small Business Innovative Research (SBIR) program. The winners, one from each state, are selected based on the economic impact of the technological innovation, overall business achievement and demonstration of effective collaborations.

Prior to the Contractor of the Year Award and the Tibbetts Award, ThermoAnalytics received the Army Phase II Quality Award on August 22, 2000. These three awards highlight the ingenuity and innovation that have come to typify ThermoAnalytics.

ThermoAnalytics, Inc. is an outstanding company that has played a vital role in assisting the United States Army and private industry. I know that my Senate Colleagues will join me in congratulating ThermoAnalytics on being named the Small Business Prime Contractor of the Year for Region V.•

MEMORIAL DAY TRIBUTE

• Mr. LUGAR. Mr. President, in celebration of the Memorial Day holiday, I would like to recognize the work of Gertrude Stephenson, whose dedication to the remembrance of veterans has led to deeper awareness and ongoing appreciation of fallen heroes in Washington County, IN. What began as a project of the Salem High School Class of 1965 to honor Jerry Sabens, killed in Vietnam, developed into a community-wide effort to acknowledge the sacrifices of all Washington County veterans who gave their lives in service to our country.

Thanks to Mrs. Stephenson's direction and the research assistance of Martha Bowers, more than 100 articles were printed in The Salem Leader detailing the stories of these veterans. With the help of Cecil Smith, former editor of The Salem Leader, and his staff, the stories have been compiled in a book, ''Gone But Not Forgotten.''

This labor of justice will greatly benefit the citizens of Washington County, IN, as families come together to share stories, photographs and personal information of the loved ones who died protecting our freedom. County youth will gain new understanding and appreciation of our American patriots of war.

I am personally grateful for all in Washington County who contributed to this project, including the Washington County Veterans Office, the County Extension Office, the Stevens Museum staff and so many others.•

TRIBUTE TO ELIZABETH M. BENNETT

• Mr. DAYTON. Mr. President, today I take the opportunity to pay special tribute to a remarkable person, Elizabeth M. Bennett, of Wayzata, MN. Beth has led a life of extraordinary service to the communities of Minneapolis and Saint Paul. Most particularly, she has invested her energies with the goal of improving the quality of health care in the Twin Cities. Her activism was not limited to Minnesota, however; early on, she also made her presence felt in Northern California, where she lived for a time, and eventually on the national stage, as well.

The extensive list of her volunteer commitments spans six decades, beginning with her activism in high school, where she applied her special gifts for analysis and problem solving. Happily, these talents were also crowned by the ability to lead and inspire, for, in a demonstration of her early promise, she started a YWCA leadership group at West High School in Minneapolis. For this effort, she was awarded the Harry S. Truman National Leadership Award in 1947. From there, Beth was well on her way.

As a young person, Beth dreamt of entering the medical profession, an ambition which was never realized. Instead, she directed her passion for better health care into her volunteer work, serving as a board member for a variety of institutions. She volunteered to participate—early, effectively, and equipped always by mastery of the subject at hand—in the public discussion encompassing the community's broad health care agendas. Her interests have included the uninsured, and health care research for children and seniors, always staying current with the rapidly changing profile of health care needs and delivery systems in our society.

In addition to investing her time, heart, and mind, she raised many millions of dollars. For her extraordinary fund raising, she has not always received sufficient recognition. But I am pleased to say that in 1988, she was awarded the well-deserved National Association of Fundraisers Award. Beyond the tangible, however, Beth touches others with that indispensable, inimitable spirit of enthusiasm, encouraging them to become involved, too. Many have found exposure to Beth's zeal and breadth of knowledge about a cause to be irresistible and have been moved to strong support, sometimes for the first time.

Beth was instrumental in the creation of the new Children's Hospital in 1958, planning for community health care facilities and programs, consideration of issues in medical education, and the relationship between the University and private community entities and served on its Board for 35 years.

She served on the boards of Northwestern Hospital and Abbott Hospital in various capacities and was a major force in their merger in 1994, serving for over 40 years. She acted as a liaison between Abbott-Northwestern and Children's (now Allina Health System) during a crucial early period, planning for community health care facilities for adults as well as children.

Continuing her lifelong advocacy of quality health care for the citizens of the State of Minnesota, Beth has been a member since 1990 of the board of directors of the University of Minnesota's Children's Foundation (which supports pediatric research), recently as its Chair, and concurrently chairs the pediatric portion of Campaign Minnesota at the University of Minnesota.

In recognition of these numerous contributions she has made to health care, Beth was recently recognized with the University of Minnesota Dean of the Medical School Community Service Award.

While health care is closest to Beth's heart, she is also dedicated to higher education, having served on the boards of the University of Saint Thomas for the lasts 7 years and the Minneapolis College of Art and Design. In addition, she has served as a board member of WAMSO (Women's Association of Minneapolis Symphony Orchestra), the United Way, and The Bakken Library. Her love of the arts also inspired her to serve as a docent of the Minneapolis Institute of Arts. Long a member of the Junior League of Minneapolis, she spent 15 years on its board of directors and also chaired its Prevention of Accidental Poisoning in Children Project. While residing in California in the 1950's, she belonged to the board of directors of the Children's Hospital of the East Bay in Oakland and volunteered at the Oakland Well Baby Clinic.

Those who are fortunate enough to know Beth called her a jewel. To legions, she has been a champion, having created a solid legacy of support for many institutions and their constituents. While I trust that Beth's vocation of service has truly been its own reward, I hope that my remarks today might reflect a small measure of the goodness, self-giving, and strength she has long brought to us Minnesotans.●

FLORIDA BOARD OF REGENTS

● Mr. NELSON of Florida. Mr. President, I rise today to commend the Florida Voters League for its efforts to save Florida's Board of Regents. Today, the Board of Regents meet for the last time as the chief governing body of our State university system. The individuals who have served our system through the years have been distinguished public servants. I want to recognize them and thank them for their tireless effort throughout the years to ensure our students receive a quality education.

Florida's system has faced many challenges over the years, but none have been as potentially destructive as abolishing the board. At a time when Florida faces increasing strains on colleges and universities, it is imperative that we maintain a system that ensures our higher educational institutions receive adequate resources and funding beyond politics. The Board of Regents was created for that very purpose. It has served our State well by ensuring no State university becomes too powerful at the expense of the others.

This new system ensures that politicians will govern education, instead of experts and independent voices. In the past, the word of the Board of Regents was respected by legislators and was further supported by the Governor. It was meant to be a nonpartisan governing board. The will of the Universities now, however, will be determined by local political boards and the will of the Legislature. We recently have seen programs granted to universities by legislators, despite the strong opposition of the Board of Regents largely because legislators wanted to bring home ''the bacon'' to their alma mater. It was best described by Dean Weisenfeld of Florida Atlantic University's College of Science when he stated, we need to let ''universities be universities.'' Instead, the fate of our universities might now depend on the strength of their legislative delegations.

As my distinguished colleague, Senator BOB GRAHAM, has argued, elimination of the Board returns our State to an antiquated system under which our institutions are pitted against each other for State and Federal dollars. The Board of Regents, on the other hand, has fostered a system of cooperation between our colleges and universities, reduced duplication of programs, and ensured fairness in funding. We must continue that sprit of cooperation if we are to meet the needs of our institutions and achieve our ultimate goals: creating world-class programs, attracting quality faculty and students and ensuring our schools can compete with the nation's best for research dollars. In that spirit, I support Senator GRAHAM's efforts to preserve the Board via constitutional referendum.

I applaud the Florida Voter League and other organizations that have chosen to speak out on this important issue. Insuring our State's next generation of leaders receive a quality college education is an issue we can't afford to ignore.●

IN RECOGNITION OF SUGARBUSH ELEMENTARY SCHOOL, 1ST PLACE WINNER IN THE NATIONAL CHILDREN'S SET A GOOD EXAMPLE COMPETITION

● Mr. LEVIN. Mr. President, I would like to honor the students at Sugarbush Elementary School, in my home state of Michigan. These motivated students will be honored on June 6th of this year for winning first place in the 18th Annual American Set A Good Example Competition.

Too often we hear about all the negative influences facing our youth. Much has been made of the many problems facing our children. While we hear about the threats posed by drugs, violence and illiteracy, too little is made of the positive steps that our youth are making to fight these terrible problems. This year, students from thousands of schools participated in the National Children's Set A Good Example

Competition in an effort to address these problems. This competition is an innovative program that takes students' ideas seriously, and encourages them to develop and design projects that combat problems facing them every day.

Everybody truly wins when children are given the chance to express themselves and improve their communities, but the students at Sugarbush Elementary School received special notice when they were awarded 1st place in the National Children's Set a Good Example Competition. Their project encourages children to avoid drugs, respect people and protect the environment—values that people of all ages should live by.

Winning first place in a contest that includes over 10,000 schools is a significant accomplishment, and the students, faculty and parents at Sugarbush Elementary School have every reason to be proud of this accomplishment. I am sure that my Senate colleagues will join me in honoring the students at Sugarbush Elementary School for Winning 1st place in the National Children's Set a Good Example Competition, and more importantly for their hard work, idealism and commitment to strong values.●

TRIBUTE TO THE LIFE OF JULIAN JAY HENDRICKS

● Mr. REID. Mr. President, on behalf of myself and Senator ENSIGN, I rise today to pay tribute to a young Nevadan who touched the lives of those around him and created a sense of family in the small one-room schoolhouse where he was a student.

Julian Jay Hendricks, who celebrated his 7th birthday on February 25, 2001, became a student in the Duckwater Elementary School one-room schoolhouse last fall, and quickly adapted to life in the 9 student community. Julian's contagious smile and joyful disposition became a welcome presence to his Duckwater classmates and teacher.

Inside the classroom, Julian was an excellent math student, and enjoyed the task of learning how to read. On the playground, the young boy enthusiastically played basketball and volleyball with his friends and classmates. Like many adventurous boys, he loved skateboarding and rollerblading with his friends. Another favorite pastime of his was challenging his friends to a game of checkers; a game he was almost always the victor!

Tragically, Julian's life and the life of his grandmother, Jeanette Lankford, were cut short in an automobile accident on March 4, 2001.

For too short a time, this young Nevadan brought great happiness and friendship into a tiny schoolhouse in rural Duckwater, Nevada. We rise today to offer this tribute to Julian's life not only on our behalf, but on behalf of his teacher, Lynn Anderson, and all his friends and classmates at Duckwater Elementary School.

In conclusion, I submit to the RECORD a poem written in memory of Julian by his friend Amber Hoy.

I really didn't know Julian too well, but his beautiful smile that stretched across his rosy chubby cheeks was quite contagious to all of us.
I knew him just well enough to know he enjoyed his life and all of the wonders in it.
I am just deeply disappointed that I didn't get to know him as well as I would like to.
I find myself selfishly wishing Julian was back here with us now,
Although we think of his death as a tragedy,
Julian's future is much brighter in heaven with Jesus than it ever would have been here on Earth.
It was God's will to take Julian to a wonderful place where he can live the rest of his life safe in peace.
Secretly I ask myself what would Julian have been like in ten or maybe twenty years from now?
But I believe he will always be the small friendly boy, who attended the small friendly Duckwater School.
Even though Julian's body is gone, his spirit lives on in our hearts and the joyful sound of his happy laugh will forever ring in our ears.
At first I wished that I would have gotten to say good-bye to Julian, but maybe that last unforgettable smile and the last slight wave of his little hand as he stepped off the bus; was good-bye.
Good-bye, Julian. . .
Julian will always be in our thoughts and prayers.
Love always, Amber Hoy.

I add the thoughts and prayers of myself and Senator ENSIGN to those of Amber Hoy. Julian and his grandmother will be missed.●

WESTPORT VOLUNTEER EMERGENCY MEDICAL SERVICE

● Mr. DODD. Mr. President, I rise today to commend the Westport Volunteer Emergency Medical Service. Next week, the Westport Volunteer EMS will receive the EMS Magazine ''Gold Award'' in recognition of the extraordinary vision, professionalism, and dedication of Westport's volunteer emergency medical service providers.

By awarding WVEMS the ''Gold Award,'' EMS Magazine is confirming what many of us have long known: community spirit is alive and well in Connecticut and it still changes lives for the better. The men and women of the Westport Volunteer EMS are true heros—not only because they save lives—but because they are willing to do the yeomen's work that must be done to ensure that our communities are prepared to respond when the unthinkable happens.

More than 120 Westport volunteers respond to more than 2,000 9–1–1 calls each year. These volunteers make a huge difference in the lives of their fellow citizens. They respond to emergencies night and day. They provide comfort and assistance to people in distress and they save lives. But they also make an enormous difference in less dramatic ways. They teach safety and emergency preparedness classes to hundreds of school-aged children and adults. They host conferences. And nearly every weekend, somewhere in the community a volunteer EMS team provides coverage at a local school athletic event or community gathering. This is the true essence of community spirit—the willingness to spend time working with your neighbors to protect and service the greater good.

The Westport EMS was formally incorporated in 1979 and continues to serve the community as a division within the Westport Police Department, with on-site, standby crews 24 hours a day, 7 days a week, 52 weeks a year. Last year, Westport's volunteers logged 26,000 hours of community service.

The entire Northeast region recently had a chance to see the Westport EMS at work when Westport hosted a regional disaster drill in the form of a simulated Amtrak train wreck at the Westport train station. More than 400 EMS, fire, police, railroad, and National Guard personnel were joined by State officials in a realistic and successful event.

Recently, the Westport Volunteer Emergency Medical Service program was presented the ''Connecticut Treasures'' award in recognition of the agency's 20 years of service to the community. This same service and dedication are examples of one of America's greatest treasures—the goodness and charity of the American people. I commend the Westport EMS volunteers for their extraordinary service to their fellow citizens, and I congratulate them on receiving this much-deserved honor.●

TRIBUTE TO FRED HOLT

● Mr. FEINGOLD. Mr. President, a great educator and a dear friend of my family died earlier this month. Fred R. Holt was a school superintendent in my hometown of Janesville, Wisconsin from 1959 to 1978, and as the Janesville Gazette noted, his influence will echo in Janesville classrooms for years.

He oversaw the Janesville school system during one of its most challenging times, when the baby boom generation was rapidly increasing the school population. His gifted leadership helped to foster a climate that was supportive of students and teachers alike. As Fred's secretary for many years, Carol Smith, said, he cared for everyone on his staff as well as the students, and always did his best for them.

Fred was deeply committed to our schools. He attended school in Janesville, and was a teacher himself, in

Edgerton, Wisconsin and in other districts before becoming Janesville's superintendent, and he knew how valuable a good teacher is. As a Janesville Gazette article recalled, Fred would send his administrators to teacher-training institutions across the Midwest to recruit top teaching prospects. As products of Fred Holt's Janesville schools, my brother, sisters, and I can attest to the success of his efforts. Thousands of Janesville families were the beneficiaries of Fred Holt's foresight and initiative.

I had the privilege of working with Fred after he retired when I served in the Wisconsin State Senate. He was an enormously effective advocate, and generously shared his time counseling troubled youth, heading a volunteer service bureau, and helping to renovate the Janesville Senior Center. In 1987, his work was recognized when he was named one of Wisconsin's 10 admired seniors.

Fred Holt's legacy is evident in Janesville and across the country. I am a part of that legacy. And so are tens of thousands of business people and auto workers, physicians and police officers, artists and plumbers, educators, machinists, farmers, and others who have become who they are in large part because of the education they received growing up in Janesville. We owe him an enormous debt.●

IN MEMORY OF RABBI YITSCHAK MEIR KAGAN

● Mr. LEVIN. Mr. President, Today I would like to commemorate the achievements of a beloved religious leader, dedicated father and husband and friend from my home state of Michigan, Rabbi Yitschak Meir Kagan. On June 3 of this year, people from around the world will be gathering in Southfield, MI, to honor the life and memory of Rabbi Kagan.

Through hard work and an unwavering commitment to the ideals of Chabad-Lubavitch, Rabbi Kagan's work has made an indelible mark upon countless individuals. His deep faith, keen intellect, and concern for others has led him to give generously of himself.

Born in England, Rabbi Kagan's extensive education assumed an international flavor. After early instruction in Great Britain, he studied at the Lubavitch Yeshiva in Israel, the Central Lubavitch Academy in New York and the Rabbinical College in Montreal where he received his ordination.

Central to Rabbi Kagan's life was the Chabad-Lubavitch movement. In 1966, Rabbi Kagan joined the Michigan Chabad-Lubavitch. For thirty-five years he worked tirelessly to expand the Lubavitch Foundation's presence in Michigan. Chabad-Lubavitch is a Hasidic sect that originated in Lubavitch, Russia. Lubavitch means ''brotherly love,'' and Chabad is an acronym for a philosophy that pursues wisdom, understanding and knowledge of God. Rabbi Kagan's life embodied the ideal of brotherly love as he sought ''to increase the knowledge of Judaism within every Jew'' by educating people about the Torah, providing worship services and performing charitable acts.

As Associate Director of the Lubavitch Foundation, Rabbi Kagan expanded the Foundation by establishing Chabad houses in Ann Arbor, Flint and Grand Rapids, developing ''the Campus of Living Judaism;'' counseling students and tending to the spiritual development of countless individuals.

Rabbi Kagan's work reached far beyond Michigan. The printed word enabled his thoughts and insights to span the globe. He published essays adapted from the works of Lubavitcher Rebbe that were read by a multitude each month. In addition, he edited and translated the Rebbe's classic text, Hayom Yom, edited philosophical texts and translated commentaries on the Torah.

Rabbi Kagan has been a community and spiritual leader for over three decades. I have been able to witness, firsthand, his enthusiastic commitment to helping others in need. Rabbi Kagan touched the lives of all who met him. He worked with and helped immigrants, prisoners, drug users, families in need and others with characteristic zeal, kindness and love. I know my Senate colleagues join me in commemorating the life of Rabbi Yitschak Meir Kagan, and in offering their condolences to Rochel Kagan, his wife, and his extended family.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on the Judiciary.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ON THE PROGRESS TOWARD ACHIEVING BENCHMARKS IN BOSNIA—MESSAGE FROM THE PRESIDENT—PM 25

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Armed Services.

To the Congress of the United States:

As required by the Levin Amendment to the 1998 Supplemental Appropriations and Rescissions Act (section 7(b) of Public Law 105–174) and section 1203(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261), I transmit herewith a report on progress made toward achieving benchmarks for a sustainable peace process in Bosnia and Herzegovina.

In July 2000, the fourth semiannual report was sent to the Congress detailing progress towards achieving the ten benchmarks that were adopted by the Peace Implementation Council and the North Atlantic Council in order to evaluate implementation of the Dayton Accords. This fifth report, which also includes supplemental reporting as required by section 1203(a) of Public Law 105–261, provides an updated assessment of progress on the benchmarks covering the period July 1, 2000, to February 28, 2001.

GEORGE W. BUSH.
THE WHITE HOUSE, *May 25, 2001*.

MESSAGES FROM THE HOUSE

At 11:27 a.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the bill (H.R. 801) entitled ''An Act to amend title 38, United States Code, to improve programs of educational assistance, to expand programs of transition assistance and outreach to departing servicemembers, veterans, and dependents, to increase burial benefits, to provide for family coverage under Servicemembers' Group Life Insurance, and for other purposes.''

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the following enrolled bill:

H.R. 801. An act to amend title 38, United States Code, to improve programs of educational assistance, to expand programs of transition assistance and outreach to departing servicemembers, veterans, and dependents, to increase burial benefits, to provide for family coverage under Servicemembers' Group Life Insurance, and for other purposes.

The enrolled bill was signed subsequently by the President pro tempore (Mr. THURMOND).

At 3:58 p.m., a message from the House of Representatives, delivered by Mr. Hayes, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1. An act to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind.

MEASURES PLACED ON THE CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 1. An act to close the achievement gap with accountability, flexibility, and choice, so that no child is left behind.

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–2047. A communication from the Acting Assistant Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a vacancy and the designation of acting officer for the position of Assistant Administrator for Prevention, Pesticides and Toxic Substances, received on May 17, 2001; to the Committee on Environment and Public Works.

EC–2048. A communication from the Administrator of the Food and Safety Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled ''Mandatory Inspection of Ratites and Squabs'' (RIN0583-AC84) received on May 23, 2001; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2049. A communication from the Mayor of the District of Columbia, transmitting, the Supplemental Budget Request for Fiscal Year 2001; to the Committee on Governmental Affairs.

EC–2050. A communication from the Assistant Secretary of Lands and Minerals Management, Bureau of Land Management, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''43 CFR 1820—Application Procedures'' (RIN1004–AD34) received on May 22, 2001; to the Committee on Energy and Natural Resources.

EC–2051. A communication from the Director of Regulations Policy and Management, Food and Drugs Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled ''Gastroenterology-Urology Devices; Classification of Tissue Culture Media for Human Ex Vivo Tissue and Cell Culture Processing Applications'' (Doc. No. 01P-0087) received on May 23, 2001; to the Committee on Health, Education, Labor, and Pensions.

EC–2052. A communication from the Director of the Corporate Policy and Research Department, Pension Benefit Guaranty Corporation, transmitting, pursuant to law, the report of a rule entitled ''Benefits Payable in Terminated Single-Employer Plans; Allocation in Single-Employer Plans; Interest Assumption for Valuing and Paying Benefits'' received on May 22, 2001; to the Committee on Health, Education, Labor, and Pensions.

EC–2053. A communication from the Assistant Director for Executive and Political Personnel, Department of Defense, transmitting, pursuant to law, the report of a nomination for the position of Assistant Secretary of Defense, International Security Affairs, received on May 23, 2001; to the Committee on Armed Services.

EC–2054. A communication from the Chief of the Programs and Legislation Division, Office of Legislative Liaison, Department of the Air Force, transmitting, pursuant to law, a report relative to the cost comparison to reduce the cost of the Supply and Transportation functions; to the Committee on Armed Services.

EC–2055. A communication from the Assistant Secretary of Defense, Force Management Policy, transmitting, pursuant to law, the annual report relative to the number of waivers granted to aviators who fail to meet the operational flying duty requirements for Fiscal Year 2000; to the Committee on Armed Services.

EC–2056. A communication from the Under Secretary of the Department of Defense, transmitting, the report of a violation of the Antideficiency Act, case number 96–08; to the Committee on Appropriations.

EC–2057. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 98–04; to the Committee on Appropriations.

EC–2058. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number F97–09; to the Committee on Appropriations.

EC–2059. A communication from the Secretary of the Treasury, transmitting, pursuant to law, the annual report on the operations of the Exchange Stabilization Fund for Fiscal Year 2000; to the Committee on Banking, Housing, and Urban Affairs.

EC–2060. A communication from the Acting Chief Counsel of the Office of Foreign Assets Control, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Foreign Terrorist Organizations, and Specially Designated Narcotics Traffickers: Additional Designations of Specially Designated Narcotics Traffickers and Removal of Specially Designated National of Cuba'' (31 CFR 5) received on May 23, 2001; to the Committee on Banking, Housing, and Urban Affairs.

EC–2061. A communication from the General Counsel of the Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled ''Changes in Flood Elevation Determinations'' (66 FR 24280) received on May 23, 2001; to the Committee on Banking, Housing, and Urban Affairs.

EC–2062. A communication from the General Counsel of the Federal Emergency Management Agency, transmitting, pursuant to law, the report of a rule entitled ''Final Flood Elevation Determinations'' (66 FR 24284) received on May 23, 2001; to the Committee on Banking, Housing, and Urban Affairs.

EC–2063. A communication from the Acting Director of the Office of Sustainable Fisheries, National Marine Fisheries Service, Domestic Fisheries Division, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Inseason Adjustment of the 2000 Atlantic Herring Specifications; Closure of Area 1A'' (RIN0648–AI78) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

EC–2064. A communication from the Director for Financial Management and Deputy Chief Financial Officer, Office of the Secretary, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Civil Monetary Penalties; Adjustment for Inflation'' (RIN0690–AA31) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

EC–2065. A communication from the Acting Assistant Administrator for Fisheries, National Marine Fisheries Service, Office of Sustainable Fisheries, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Framework Adjustment 14 to the Atlantic Sea Scallop Fishery Management Plan'' (RIN0648–AO07) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

EC–2066. A communication from the Acting Assistant Administrator for Fisheries, National Marine Fisheries Service, Office of Sustainable Fisheries, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled ''Emergency Interim Rule for the Atlantic Deep-Sea Red Crab Fisheries'' (RIN0648–AP10) received on May 23, 2001; to the Committee on Commerce, Science, and Transportation.

EC–2067. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Federal Employment Tax Deposits-De Minimis Rule'' (RIN1545–AY47) received on May 22, 2001; to the Committee on Finance.

EC–2068. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Qualified Zone Academy Bonds'' (RIN1545–AY01) received on May 23, 2001; to the Committee on Finance.

EC–2069. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Administrative Appeal of Dyed Fuel and Refusal Penalties'' (Rev. Procs. 2001–33, 2001–23) received on May 23, 2001; to the Committee on Finance.

EC–2070. A communication from the Regulations Officer of the Social Security Administration, transmitting, pursuant to law, the report of a rule entitled ''Coverage of Employees of State and Local Governments; Office of Management and Budget Control Number'' (RIN0960–AE69) received on May 23, 2001; to the Committee on Finance.

EC–2071. A communication from the Chief of the Regulations Division, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Manufacturers Excise Taxes—Firearms and Ammunition; Delegation of Authority Part 53'' (RIN1512–AC18) received on May 24, 2001; to the Committee on Finance.

EC–2072. A communication from the Deputy Chief of the Regulations Division, Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled ''Delegation of Authority for Part 250'' (RIN1512–AC38) received on May 24, 2001; to the Committee on Finance.

EC–2073. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Approval of Colorado Petition to Relax the Federal Gasoline Reid Vapor Pressure Volatility Standards for 2001'' (FRL6984–7) received on May 22, 2001; to the Committee on Environment and Public Works.

EC–2074. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Clean Air Act Promulgation of Attainment Date Extension for the Fairbanks North Star Borough Carbon Monoxide Nonattainment Area, Alaska'' (FRL6986–4) received on May 22, 2001; to the Committee on Environment and Public Works.

EC–2075. A communication from the Principal Deputy Associate Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled ''Effluent Guidelines and New Source Performance Standards for the Oil and Gas Extraction Point Source Category, OMB Approval under the Paperwork Reduction Act; Technical Amendment; Correction'' (FRL6987–5) received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2076. A communication from the Acting Assistant Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a nomination for the position of Assistant Administrator for Air and Radiation, received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2077. A communication from the Acting Assistant Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a nomination for the position of Assistant Administrator of the Office of Prevention, Pesticides and Toxic Substances, received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2078. A communication from the Acting Assistant Administrator of the Environmental Protection Agency, transmitting, pursuant to law, the report of a nomination for the position of Deputy Administrator, received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2079. A communication from the Acting Director of the Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Endangered and Threatened Wildlife and Plants; Final Designation of Critical Habitat for Riverside Fairy Shrimp'' (RIN1018–AG34) received on May 23, 2001; to the Committee on Environment and Public Works.

EC–2080. A communication from the Acting Secretary of the Army, Department of Defense, transmitting, pursuant to law, a report relative to the authorization and implementation of a navigation project for Jacksonville Harbor, Duval County, Florida; to the Committee on Environment and Public Works.

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–73. A joint resolution adopted by the Legislature of the State of Nevada relative to the approval of national monuments; to the Committee on Energy and Natural Resources.

SENATE JOINT RESOLUTION NO. 2

Whereas, The provisions of 16 U.S.C. §§ 431, 432, and 433, commonly referred to as the Antiquities Act of 1906, authorize the President of the United States to designate national monuments without the approval of Congress or any state or local government in which the national monument is located; and

Whereas, As part of designating a national monument pursuant to those provisions, the President of the United States may reserve parcels of public land to ensure the appropriate care and management of the national monument, and the reservation of that public land must be confined to the smallest area compatible with that care and management; and

Whereas, The designation of a national monument is often a subject of controversy because the public lands that are included within the designation are withdrawn from the public domain, thereby restricting activities such as mining, ranching and recreation which provide an economic benefit to state and local governments in which the national monument is located; and

Whereas, Decisions concerning the use and management of public lands within a state should be decided by the residents of that state acting through their state and local representatives; and

Whereas, The unilateral designation of a national monument by the President of the United States does not create beneficial partnerships between states and the Federal Government concerning the management of public lands within those states, instead, such a designation serves to create enmity and to limit the ability of a state to manage its water resources and the ability of state and local governments to develop plans for conservation or otherwise participate in managing those public lands; now, therefore, be it

Resolved by the Senate and Assembly of the State of Nevada, Jointly, That the Legislature of the State of Nevada hereby opposes the designation of a national monument by the President of the United States without obtaining the approval of each state and local government in which the national monument is located; and be it further

Resolved, That the President of the United States is hereby urged to refrain from designating a national monument or from withdrawing public lands from the public domain to create a national monument without obtaining such approval; and be it further

Resolved, That the Secretary of the Senate prepare and transmit a copy of this resolution to the President of the United States, the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation; and be it further

Resolved, That this resolution becomes effective upon passage.

POM–74. A joint resolution adopted by the Legislature of the State of Nevada relative to the delegation of a National Historic Trail; to the Committee on Energy and Natural Resources.

SENATE JOINT RESOLUTION NO. 14

Whereas, The Old Spanish Trail, which ran between Santa Fe, New Mexico, and Los Angeles, California, was the first non-Native American trail to cross Nevada and remains the least known trail; and

Whereas, Traders, couriers and emigrants en route between Santa Fe and Los Angeles followed Indian trails in blazing the Spanish Trail through Clark County; and

Whereas, The journey of Antonio Armijo, a trader from New Mexico, through Nevada in 1829 and 1830 linked the historic 1776 routes of the Dominguez-Escalante expedition through Utah and the Garces' exploration into Southern California and used a portion of the 1826 and 1827 routes of Jedediah Smith to California; and

Whereas, Antonio Armijo was the first to link the interior of the southwest with the California coast successfully, thus opening a commercial trade route, approximately 1,121 miles long, that functioned between 1829 and 1848 as the main artery connecting the interior to the coast which later became known as the Old Spanish Trail and is so named in modern literature; and

Whereas, Captain John C. Fremont of the United States Corps of Topographic Engineers was commissioned in 1843 by the War Department to find and map the Oregon Trail, an assignment which he completed successfully; and

Whereas, After documenting the Oregon Trail, Captain Fremont, in an effort to expand his government's knowledge about California, pushed south through Northern Nevada into California; and

Whereas, In 1844, Fremont sought the Spanish Trail to guide his party eastward from California and followed the trail through California and Nevada to his point of departure from Utah Lake the previous year; and

Whereas, The route of the trail Fremont followed from California, which he named the Spanish Trail in the report of his expedition that he filed with the War Department, led him across Southern Nevada from Stump Spring to the Virgin River via Mountain Springs Pass, Blue Diamond, Las Vegas Springs and the Muddy River; and

Whereas, This route was previously pioneered by traders from New Mexico who spoke Spanish, a fact used by Captain Fremont in designating the ''Camino de California'' or ''Camino de Nuevo Mexico'' as the Spanish Trail; and

Whereas, Fremont's report and map were so important to the plans of the United States for Western expansion that the United States Senate and House of Representatives each printed 10,000 copies of the report and map; and

Whereas, Copies of the report and map were available to thousands of emigrants heading westward to California who came to know the route they followed as Fremont's Spanish Trail; and

Whereas, The pioneers who used Fremont's route became familiar with the promising potential of Southern Nevada for settlement which led specifically to the founding of Las Vegas or ''The Meadows,'' whose name reflects its importance as a major camp site along the Spanish Trail; and

Whereas, The Old Spanish Trail is the foundation of succeeding routes of transport and travel through Southern Nevada including the Mormon Road, portions of the routes of the San Pedro, Los Angeles and Salt Lake Railroad and the Union Pacific Railroad which succeeded it, and the Arrowhead Trail Highway and its successors U.S. Highway No. 91 and Interstate Highway No. 15; and

Whereas, This historic route for travelers facilitated expansion of the boundaries of the United States to include New Mexico, Colorado, Utah, Arizona, Nevada and California; and

Whereas, The Spanish Trail was preferred by Kit Carson when carrying military dispatches in 1848 to Washington, D.C., which first brought news of gold at Sutter's Fort and resulted in the Gold Rush of 1849; and

Whereas, Information about this ancient route of trade and commerce is still limited, and much more can be learned about the Old Spanish Trail; now, therefore, be it

Resolved by the Senate and Assembly of the State of Nevada, Jointly, That the members of the Nevada Legislature do hereby urge the Congress of the United States to adopt legislation that dedicates the Old Spanish Trail and the Antonio Armijo Route of the Old Spanish Trail as a National Historic Trail; and be it further

Resolved, That such a designation would help ensure the protection and interpretation of the Old Spanish Trail in a more consistent and coordinated manner, would encourage tourists to visit the communities, landscape features and other resources along

the trail, would help visitors gain a better understanding of how a journey along the trail might have been more than 100 years ago, and would enhance and promote knowledge concerning the early settlers and explorers who emigrated and led expeditions to the Western United States; and be it further

Resolved, That the Secretary of the Senate prepare and transmit a copy of this resolution to the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives and each member of the Nevada Congressional Delegation; and be it further

Resolved, That this resolution becomes effective upon passage.

POM–75. A joint resolution adopted by the Legislature of the State of Nevada relative to increasing federal funding for special education; to the Committee on Appropriations.

ASSEMBLY JOINT RESOLUTION NO. 1

Whereas, The Education for All Handicapped Children Act of 1975, now known as the Individuals with Disabilities Education Act (IDEA), was enacted by the Congress of the United States to ensure that all children with disabilities have available to them a free and appropriate public education; and

Whereas, In 1975, Congress promised state and local governments that it would fund 40 percent of the costs of providing special education and related services to children with disabilities; and

Whereas, Congress has never appropriated funds equivalent to the authorized level, has never exceeded the 15 percent level and has usually appropriated funding at only about the 8 percent level; and

Whereas, The State of Nevada is committed to providing a free and appropriate public education to children with disabilities to meet their unique needs; and

Whereas, The costs associated with serving children with disabilities continue to rise, and meeting those substantial costs requires a strong partnership between local, state and federal governmental agencies; and

Whereas, The failure of Congress to fund special education programs as it promised has forced the states to utilize funding from other necessary local and state programs to attempt to provide these special educational services; now, therefore, be it

Resolved by the Assembly and Senate of the State of Nevada, Jointly, That the Nevada Legislature hereby urges the President and Congress of the United States to increase federal funding for special education to the 40 percent level authorized by the Individuals with Disabilities Education Act so that the State of Nevada and other states can fully meet the needs of children with disabilities; and be it further

Resolved, That the Chief Clerk of the Assembly prepare and transmit a copy of this resolution to the President of the United States, the Vice President of the United States as the presiding officer of the Senate, the Speaker of the House of Representatives, each member of the Nevada Congressional Delegation and the Superintendent of Public Instruction for the State of Nevada; and be it further

Resolved, That this resolution becomes effective upon passage.

POM–76. A concurrent resolution adopted by the House of the Legislature of the State of Missouri relative to establishing a federal energy policy; to the Committee on Energy and Natural Resources.

RESOLUTION

Whereas, the recent dramatic increase in utility rates for utility companies providing heating fuels has had a devastating financial effect on many middle and low income Missourians who cannot afford to pay utility bills which have more than doubled in recent months; and

Whereas, many Missourians on fixed and limited incomes may be forced to eliminate other essential purchases, such as food and medicines, from their limited budgets in order to pay the exorbitant utility bills; and

Whereas, due to the extraordinary circumstances in which Missourians find themselves, members of Congress should consider taking extraordinary steps to protect the interests of all of the people of the United States: Now, therefore, be it

Resolved, That the members of the House of Representatives of the Ninety-first General Assembly, First Regular Session, the Senate concurring therein, hereby request that the United States Congress consider establishing a strong remedial federal energy policy that delegates emergency powers to individual states; and be it further

Resolved, That the Chief Clerk of the Missouri House of Representatives be instructed to prepare properly inscribed copies of this resolution for the President of the United States Senate, the Speaker of the United States House of Representatives and each member of the Missouri Congressional delegation.

EXECUTIVE REPORT OF COMMITTEE

The following executive report of committee was submitted on May 24, 2001:

By Mr. REED for the Committee on Armed Services.

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Vice Adm. Edmund P. Giambastiani Jr., 0000.

(The above nomination was reported with the recommendation that it be confirmed.)

The following executive report of committee was submitted on May 25, 2001:

By Mr. MCCAIN for the Committee on Commerce, Science, and Transportation.

Timothy J. Muris, of Virginia, to be a Federal Trade Commissioner for the term of seven years from September 26, 2001.

(The above nomination was reported with the recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

NOMINATION DISCHARGED

The following nomination was discharged from the Committee on Health, Education, Labor, and Pensions pursuant to the order of May 25, 2001:

Donald Cameron Findlay, of Illinois, to be Deputy Secretary of Labor.

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. KENNEDY (for himself, Mr. AKAKA, Mr. BINGAMAN, Mrs. BOXER, Mrs. CLINTON, Mr. CORZINE, Mr. DASCHLE, Mr. DODD, Mr. DURBIN, Mr. FEINGOLD, Mrs. FEINSTEIN, Mr. HARKIN, Mr. KERRY, Ms. LANDRIEU, Mr. LIEBERMAN, Mr. LEAHY, Mr. LEVIN, Ms. MIKULSKI, Mrs. MURRAY, Mr. REED, Mr. ROCKEFELLER, Mr. SARBANES, Mr. SCHUMER, Mr. WELLSTONE, and Mr. WYDEN):

S. 964. A bill to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage; read the first time.

By Mr. DORGAN (for himself and Mr. REID):

S. 965. A bill to impose limitations on the approval of applications by major carriers domiciled in Mexico until certain conditions are met; to the Committee on Commerce, Science, and Transportation.

By Mr. DORGAN (for himself, Mr. DASCHLE, Mr. JOHNSON, Mrs. MURRAY, and Mr. WELLSTONE):

S. 966. A bill to amend the National Telecommunications and Information Administration Organization Act to encourage deployment of broadband service to rural America; to the Committee on Commerce, Science, and Transportation.

By Mr. BOND:

S. 967. A bill to establish the Military Readiness Investigation Board, and for other purposes; to the Committee on Armed Services.

By Mrs. CLINTON:

S. 968. A bill to establish Healthy and High Performance Schools Program in the Department of Education and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. DODD (for himself and Mr. SANTORUM):

S. 969. A bill to establish a Tick-Borne Disorders Advisory Committee, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Ms. COLLINS (for herself and Ms. SNOWE):

S. 970. A bill to designate the facility of the United States Postal Service located at 39 Tremont Street, Paris Hill, Maine, as the Horatio King Post Office Building; to the Committee on Governmental Affairs.

By Ms. COLLINS (for herself and Mr. FEINGOLD):

S. 971. A bill to expand the availability of oral health services by strengthening the dental workforce in designated underserved areas; to the Committee on Finance.

By Mr. MURKOWSKI (for himself, Mr. BREAUX, Mr. THOMPSON, and Mr. JEFFORDS):

S. 972. A bill to amend the Internal Revenue Code of 1986 to improve electric reliability, enhance transmission infrastructure, and to facilitate access to the electric transmission grid; to the Committee on Finance.

By Mr. WYDEN (for himself and Mr. SMITH of Oregon):

S. 973. A bill to expedite relief provided under the Magnuson-Stevens Fishery Conservation and Management Act for commercial fishery failure in the Pacific Coast Groundfish Fishery, to improve fishery management and enforcement in that fishery, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. JOHNSON:

S. 974. A bill to amend title XVIII of the Social Security Act to provide for coverage

of pharmacist services under part B of the medicare program; to the Committee on Finance.

By Mr. CHAFEE (for himself, Mr. BENNETT, Mr. JEFFORDS, Mr. LEVIN, Mr. SPECTER, Mr. BINGAMAN, Mr. CLELAND, and Mr. LIEBERMAN):

S. 975. A bill to improve environmental policy by providing assistance for State and tribal land use planning, to promote improved quality of life, regionalism, and sustainable economic development, and for other purposes; to the Committee on Environment and Public Works.

By Mrs. FEINSTEIN:

S. 976. A bill to provide authorization and funding for the enhancement of ecosystems, water supply, and water quality of the State of California; to the Committee on Energy and Natural Resources.

By Mr. CRAIG (for himself, Mr. BURNS, Mr. BAUCUS, Ms. CANTWELL, Mr. CONRAD, Mr. CRAPO, Mr. DASCHLE, Mr. DORGAN, Mr. JOHNSON, and Mrs. MURRAY):

S. 977. A bill to amend the Agricultural Market Transition Act to require the Secretary of Agriculture to make nonrecourse marketing assistance loans and loan deficiency payments available to producers of dry peas, lentils, and chickpeas; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CRAIG (for himself, Mr. MURKOWSKI, Mr. ALLARD, Mr. BENNETT, Mr. CAMPBELL, Mr. CRAPO, Mr. HATCH, Mr. SMITH of Oregon, and Mr. THOMAS):

S. 978. A bill to provide for improved management of, and increased accountability for, outfitted activities by which the public gains access to and occupancy and use of Federal land, and for other purposes; to the Committee on Energy and Natural Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BREAUX:

S. Res. 95. A resolution designating August 3, 2001, as ''National Court Reporting and Captioning Day''; to the Committee on the Judiciary.

By Mr. KERRY (for himself, Mr. LUGAR, Mr. DURBIN, Mr. KENNEDY, and Ms. SNOWE):

S. Res. 96. A resolution expressing the sense of the Senate that a commemorative postage stamp should be issued to honor Dr. Edgar J. Helms; to the Committee on Governmental Affairs.

By Mr. DEWINE:

S. Res. 97. A resolution honoring the Buffalo Soldiers and Colonel Charles Young; to the Committee on the Judiciary.

By Mr. BOND:

S. Res. 98. A resolution designating the period beginning on June 11 and ending on June 15, 2001 as ''National Work Safe Week''; to the Committee on the Judiciary.

By Mr. CAMPBELL:

S. Res. 99. A resolution supporting the goals and ideals of the Olympics; to the Committee on the Judiciary.

By Mr. FITZGERALD (for himself and Mr. SMITH of New Hampshire):

S. Con. Res. 44. A concurrent resolution expressing the sense of the Congress regarding National Pearl Harbor Remembrance Day; to the Committee on the Judiciary.

ADDITIONAL COSPONSORS

S. 170

At the request of Mrs. CLINTON, her name was added as a cosponsor of S. 170, a bill to amend title 10, United States Code, to permit retired members of the Armed Forces who have a service-connected disability to receive both military retired pay by reason of their years of military service and disability compensation from the Department of Veterans Affairs for their disability.

S. 293

At the request of Mr. HARKIN, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 293, a bill to amend the Internal Revenue Code of 1986 to provide a refundable tax credit against increased residential energy costs and for other purposes.

S. 472

At the request of Mr. DOMENICI, the name of the Senator from Wyoming (Mr. ENZI) was added as a cosponsor of S. 472, a bill to ensure that nuclear energy continues to contribute to the supply of electricity in the United States.

S. 512

At the request of Mr. DORGAN, the name of the Senator from Nebraska (Mr. NELSON) was added as a cosponsor of S. 512, a bill to foster innovation and technological advancement in the development of the Internet and electronic commerce, and to assist the States in simplifying their sales and use taxes.

S. 538

At the request of Mrs. FEINSTEIN, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of S. 538, a bill to provide for infant crib safety, and for other purposes.

S. 662

At the request of Mr. JOHNSON, his name was added as a cosponsor of S. 662, a bill to amend title 38, United States Code, to authorize the Secretary of Veterans Affairs to furnish headstones or markers for marked graves of, or to other wise commemorate, certain individuals.

S. 670

At the request of Mr. DASCHLE, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 670, a bill to amend the Clean Air Act to eliminate methyl tertiary butyl ether from the United States fuel supply and to increase production and use of ethanol, and for other purposes.

S. 781

At the request of Mr. JOHNSON, his name was added as a cosponsor of S. 781, a bill to amend section 3702 of title 38, United States Code, to extend the authority for housing loans for members of the Selected Reserve.

S. 808

At the request of Mr. BAUCUS, the name of the Senator from Pennsylvania (Mr. SANTORUM) was added as a cosponsor of S. 808, a bill to amend the Internal Revenue Code of 1986 to repeal the occupational taxes relating to distilled spirits, wine, and beer.

S. 860

At the request of Mr. GRASSLEY, the names of the Senator from Louisiana (Ms. LANDRIEU) and the Senator from New Jersey (Mr. TORRICELLI) were added as cosponsors of S. 860, a bill to amend the Internal Revenue Code of 1986 to provide for the treatment of certain expenses of rural letter carriers.

S. 885

At the request of Mr. HUTCHINSON, the name of the Senator from Pennsylvania (Mr. SANTORUM) 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. 892

At the request of Mr. HARKIN, the name of the Senator from Minnesota (Mr. DAYTON) was added as a cosponsor of S. 892, a bill to amend the Clean Air Act to phase out the use of methyl tertiary butyl ether in fuels or fuel additives, to promote the use of renewable fuels, and for other purposes.

S. 924

At the request of Mr. BIDEN, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 924, a bill to provide reliable officers, technology, education, community prosecutors, and training in our neighborhoods.

S. RES. 92

At the request of Mrs. FEINSTEIN, the name of the Senator from North Carolina (Mr. EDWARDS) was added as a cosponsor of S. Res. 92, a resolution to designate the week begining June 3, 2001, as ''National Correctional Officers and Employees Week.''

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DORGAN (for himself, Mr. DASCHLE, Mr. JOHNSON, Mrs. MURRAY, and Mr. WELLSTONE):

S. 966. A bill to amend the National Telecommunications and Information Administration Organization Act to encourage deployment of broadband service to rural America; to the Committee on Commerce, Science, and Transportation.

Mr. DORGAN. Mr. President, today I rise, along with Senator DASCHLE, Senator JOHNSON, Senator MURRAY, and Senator WELLSTONE to introduce the Rural Broadband Enhancement Act to deploy broadband technology to rural America. As the demand for high speed Internet access grows, numerous companies are responding in areas of dense population. While urban America is

quickly gaining high speed access, rural America is, once again, being left behind. Ensuring that all Americans have the technological capability is essential in this digital age. It is not only an issue of fairness, but it is also an issue of economic survival.

To remedy the gap between urban and rural America, this legislation gives new authority to the Rural Utilities Service in consultation with NTIA to make low interest loans to companies that are deploying broadband technology to rural America. Loans are made on a company neutral and a technology neutral basis so that companies that want to serve these areas can do so by employing technology that is best suited to a particular area. Without this program, market forces will pass by much of America, and that is unacceptable.

This issue is not a new one. When we were faced with electrifying all of the country, we enacted the Rural Electrification Act. When telephone service was only being provided to well-populated communities, we expanded the Rural Electrification Act and created the Rural Utilities Service to oversee rural telephone deployment. The equitable deployment of broadband services is only the next step in keeping America connected, and our legislation would ensure that.

If we fail to act, rural America will be left behind once again. As the economy moves further and further towards online transactions and communications, rural America must be able to participate. Historically, our economy has been defined by geography, and we in Congress were powerless to do anything about it. Where there were ports, towns and businesses got their start. Where there were railroad tracks, towns and businesses grew up around them. The highway system brought the same evolution.

But the Internet is changing all of that. No longer must economic growth be defined by geographic fiat. Telecommunications industries and policymakers are proclaiming, ''Distance is dead!'' But, that's not quite right: Distance will be dead, only as long as Congress ensures that broadband services are available to all parts of America, urban and rural.

I look forward to working with my colleagues colleagues to pass this legislation and give rural America a fair chance to survive.

By Mr. BOND.

S. 967. A bill to establish the Military Readiness Investigation Board, and for other purposes; to the Committee on Armed Services.

Mr. BOND. Mr. President, I rise today to discuss a very important matter of national security.

Today many thousands of Americans are spread across the globe defending our national interest and those of our close friends and allies.

While risking their lives to keep America safe, American soldiers sailors, airmen and marines are not as ready for combat as they should be.

History has taught us that the more prepared we are for war, the less likely potential enemies will be to risk war in pursuit of their own national objectives.

Our ability to prevail in war is, therefore, one of the most critical elements of our deterrence strategy.

That is why I rise today to introduce legislation that I believe will help us improve the combat readiness of our armed forces. Doing so will strengthen America's standing and security in the world and contribute to global stability.

In recent years the topic of military readiness has received far more words than deeds. In all candor, we have talked this issue to death without being able to deliver for the troops who need our help.

I think I know why. Words are far cheaper than the actions needed to restore a sharp edge to our combat forces.

We know that we have problem with military readiness. It seems that every time we peel back the cheery assessments and closely examine the issue, we find that our military readiness is worse than advertised.

Let me offer just a few examples.

Today, the readiness level of too many of our aviation combat units is being maintained through cannibalization. One plane is striped of parts to keep others flying. The only problem with that is the practice actually accelerates the destruction of our combat readiness. A recent Navy investigation stated ''current readiness levels are being achieved through extensive cannibalization and the rates are increasing in every community we visited.''

In other words, we have a bunch of hangar queens that have been robbed of parts and are not able to fly to provide the practice or to carry out the missions for which they were intended. Because of a shortage in money, our fliers are going into harm's way with outdated electronic intelligence files. The Navy E-2C Hawkeyes carry intelligence files that, in some case, are between 5 and 9 years old. The electronic intelligence files aboard the EA–6B Prowler planes, our jammers, are updated only on a 2-to-6-year cycle. The missiles we use to kill enemy radars are not being updated with new electronic intelligence parametric files.

The Army's Third Infantry Division based at Fort Stewart Georgia was recently dropped to the second lowest readiness rating. Just over a year ago, two other Army divisions, the 10th Mountain and First Mechanized Division were briefly dropped to the lowest readiness rating—meaning they were unready for war. These are three of the Army's ten active duty divisions.

The Marine Corps cannot replace its antiquated equipment because it has to steal money from its modernization account to keep its combat edge sharp.

Sadly, there is an endless parade of anecdotal evidence. And too often, the anecdotal reports that leak to the press are far more accurate indictors of the true state of military readiness than the Pentagon's own internal reporting system.

The evidence strongly suggests we have not kept faith with our troops who risk their lives for us. And that is our top obligation—to keep up our part of the social compact with our servicemen and women, in exchange for their willingness to risk their lives we promise to equip and train our troops so they may quickly prevail in combat with as few casualties as possible.

While we know all to well the problem we face, we have yet to build a national consensus of the solution. And make no mistake, that is what a problem of this scale requires—a national consensus.

To do that, we need an objective assessment of military readiness conducted by non-partisan, military experts. It would measure the current state of our U.S. military readiness and also examine the effectiveness of the Pentagon's current readiness reporting system.

Much like the CIA required an outside panel of ''Team B'' experts during the 1970s, I believe the Pentagon desperately needs an outside group of experts to look at the readiness books.

I believe that this review will help senior Pentagon officials obtain the most accurate picture possible of the true state of military readiness today.

Such a measurement will also help Congress build a baseline understanding of military readiness that we must have if we are to begin funding the military's operations and maintenance accounts at a sufficient level.

Let me just say this: Secretary Rumsfeld's decision to reexamine our national military strategy, force structure and procurement strategy is the right thing to do. Indeed, it is long overdue and I commend the administration for its commitment to this effort.

This is very important, but we cannot overlook combat readiness as the most critical index of our Nation's ability to defend itself, our interests and our allies' interests. Strategic competitors pay close attention to reports of deteriorating U.S. military readiness and we must not embolden them by ignoring these reports ourselves.

Many military experts have also contended that many of the military's readiness problems would disappear if the Pentagon dropped its plans to fight and win two major regional wars at one time. However, some say that the Nation's ability to wage major wars on

two fronts acts as an important deterrent to potentially hostile states like North Korea. Secretary Rumsfelds' review coupled with a military readiness review panel should enable us for once to answer effectively and address these issues—to come up with the right balance and solutions for our troops and for our Nation.

The readiness system is intended to pinpoint war-fighting deficiencies in every unit's equipment, transportation system, personnel and training. By many accounts this system is arcane and inflexible and does not accurately depict the true state of readiness. It is time we reviewed this system and developed means to keep it the predictive and useful tool it was designed and intended to be.

While we await the results of Secretary Rumsfeld's reviews, we already know that we have a persistent readiness problem that exacerbates other problems within the U.S. military, like manpower levels and morale.

In a monthly readiness report the defense department sent to Congress in March, there was a list of ''strategic concerns'' about military readiness. This report indicated that despite some leveling off of declines in wartime preparedness, there is still an uphill battle to be fought to ensure U.S. Forces are ready for major operations. This report states that aviation readiness remains challenged by ''reduced aircraft mission-capable rates, parts shortages, and technical surprises and maintenance issues.''

Readiness involves very many distinct issues. First, it's making sure that we're providing the resources needed to maintain readiness. Second, it's making sure that we are gathering the right data and information so that we've got true pictures of readiness. Third, it's dealing quickly and effectively with readiness issues when they're detected.

Several weeks ago I released an article describing the legislation I am proposing here. As a result, I have received numerous letters from constituents reiterating the need for this review board and citing examples of why it should be done. One letter was sent by a women who has a daughter and two friends who are serving on various Navy bases. In her letter she describes a situation where there are not enough spare parts to go around. Nothing new—except this effects her personally and causes her to worry constantly about her family and friends because they are spread too thin and lack the spare parts to do their job, thereby endangering them needlessly.

At the end of the cold war, force structure and personnel end strength were drastically cut in all the services. At the same time, the Nation discovered that the post-cold war world is a complex, dangerous place. As a result, deployments for contingency operations, peacekeeping missions, humanitarian assistance, disaster relief and counter-terrorism operations increased dramatically and our dependence on the armed services for their deployments continues to grow.

While our military forces got smaller, they did not become more ready for combat. In fact, our peak military readiness was reached immediately following Desert Storm in 1991 and has slowly and steadily declined since.

And that is inexcusable for a superpower. We have a responsibility to our citizens and to countless millions around the world whose physical safety and economic and political stability is guaranteed because of our military strength.

The world looks to us, and so as I review this military readiness problem and search for a solution I am guided by the simple notion that our strength guarantees global peace. Our military strength provides the foundation for the global economy and provides the economic and political stability for so many parts of the world. This understanding must guide our efforts as we seek to rebuild our military to prevail in our next war.

Our own history during this century has shown us that when we try to judge our military by its cost-efficiency during peacetime we invite disaster. This happened at the outset of the Second World War in North Africa. And we saw it again when Task Force Smith was shredded by the North Koreans in 1950.

How may times must we relearn the lesson that the only true measure of military effectiveness is performance in wartime?

I commend to my colleagues a brilliant editorial in the Wall Street Journal by Mark Helprin. He writes of the myopic view of peacetime civilians charged with budgeting their militaries. ''God save the American soldier from those who believe that his life can be protected and his mission accomplished on the cheap,'' wrote Mr. Helprin. ''For what they perceive as extravagance is always less costly in lives and treasure than the long drawn-out wars it deters or shortens with quick victories.''

I should explain that the bill I have introduced establishes a commission to be appointed by the Secretary of Defense with the concurrence of the chairs and ranking members of the authorizing appropriations committees to look at the issues of readiness and to be sure that they report to the Congress and to the United States, No. 1, on the status of readiness and, No. 2, on the reliability, or lack thereof, in the system set up to determine readiness.

I respect the great work being done by the Readiness Subcommittee of the Armed Services Committee. I have spoken with the chair and ranking members. We want to be a supplement to and a sounding board, perhaps, to provide a louder microphone or megaphone for the information determined in that Readiness Subcommittee.

I hope my colleagues will look at this measure and join me in sponsoring it. I am pleased to ask unanimous consent that the distinguished occupant of the chair, the Senator from Kansas, Mr. ROBERTS, be listed as a cosponsor.

I invite other colleagues who have an interest in this to look at it and join with me. I hope and trust we can have a strong bipartisan effort to achieve something which should be the goal and the objective of all of us.

I ask unanimous consent that two articles be printed in the RECORD.

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

[From the Wall Street Journal, April 24, 2001]

THE FIRE NEXT TIME

(By Mark Helprin)

From Alexandria in July of 1941, Randolph Churchill reported to his father as the British waited for Rommel to attack Egypt. In the midst of a peril that famously concentrated mind and spirit, he wrote, ''You can see generals wandering around GHQ looking for bits of string.''

Apparently these generals were not, like their prime minister, devoted to Napoleon's maxim, ''Frappez la masse, et le reste vient par surcroit,'' which, vis-a-vis strategic or other problems, bids one to concentrate upon the essence, with assurance that all else will follow in train, even bits of string.

Those with more than a superficial view of American national security, who would defend and preserve it from the fire next time, have by necessity divided their forces in advocacy of its various elements, but they have neglected its essence. For the cardinal issue of national security is not China, is not Russia, is not weapons of mass destruction, or missile defense, the revolution in military affairs, terrorism, training, or readiness. It is, rather, that the general consensus in regard to defense since Pearl Harbor—that doing too much is more prudent than doing too little—has been destroyed. The last time we devoted a lesser proportion of our resources to defense, we were well protected by the oceans, in the midst of a depression, and without major international responsibilities, and even then it was a dereliction of duty.

The destruction is so influential that traditional supporters of high defense spending, bent to the will of their detractors, shrink from argument, choosing rather to negotiate among themselves so as to prepare painstakingly crafted instruments of surrender.

A leader of defense reform, whose life mission is to defend the United States, writes to me: ''Please do not quote me under any circumstances by name. . . . Bush has no chance of winning the argument that more money must be spent on defense. Very few Americans feel that more money needs to be spent on defense and they are right. The amount of money being spent is already more than sufficient.''

More than sufficient to fight China? It is hard to think of anything less appealing than war with China, but if we don't want that we must be able to deter China, and to deter China we must have the ability to fight China. More than sufficient to deal with simultaneous invasions of Kuwait, South Korea, and Taiwan? More than sufficient to

stop even one incoming ballistic missile? Not yet, not now, and, until we spend the money, not ever.

For someone of the all-too-common opinion that a strong defense is the cause of war, a favorite trick is to advance a wholesale revision of strategy, so that he may accomplish his depredations while looking like a reformer. This pattern is followed instinctively by the French when they are in alliance and by the left when it is trapped within the democratic order. But to do so one need be neither French nor on the left.

Neville Chamberlain, who was neither, starved the army and navy on the theory that the revolution in military affairs of his time made the only defense feasible that a ''Fortress Britain'' protected by the Royal Air Force—and then failed in building up the air force. Bill Clinton, who is not French, and who came into office calling for the discontinuance of heavy echelons in favor of power projection, simultaneously pressed for a severe reduction in aircraft carriers, the sine qua non of power projection. Later, he and his strategical toadies embraced the revolution in military affairs not for its virtues but because even the Clinton-ravished military ''may be unaffordable,'' and ''advanced technology offers much greater military efficiency.''

This potential efficiency is largely unfamiliar to the general public. For example, current miniaturized weapons may seem elephantine after advances in extreme ultraviolet lithography equip guidance and control systems with circuitry not 0.25 microns but 0.007 microns wide, a 35-fold reduction that will make possible the robotization of arms, from terminally guided and target-identifying bullets to autonomous tank killers that fly hundreds of miles, burrow into the ground, and sleep like locusts until they are awakened by the seismic signature of enemy armor.

Lead-magnesium-niobate transducers in broadband sonars are likely to make the seas perfectly transparent, eliminating for the first time the presumed invulnerability of submarine-launched ballistic missiles, the anchor of strategic nuclear stability. The steady perfection of missile guidance has long made nearly everything the left says about nuclear disarmament disingenuous or uninformed, and the advent of metastable explosives creates the prospect of a single B–1 bomber carrying the non-nuclear weapons load of 450 B–17s, the equivalent of 26,800 100-pound bombs. Someday, we will have these things, or, if we abstain, our potential enemies will have them and we will not.

To field them will be more expensive then fielding less miraculous weapons, which cannot simply be abandoned lest an enemy exploit the transition, and which will remain as indispensable as the rifleman holding his ground, because the nature of war is counter-miraculous. And yet, when the revolution in military affairs is still mainly academic, we have cut recklessly into the staple forces.

God save the American soldier from those who believe that his life can be protected and his mission accomplished on the cheap. For what they perceive as extravagance is always less costly in lives and treasure than the long drawn-out wars it deters altogether or shortens with quick victories. In the name of their misplaced frugality we have transformed our richly competitive process of acquiring weapons into the single-supplier model of the command economies that we defeated in the Cold War, largely with the superior weapons that the idea of free and competitive markets allowed us to produce.

Though initially more expensive, producing half a dozen different combat aircraft and seeing which are best is better than decreeing that one will do the job and praying that it may. Among other things, strike aircraft have many different roles, and relying upon just one would be the same sort of economy as having Clark Gable play both Rhett Butler and Scarlett O'Hara.

Having relinquished or abandoned many foreign bases, the United States requires its warships to go quickly from place to place so as to compensate for their inadequate number, and has built them light using a lot of aluminum, which, because it can burn in air at 3,000 degrees Celsius, is used in incendiary bombs and blast furnaces. (Join the navy and see the world. You won't need to bring a toaster.)

And aluminum or not, there are too few ships, During the EP–3 incident various pinheads furthered the impression of an American naval cordon off the Chinese coast. Though in 1944 the navy kept 17 major carriers in the central Pacific alone, not long ago its assets were so attenuated by the destruction of a few Yugos disguised as tanks that for three months there was not in the vast western Pacific even a single American aircraft carrier.

What remains of the order of battle is crippled by a lack of the unglamorous, costly supports that are the first to go when there isn't enough money. Consider the floating dry dock. By putting ships back into action with minimal transit time, floating dry docks are force preservers and multipliers. In 1972, the United States had 94. Now it has 14. Though history is bitter and clear, this kind of mistake persists.

Had the allies of World War II been prepared with a sufficient number of so pedestrian a thing as landing craft, the war might have been cheated of a year and a half and many millions of lives. In 1940, the French army disposed of 530 artillery pieces, 830 antitank guns, and 235 (almost half) of its best tanks, because in 1940 the French did not think much of the Wehrmacht—until May.

How shall the United States avoid similar misjudgments? Who shall stand against the common wisdom when it is wrong about deterrence, wrong about the causes of war, wrong about the state of the world, wrong about the ambitions of ascendant nations, wrong about history, and wrong about human nature?

In the defense of the United States, doing too much is more prudent than doing too little. Though many in Congress argue this and argue it well, Congress will not follow one of its own. Though the president's appointees also argue it well, the public will wait only upon the president himself. Only he can sway a timid Congress, clear the way for his appointees, and move the country toward the restoration of its military power.

The president himself must make the argument, or all else is in vain. If he is unwilling to risk his political capital and his presidency to undo the damage of the past eight years, then in the fire next time his name will be linked with that of his predecessor, and there it will stay forever.

[From the Washington Post, May 20, 2001]

RUMSFIELD ON HIGH WIRE OF DEFENSE REFORM

(By Thomas E. Ricks)

In his first four months at the Pentagon, Defense Secretary Donald H. Rumsfeld has launched a score of secretive studies and posed hundreds of tough questions as he has tried to create a new vision for the American military, looking at everything from missile defenses and global strategy to the flaws of a Truman-vintage personnel system.

Yet, in that short span, he has also rallied an unlikely collection of critics, ranging from conservative members of Congress and his predecessor as defense secretary to some of the generals who work for him. In dozens of interviews, those people expressed deep concern that Rumsfeld has acted imperiously, kept some of the top brass in the dark and failed to maintain adequate communications with Capitol Hill.

''He's blown off the Hill, he's blown off the senior leaders in the military, and he's blown off the media,'' said Thomas Donnelly, a defense expert at the conservative Project for the New American Century. ''Is there a single group he's reached out to?''

The criticism has focused on Rumsfeld's score of study groups, staffed by retired generals and admirals and other experts who are probing everything from weapons programs to military retirement policies. In Pentagon hallways, ''the Rumsfeld review,'' as the studies are collectively called, is mocked by some as a martial version of Hillary Rodham Clinton's health care plan, which failed spectacularly in 1994 when it was offered up to Congress.

''It's arrogant theorists behind closed doors,'' said one person offering the Clinton analogy, retired Army Lt. Col. Ralph Peters, now a prominent writer on military strategy.

The military is already responding in significant and striking ways. On Thursday, the Joint Chiefs of Staff held a closed-door meeting in the ''Tank,'' their secure conference room at the Pentagon, where they posed scathing questions about Rumsfeld's intentions on strategy and possible cuts to the Army, defense officials said. Yesterday, retired Gen. Gordon Sullivan, a former Army chief of staff, delivered an angry speech assailing the apparent direction of Rumsfeld's reforms as ''imprudent.''

One point on which both Rumsfeld and his critics agree is the gravity of his reform effort. Reshaping the military to meet the new threats of the 21st century—and to keep the U.S. armed forces by far the stongest in the world—was a key campaign pledge of President Bush. To be successful, Rumsfeld must not only come up with specific answers but also find enough support in Congress and across the military to fund them and carry them out. The job will be made all the more difficult because the reforms could anger members of Congress by closing bases, terminating major weapons programs and shifting some spending from tanks, ships and aircraft into newer areas such as space and missile defenses.

In an extensive interview in his Pentagon office last week, Rumsfeld argued that his review has been necessary, rational and inclusive, involving more than 170 meetings with 44 generals and admirals. ''Everyone who wants to be briefed I think has been briefed,'' he said. ''Everyone cannot be involved in everything.''

Far from reaching concrete conclusions behind closed doors, he said, he simply has been posing questions about how to change the military to deal with a world where even Third World nations can buy long-range missiles, terrorists have attacked sites inside the United States, and the American economy is increasingly reliant on vulnerable satellites. ''I've got a lot of thoughts, but I don't have a lot of answers,'' he said.

Overall, Rumsfeld swung in the interview between being conciliatory toward his critics

and being dismissive of them. ''Is change hard for people? Yeah,'' he said sympathetically. ''Is the anticipation of change even harder? Yeah.''

But a moment later he added: ''The people it shakes up may very well be people who don't have enough to do. They're too busy getting shook up. They should get out there and get to work.''

BRUSQUE STYLE

Rumsfeld, a bright, impatient man who is not a schmoozer by nature, spent years as an executive in the pharmaceutical industry and honed a top-down management style. That approach may be the only way to overhaul America's huge and conservative military establishment. But his brusque manner has exacerbated anxiety about change in the Pentagon and could, in the end, undercut his effort.

Generals who have met with him report that communications tend to be one way. ''He takes a lot in, but he doesn't give anything back,'' one said. ''You go and brief him, and it's just blank.''

Neither that general nor any other Pentagon official critical of Rumsfeld would agree to be quoted by name. Indeed, one said Rumsfeld's aides would ''have my tongue'' were it known that he had talked to a reporter.

Many of those interviewed said they are worried that the future of the institution to which they have devoted their adult lives is being decided without them. One senior general unfavorably compared Rumsfeld's stewardship of the Pentagon with Colin L. Powell's performance as secretary of state. ''Mr. Powell is very inclusive, and Mr. Rumsfeld is the opposite,'' said the general, who knows both men. ''We've been kept out of the loop.''

Added another senior officer: ''The fact is, he is disenfranchising people.''

Some noted that the Bush administration came into office vowing to restore the military's trust in its civilian overseers. ''Everyone in the military voted for these guys, and now they feel like they aren't being trusted,'' a Pentagon official said.

The Army, which has the reputation of being the most doggedly obedient of all the services, appears to be closest to going into opposition against the new regime. Army generals are especially alarmed by rumors that they could lose one or two of their 10 active divisions under the new Pacific-oriented strategy that Rumsfeld appears to be moving toward but has not yet unveiled.

At the Joint Chiefs' ''Tank'' session on Thursday, one defense official said, the Army led the charge against the conclusions of a Rumsfeld study group on conventional weapons that suggested big cuts in Army troops. The service chiefs told their chairman, Gen. Henry H. Shelton, that they could not make sense of that recommendation without knowing precisely what strategy Rumsfeld wants to pursue. ''It wasn't just the Army, but [Army officers] took the lead'' in the criticism, the official added.

Retired generals often say in public what the active-duty leadership is thinking but can't utter. Sullivan, the former Army chief, appeared to play that role yesterday in a speech to a conference of Army reservists. He said he is worried that Rumsfeld would ''propose a world in which we will be able to hide behind our missile defense,'' which he went on to liken to the expensive but useless Maginot Line that France erected against Germany after World War I.

In another recent talk, Sullivan referred to Rumsfeld's new emphasis on space as a ''rathole'' for defense spending. He also sent an e-mail criticizing Rumsfeld, and that message has circulated widely inside the Army.

WARY GENERALS

The military now appears so wary of Rumsfeld that officers perceive slights where none may have been intended. The generals are especially peeved by what they believe is a pattern of moves by Rumsfeld to reallocate power from the military to himself.

Earlier this month, for example, Rumsfeld dumped his military assistant, a one-star admiral who had been picked for the job just four months earlier, and replaced him with a three-star admiral. ''It turned out I made a mistake, just to be blunt about it, thinking that a one-star could, simply because he was in the secretary's office, get the place to move at the same pace that a three-star could or a two-star,'' Rumsfeld explained. In other words, one flag officer commented, Rumsfeld felt he needed someone who could crack the whip over the top brass.

Rumsfeld also caused a stir in the services by bringing in retired Vice Adm. Staser Holcomb, who was his military assistant during his first term as secretary of defense, under President Gerald R. Ford, to look over the current crop of generals and admirals. Holcomb's queries may indicate that Rumsfeld wants to take over the selection of top generals—one of the last prerogatives left to the service chiefs. The chiefs generally have little say about operational matters, which are the province of the regional commanders, or ''CinCs,'' and they don't have much sway over weapons acquisition, which is a civilian responsibility. But they do get to pick who joins the club of top generals.

Rumsfeld said Holcomb is working on military personnel matters, especially in helping him look at who should become the next chairman of the Joint Chiefs of Staff when Shelton steps down later this year. Asked whether he is stepping on the toes of the service chiefs by getting involved in the selection of two- and three-star generals, Rumsfeld grinned and laughed, but said nothing.

Rumsfeld has also been planning to start a new ''Crisis Coordination Center'' to be overseen by his office, defense officials said. They report that Rumsfeld believes that communications and responsibilities during crises have been handled hazily. Creating such a center—a move that has not previously been reported—almost certainly would diminish the power of the staff of the Joint Chiefs, which oversees operations.

Rumsfeld's views on crisis communications may have been crystallized by an undisclosed foul-up that occurred during the Feb. 16 air strikes against Iraq, the Bush administration's first use of military force. At the last minute, military commanders moved up the timing of the strikes by six hours.

But word somehow didn't get to Bush, said several defense officials. The president had expected the bombs to begin dropping as he headed home from a summit meeting in Mexico. Instead, the strikes started just as he arrived for that meeting, overshadowing his first foreign trip as president and infuriating him, officials said.

Rumsfeld declined to comment on that incident. But he said that, generally speaking, miscommunications are ''inevitable when people are new on the job.''

TENSIONS WITH CONGRESS

If anything, Rumsfeld's relations with Capitol Hill have been even more tumultuous. The military, after all, ultimately will follow orders. But Congress expects to have a big say in the orders.

''There really could be a huge collision between Rumsfeld, the services and Congress,'' predicted Harlan Ullman, a defense analyst at the Center for Strategic and International Studies. ''There's an iceberg out there, and there's a Titanic.''

Ullman said he thinks Rumsfeld has done a fairly good job, considering how understaffed the top of the Pentagon has been, with only a few senior officials in place.

But he also said that the Bush White House has badly miscalculated on the politics of defense. ''I don't think the administration understands how much political capital it will take to change the U.S. military,'' he said. He and others warn that defense isn't a major issue on the Hill, and that no clear constituency exists for military reform. At the same time, there is a clear bloc against change, consisting of members of Congress who worry that bases and weapons plants in their districts could be closed.

Rumsfeld said he has devoted enormous effort to congressional relations, holding about 70 meetings with 115 lawmakers over the past four months. ''I am on the hill frequently,'' he said. ''I frequently have breakfasts and lunches down here that include members.''

But the view from the Hill appears to be different. ''There are lots of members concerned about the lack of communications,'' a Senate staffer said last week.

One warning sign has been a spate of ''holds'' placed on Rumsfeld's nominees by angry senators. These holds, which prevent a confirmation vote from taking place, aren't made public. But it is striking that Republican senators appear to have held up some of the nominees of a Republican administration. The Senate majority leader, Trent Lott (R-Miss.), controlled two of the holds—on the nominees to be the Pentagon's general counsel and assistant secretary for public affairs—that were lifted late Thursday.

Rumsfeld's predecessor as defense secretary, William S. Cohen, took the unusual step last week of publicly criticizing Rumsfeld's handling of Congress. ''However brilliant the strategy may be, you cannot formulate a strategy and mandate that Congress implement it,'' Cohen, a former Republican senator, told a group of reporters.

''The less they're involved in the beginning,'' Cohen warned, ''the more they'll be involved in the end, and not necessarily in a positive way.''

Rumsfeld appears to have strong backing not only from Bush but also from Vice President Cheney, his former protégé when Rumsfeld was a White House counselor and then chief of staff in the Ford administration. Earlier this month, a senior White House official said: ''The vice president indicated to the secretary that he would be as helpful as he could. As a former defense secretary, he has a special interest in the Pentagon.''

Where the White house stands on Rumsfeld's efforts should become clearer this Friday, when Bush is scheduled to speak about U.S. military strategy in a commencement address at Annapolis.

In the following weeks, Rumsfeld will engage Congress in hearings, then will begin making critical decisions on high-profile weapons systems and on whether to cut the size of the military to pay for new weapons. Every one of those decisions could antagonize members of Congress.

Rumsfeld said he looks forward to working with lawmakers to find the right answers. ''Hell, I know what I can do and I can't do,'' he said. ''I can do some things, but I can't simply stick a computer chip in my head and

come out with a perfect answer to big, tough important questions like that for the country. Even if you could, change imposed is change opposed.''

By Mrs. CLINTON:

S. 968. A bill to establish Healthy and High Performance Schools Program in the Department of Education and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mrs. CLINTON. Mr. President, today, I introduce legislation to help our schools become more energy efficient.

Each year, America's schools spend more on energy costs than they do on books and computers combined.

As we continue to debate education spending, there is at least one way to save on education costs: energy efficiency measures could save America's schools $1.5 billion. And we can reinvest those dollars into educational resources—like books, computers or more training for our teachers—that can make a real difference for our children's futures.

Typically, nearly one-third of the energy used in a U.S. school goes to waste because of outdated technology, old equipment and poor insulation. The least energy-efficient schools, many of which are in desperate need of upgrades and repair, use almost four times as much energy per square foot as the most energy-efficient ones.

Over half of our the country's K–12 schools are more than 40 years old and in need of renovation to reach standards of efficiency and comfort. And it's estimated that 6,000 new schools will be needed in the next 10 years because of the growing student population.

The U.S. Department of Energy estimates that schools could save 25 to 30 percent of the money they spend on energy—$1.5 billion—through better building design, use of energy-efficient and renewable energy technologies and improvements to operations and maintenance.

Unfortunately, school districts may not be aware of the things they can do to be more energy efficient, improve indoor environments, and save money. That is why the legislation that I am introducing today is so important. The Healthy and High Performance Schools Act of 2001 would create a program within the Department of Education to provide grants to states to help school districts make their buildings healthier and more energy efficient. It will help our schools improve the indoor air quality, make smart energy efficient upgrades and take advantage of new, energy efficient technology. And this will save our schools money.

There are some basic things that every school can do to reduce energy use. If schools adopt energy management systems to coordinate heating, ventilation and air conditioning they can help ensure rooms are heated and cooled only while being used.

And simply closing doors to keep heated or cooled air from escaping can save money. Schools can add insulation to walls, floors, attics and ceilings or use shades, films and screens to better secure windows. Using some type of window treatment in the summer can greatly reduce the need for air conditioning. Energy-efficient fixtures, bulbs and lamps can make a big difference too. And installing occupancy sensors to control lighting when rooms are empty is smart and efficient.

So much of the energy used by schools—approximately fifteen percent—is for cooking, refrigeration, and heating hot water. Simply maintaining food service equipment in schools can mean large energy savings.

Energy use by computers and office equipment is one of the fastest-growing sources of electricity consumption in schools, businesses and homes. And it is expected to grow by as much as 500 percent in the next decade. If schools use products with an ENERGY STAR label—the U.S. Environmental Protection Agency's, EPA, label for energy efficient appliances—they can save as much as 50 percent in energy costs.

And I'm proud to report that many schools in New York are already leading the way.

The Smithtown School District on Long Island recently became the first school district in New York State to receive the Energy Star label. The District completed an extensive lighting modification project using the latest energy-efficient technologies in three of its elementary schools. Three schools, Smithtown Elementary, Mount Pleasant Elementary and Dogwood Elementary, will display the bronze plaque with the Energy Star logo in their buildings. The district now uses more than five million kilowatts less than it did in the 1970's.

The Kingston School District in Ulster County, New York, made drastic improvements in the energy performance of all the schools in the district by replacing many of the windows, installing new boilers, and making other energy efficient upgrades. In 2000, the school district saved more than $395,000 through its energy-efficiency upgrades and in 2001, received an Energy Star Partner of the Year Award.

Sachem Central School District on Long Island was awarded the Energy Start Partner of the Year Award in 2000. The District installed energy-efficient lighting fixtures and new boilers that resulted in savings of almost 300,000 gallons of oil and more than 2.9 million kWh. Special building automation system helps measure, monitor and manage energy use.

Other New York Energy Star School Partners are Connetquot Central School District, East Rockaway Public Schools, Fordham Preparatory School, Patchogue Medford Schools, Rochester City School District, Rye City School District and Wantagh Union Free School District.

I am pleased to join my colleague in the House of Representatives, MARK UDALL from Colorado, the sponsor of the High Performance Schools Act of 2001, H.R. 1129, as well as the co-sponsors, including my fellow New Yorkers, SHERWOOD BOEHLERT and MAURICE HINCHEY.

I hope that my colleagues in the Senate will join me in supporting this legislation, which has bipartisan support in the House, so that we can provide our schools with the tools that they need to save money on their energy costs, and reinvest that money into much-needed education resources that can help our children reach their goals.

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

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

S. 968

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 ''Healthy and High Performance Schools Act of 2001''.

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds the following:

(1) American kindergarten through grade 12 schools spend over $6,000,000,000 annually on energy costs, which is more than is spent on books and computers combined.

(2) Approximately 25,000,000 students are attending schools with at least 1 unsatisfactory environmental condition.

(3) Educators teach and students learn best in an environment that is comfortable, healthy, naturally lit where possible, and in good repair, and studies have indicated that student achievement is greater and attendance higher when those conditions are met.

(4) Over half of our Nation's kindergarten through grade 12 schools are more than 40 years old and in need of renovation to reach such standard of efficiency and comfort, and 6,000 new schools will be required over the next 10 years to accommodate the growing number of students.

(5) Inadequate ventilation in school buildings, poor lighting and acoustical quality, and uncomfortable temperatures can cause poor health and diminish students' capacity to concentrate and excel.

(6) Inefficient use of water, either in consumption or from poorly maintained systems, is prevalent in older schools.

(7) Using a whole building approach in the design of new schools and the renovation of existing schools (considering how materials, systems, and products connect and overlap and also how a school is integrated on its site and within the surrounding community) will result in healthy and high performance school buildings.

(8) Adoption of whole building concepts has been shown to result in dramatic improvements in student and teacher performance.

(9) Adopting a whole building approach usually results in a lower life cycle cost for the school building than for a conventionally designed and built building.

(10) Systematic use of energy conservation in school construction and renovation

projects can save at least one quarter of current energy costs, leaving more money for teachers and educational materials.

(11) The use of renewable energy sources such as daylighting, solar, wind, geothermal, hydropower, and biomass power in a building already designed to be energy-efficient can help meet the building's energy needs without added emissions.

(12) Using environmentally preferable products and providing for adequate supplies of fresh air will improve indoor air quality and provide healthful school buildings.

(13) Most school districts do not have the knowledge of cutting-edge design and technologies to integrate optimum efficiency and environmentally healthy designs into new school construction or into school renovations.

(b) PURPOSE.—It is the purpose of this Act to assist local educational agencies in the production of high performance elementary school and secondary school buildings that are healthful, productive, energy-efficient, and environmentally sound.

SEC. 3. PROGRAM ESTABLISHMENT AND ADMINISTRATION.

(a) PROGRAM.—There is established in the Department of Education the High Performance Schools Program (in this Act referred to as the ''Program'').

(b) GRANTS.—The Secretary, in consultation with the Secretary of Energy and the Administrator of the Environmental Protection Agency, may, through the Program, award grants to State educational agencies to permit such State educational agencies to carry out subsection (c).

(c) STATE USE OF FUNDS.—

(1) SUBGRANTS.—

(A) IN GENERAL.—A State educational agency receiving a grant under this Act shall use the grant funds made available under section 4(a)(1) to award subgrants to local educational agencies to permit such local educational agencies to carry out the activities described in subsection (d).

(B) LIMITATION.—A State educational agency shall award subgrants under subparagraph (A) to local educational agencies that have made a commitment to use the subgrant funds to develop healthy, high performance school buildings in accordance with the plan developed and approved pursuant to subparagraph (C)(i).

(C) IMPLEMENTATION.—

(i) PLANS.—A State educational agency shall award subgrants under paragraph (1) only to local educational agencies that, in consultation with the State educational agency and State offices with responsibilities relating to energy and health, have developed plans that the State educational agency determines to be feasible and appropriate in order to achieve the purposes for which such subgrants are made.

(ii) SUPPLEMENTING GRANT FUNDS.—The State educational agency shall encourage qualifying local educational agencies to supplement their subgrant funds with funds from other sources in the implementation of their plans.

(2) ADMINISTRATION.—A State educational agency receiving a grant under this Act shall use the grant funds made available under section 4(a)(2)—

(A) to evaluate compliance by local educational agencies with the requirements of this Act;

(B) to distribute information and materials to clearly define and promote the development of healthy, high performance school buildings for both new and existing facilities;

(C) to organize and conduct programs for school board members, school district personnel, architects, engineers, and others to advance the concepts of healthy, high performance school buildings;

(D) to obtain technical services and assistance in planning and designing high performance school buildings; and

(E) to collect and monitor information pertaining to the high performance school building projects funded under this Act.

(3) PROMOTION.—Subject to section 4(a), a State educational agency receiving a grant under this Act may use grant funds for promotional and marketing activities, including facilitating private and public financing, working with school administrations, students, and communities, and coordinating public benefit programs.

(d) LOCAL USE OF FUNDS.—

(1) IN GENERAL.—A local educational agency receiving a subgrant under subsection (c)(1) shall use such subgrant funds for new school building projects and renovation projects that—

(A) achieve energy-efficiency performance that reduces energy use to at least 30 percent below that of a school constructed in compliance with standards prescribed in Chapter 8 of the 2000 International Energy Conservation Code, or a similar State code intended to achieve substantially equivalent results; and

(B) achieve environmentally healthy schools in compliance with Federal and State codes intended to achieve healthy and safe school environments.

(2) EXISTING BUILDINGS.—A local educational agency receiving a subgrant under subsection (c)(1) for renovation of existing school buildings shall use such subgrant funds to achieve energy efficiency performance that reduces energy use below the school's baseline consumption, assuming a 3-year, weather-normalized average for calculating such baseline and to help bring schools into compliance with health and safety standards.

SEC. 4. ALLOCATION OF FUNDS.

(a) IN GENERAL.—A State receiving a grant under this Act shall use—

(1) not less than 70 percent of such grant funds to carry out section 3(c)(1); and

(2) not less than 15 percent of such grant funds to carry out section 3(c)(2).

(b) RESERVATION.—The Secretary may reserve an amount not to exceed $300,000 per year from amounts appropriated under section 6 to assist State educational agencies in coordinating and implementing the Program. Such funds may be used to develop reference materials to further define the principles and criteria to achieve healthy, high performance school buildings.

SEC. 5. REPORT TO CONGRESS.

(a) IN GENERAL.—The Secretary shall conduct a biennial review of State actions implementing this Act, and shall report to Congress on the results of such reviews.

(b) REVIEWS.—In conducting such reviews, the Secretary shall assess the effectiveness of the calculation procedures used by State educational agencies in establishing eligibility of local educational agencies for subgrants under this Act, and may assess other aspects of the Program to determine whether the aspects have been effectively implemented.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Secretary to carry out this Act—

(1) $250,000,000 for each of fiscal years 2002 through 2005; and

(2) such sums as may be necessary for each of fiscal years 2006 through 2011.

SEC. 7. DEFINITIONS.

In this Act:

(1) ELEMENTARY SCHOOL AND SECONDARY SCHOOL.—The terms ''elementary school'' and ''secondary school'' have the same meanings given such terms in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(2) HEALTHY, HIGH PERFORMANCE SCHOOL BUILDING.—The term ''healthy, high performance school building'' means a school building which, in its design, construction, operation, and maintenance, maximizes use of renewable energy and energy-efficient practices, is cost-effective on a life cycle basis, uses affordable, environmentally preferable, durable materials, enhances indoor environmental quality, protects and conserves water, and optimizes site potential.

(3) LOCAL EDUCATIONAL AGENCY.—The term ''local educational agency'' has the same meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

(4) RENEWABLE ENERGY.—The term ''renewable energy'' means energy produced by solar, wind, geothermal, hydroelectric, or biomass power.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of Education.

(6) STATE EDUCATIONAL AGENCY.—The term ''State educational agency'' has the same meaning given such term in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801).

By Ms. COLLINS (for herself and Ms. SNOWE):

S. 970. A bill to designate the facility of the United States Postal Service located at 39 Tremont Street, Paris Hill, Maine, as the Horatio King Post Office Building; to the Committee on Governmental Affairs.

Ms. COLLINS. Mr. President, I am pleased to introduce legislation to honor one of the great contributors to our national postal system, Horatio King, by naming after him the Paris Hill Post Office in Paris, ME, the town of his birth. My colleague from Maine, Senator SNOWE, joins me in this effort.

Horatio King had a long career serving the public as a newspaper publisher and postal employee, eventually working his way through the ranks to become Postmaster General under President Buchanan. All told, he served under three Presidents.

His career with the Postal Service began in 1839, when he was appointed by then Postmaster General Kendall to a postal position that required him to leave Maine and reside in Washington, DC. In 1850, he became affiliated with the foreign mail service and was instrumental in developing this aspect of our postal system. His efforts were recognized in 1854 when he was appointed first assistant Postmaster General, a post he would hold until becoming Postmaster General in 1861, shortly before the outbreak of the Civil War.

Horatio King did not end his service, however, after reaching this pinnacle. In 1863, President Lincoln recognized his steadfast devotion to the Union and, although King was of the opposite political party, named him to a commission charged with carrying out the Emancipation Proclamation in the District of Columbia.

King was also a man of letters, and was well known for his literary evenings which did much to elevate the culture in Washington at a time when it was a much smaller and less diverse town than the one of today. He would frequently publish newspaper and magazine articles and lectures, and even published a book of travel sketches upon returning from a tour of Europe.

Today, the birthplace of Horatio King remains well preserved and cared for by my constituents, Janice and Glenn Davis, as the lovely King's Hill Inn.

Horatio King served Maine well by serving America well. It is appropriate that Congress recognize his contributions by naming the Post Office in the town of his birth for him and, along with Senator SNOWE, I am delighted to have the opportunity to introduce legislation to accomplish this.

By Ms. COLLINS (for herself and Mr. FEINGOLD):

S. 971. A bill to expand the availability of oral health services by strengthening the dental workforce in designated underserved areas; to the Committee on Finance.

Ms. COLLINS. Mr. President, I am pleased to join my good friend and colleague from Wisconsin, Senator RUSS FEINGOLD, in introducing legislation to improve access to oral health care by strengthening the dental workforce in our nation's rural and underserved communities.

Oral and general health are inseparable, and good dental care is critical to our overall physical health and well-being. Dental health encompasses far more than cavities and gum disease. The recent U.S. Surgeon General report Oral Health in America states that ''the mouth acts as a mirror of health and disease'' that can help diagnose disorders such as diabetes, leukemia, heart disease, or anemia.

While oral health in America has improved dramatically over the last 50 years, these improvements have not occurred evenly across all sectors of our population, particularly among low-income individuals and families. Too many Americans today lack access to dental care. While there are clinically proven techniques to prevent or delay the progression of dental health problems, an estimated 25 million Americans live in areas lacking adequate dental services. As a consequence, these effective treatment and prevention programs are not available in too many of our communities. Astoundingly, as many as eleven percent of our nation's rural population has never been to a dentist.

This situation is exacerbated by the fact that our dental workforce is graying and the overall ratio of dentists to population is declining. In Maine, for example, there currently are 393 active dentists, 241 of whom are 45 or older. More than 20 percent of dentists nationwide will retire in the next ten years, and the number of dental graduates by 2015 may not be enough to replace these retirees.

As a consequence, Maine, like many States, is currently facing a serious shortage of dentists, particularly in rural areas. While there is one general practice dentist for every 2,286 people in the Portland area, the numbers drop off dramatically in western and northern Maine. In Aroostook County, where I am from, there's only one dentist for every 5,507 people. Moreover, at a time when tooth decay is the most prevalent childhood disease in America, Maine has fewer than ten specialists in pediatric dentistry, and most of these are located in the southern part of the state.

This dental workforce shortage is exacerbated by the fact that Maine currently does not have a dental school or even a dental residency program. Dental schools can provide a critical safety net for the oral health needs of a state, and dental education clinics can provide the surrounding communities with care that otherwise would be unavailable to disadvantaged and underinsured populations. Maine is just one of a number of predominantly rural states that lacks this important component of a dental safety net.

Maine, like many States, is exploring a number of innovative ideas for increasing access to dental care in underserved areas. In an effort to supplement and encourage these efforts, we are introducing legislation today to establish a new State grant program designed to improve access to oral health services in rural and underserved areas. The legislation authorizes $50 million over 5 years for grants to States to help them develop innovative dental workforce development programs specific to their individual needs.

States could use these grants to fund a wide variety of programs. For example, they could use the funds for loan forgiveness and repayment programs for dentists practicing in underserved areas. They could also use them to provide grants and low- or no-interest loans to help practitioners to establish or expand practices in these underserved areas. States, like Maine, that do not have a dental school could use the funds to establish a dental residency program. Other States might want to use the grant funding to establish or expand community or school-based dental facilities or to set up mobile or portable dental clinics.

To assist in their recruitment and retention efforts, States could also use the funds for placement and support of dental students, residents, and advanced dentistry trainees. Or, they could use the grant funds for continuing dental education, including distance-based education, and practice support through teledentistry.

Other programs that could be funded through the grants include: community-based prevention services such as water fluoridation and dental sealant programs; school programs to encourage children to go into oral health or science professions; the establishment or expansion of a State dental office to coordinate oral health and access issues; and any other activities that are determined to be appropriate by the Secretary of Health and Human Services.

The National Health Service Corps is helping to meet the oral health needs of underserved communities by placing dentists and dental hygienists in some of America's most difficult-to-place inner city, rural, and frontier areas. Unfortunately, however, the number of dentists and dental hygienists with obligations to serve in the National Health Service Corps falls far short of meeting the total identified need. According to the Surgeon General, only about 6 percent of the dental need in America's rural and underserved communities is currently being met by the National Health Service Corps.

In my State, approximately 173,000 Mainers live in designated dental health professional shortage areas. While the National Health Service Corps estimates that it will take 33 dental clinicians to meet this need, it currently has only three serving in my State.

The bill we are introducing today would make some needed improvements in this critically important program so that it can better respond to our nation's oral health needs.

First, it would direct the Secretary of Health and Human Services to develop and implement a plan for increasing the participation of dentists and dental hygienists in the National Health Service Corps scholarship and loan repayment programs.

It would also allow National Health Service Corps scholarship and loan repayment program recipients to fulfill their commitment on a part-time basis. Some small rural communities may not have sufficient populations to support a full-time dentist or dental hygienist. This would give the National Health Service Corps additional flexibility to meet the needs of these communities. Moreover, some practitioners may find part-time service more attractive to them. This particularly may be the case for a retired dentist who may want to practice only part-time, allowing this feasibility could in turn improve both recruitment and retention in these communities.

Last year, after a 6-year hiatus, the National Health Service Corps began a two-year pilot program to award scholarships to dental students.

This is a step in the right direction, however, these scholarships are only being awarded to students attending certain dental schools, not one of

which is located in New England. Moreover, the pilot project requires the participating dental schools to encourage Corps dental scholars to practice in communities near their educational institutions. The problem is obvious. If none of these programs are in New England, and yet there is a requirement that the dentists participating in these programs practice in the surrounding communities, this is of no benefit to a State such as Maine that does not have a dental school and does not have a qualifying program. As a consequence, this program will do nothing at all to help relieve the dental shortage in Maine and other areas of New England.

The legislation we are introducing today would address this problem by expanding the National Health Service Corps Pilot Scholarship Program so that dental students attending any of the 55 American dental schools can apply and require that placements for these scholars be based strictly on community need, not on whether or not they surround the dental school.

It would also improve the process for designating dental health professional shortage areas and ensure that the criteria for making such designations provide a more accurate reflection of oral health needs, particularly in our rural areas where the problem is most acute.

And finally, taxing the scholarships and stipends of students adversely affects their financial incentive to participate in the National Health Service Corps and to provide health care services in underserved communities. Our legislation would, therefore, exclude from Federal income tax the fees and related educational expenses to individuals who are participating in the National Health Service Corps scholarship and loan repayment programs.

The Dental Health Improvement Act will make critically important oral health care services more accessible in our Nation's rural and underserved communities. I urge all of my colleagues to join me in supportin this legislation. I ask unanimous consent that letters endorsing my bill from the American Dental Association and the American Dental Education Association be printed in the RECORD.

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

AMERICAN DENTAL ASSOCIATION,
Washington, DC, May 25, 2001.

Hon. SUSAN COLLINS,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR COLLINS: On behalf of the American Dental Association and our 144,000 member dentists, I am delighted to endorse the ''Dental Health Improvement Act,'' which you introduced today. The Association is proud that the oral health of Americans continues to improve, and that Americans have access to the best oral health care in the world.

Having said that, we agree that dental care has not reached every corner of American society to the extent it has reached the majority of Americans. For those Americans who are unable to pay for care, and those with special needs, such as disabled individuals, those with congenital conditions, and nonambulatory patients, obtaining dental care can be difficult.

Your legislation recognizes several of these problems and goes a long way towards addressing them in a targeted and meaningful way. The section on grant proposals offers states the opportunity to be innovative in their approaches to address specific geographical dental workforce issues. You recognize the need to provide incentives to increase faculty recruitment in accredited dental training institutions, and your support for increasing loan repayment and scholarship programs will provide the appropriate incentives to increase the dental workforce in ''safety net'' organizations.

The ADA is very grateful for your leadership on these issues. Thank you for introducing this legislation. We want to continue to work with you on dental access issues in general and on this legislation as it moves through the Congress.

Sincerely,

ROBERT M. ANDERTON,
D.D.S., J.D., LL.M., President.

AMERICAN DENTAL
EDUCATION ASSOCIATION,
Washington, DC, May 23, 2001.

Hon. SUSAN COLLINS,
U.S. Senate,
Washington, DC.

DEAR SENATOR COLLINS, I am writing on behalf of the dental education community to commend you for developing and introducing the Dental Health Improvement Act. This legislation, when enacted into law, will expand the availability of oral health care services for the nation's underserved populations, strengthen the dental workforce, as well as maintain the ability of dental schools to produce the necessary manpower to provide oral health care to all Americans.

The American Dental Education Association (ADEA) represents the nation's 55 dental schools, as well as hospital-based dental and advanced dental education programs, allied dental programs and schools, dental research institutions, and the faculty and students at these institutions. ADEA's member schools are dedicated to providing the highest quality education to their students, conducting research and providing oral health care services to Americans from medically unserved and underserved areas, the majority of whom are uninsured or who are from low-income families. Recent downward trends in student enrollment and a growing shortage in dental faculty have caused ADEA serious concern about our ability to fully and competently address these responsibilities.

Therefore, I was delighted to see that the Dental Health Improvement Act directly responds to many of these concerns. If implemented, the Act would expand access to oral health care to thousands of Americans for the first time. When enacted, the provisions of the bill can be instrumental in helping the more than 31 million Americans living in ares that lack access to adequate oral health care services. It can provide much needed help to dental education institutions as we seek to address faculty shortages.

As you know, dental education institutions face a major crisis in the graying of its faculty which threatens the quality of dental education, oral, dental and craniofacial research, and ultimately will adversely impact the health of all Americans. Currently, there are approximately 400 faculty vacancies. Retirements are expected to accelerate in both private practice as well as teaching faculties in the nation's 55 dental schools. There is a significant decrease in the number of men and women choosing careers in dentistry, teaching and research. Your personal experience in Maine is a perfect example.

Educational debt has increased, affecting both career choices and practice location. Your bill will provide funds to help with recruitment and retention efforts and helps expand dental residency training programs to the 27 states that do not currently have dental schools.

Also important are the incentives you have proposed to expand or establish community-based dental facilities linked with dental education institutions. The need for this is obvious. More than two-thirds of patients visiting dental school clinics are members of families whose annual income is estimated to be $15,000 or below. About half of these patients are on Medicare or Medicaid, while more than a third have no insurance coverage or government assistance program to help them pay for their dental care.

Dental academic institutions are committed to their patient care mission, not only by improving the management and efficiency of patient centered care delivery at the dental school, but through increasing affiliations with and use of satellite clinics. All dental schools maintain at least one dental clinic on-site, and approximately 70% of U.S. dental schools have school-sponsored satellite clinics. Delivering patient care in diverse settings demonstrates professional responsibility to the oral health of the public.

Dental schools and other academic dental institutions provide oral health to underserved and disadvantaged populations. Yet more than 11 percent of the nation's rural population has never been to see a dentist. This bill can have a positive impact on this population by establishing access to oral health care at community-based dental facilities and consolidated health centers that are linked to dental schools. 100 million Americans presently do not have access to fluoridated water. The bill provides for community-based prevention services such as fluoride and sealants that can cause a dramatic change for nearly a third of the nation's population.

Thank you again for taking such a leadership role in the area of oral health. Please be assured that ADEA looks forward to working closely with you to bring the far-reaching potential of the Dental Health Improvement Act to fruition.

Sincerely,

RICHARD W. VALACHOVIC,
D.M.D., M.P.H., Executive Director.

Ms. COLLINS. Finally, Mr. President, I thank my principal cosponsor of this legislation, Senator FEINGOLD of Wisconsin, for his contributions to this bill. We found that Maine and Wisconsin have many similar problems in ensuring that there is an adequate supply of dentists in our more rural parts of our State.

It is our hope that this legislation will be considered and enacted this year.

Mr. FEINGOLD. Mr. President, I rise today to join my friend from Maine, Senator COLLINS, to introduce the Dental Health Improvement Act. This legislation will improve access to dental

services by strengthening the deal workforce in under-served areas.

While the scope of the dental access problem is very wide reaching, this legislation takes an important step in the right direction by improving the dental workforce in under-served areas.

According to the Surgeon General, an estimated 25 million Americans live in areas lacking adequate dental care services, and as many as 11 percent of our Nation's rural population have never been to a dentist.

This problem will only get worse since more than 20 percent of dentists will retire in the next 10 years, and the number of dental graduates by 2015 may not be enough to replace these retirees. While dentists have increased their productivity, they are still distribution problems in specific geographic areas.

For too long, oral health has been overlooked and excluded from important public policy discussions of how to improve health and health care around the country. Some contend that oral health care has been a lower priority because advances in dentistry—most notably the expanded use of sealants and fluoridated water—are such that we are nearly a ''cavity free society.'' Yet the truth is that while oral health has certainly improved dramatically among those who are insured, and those who have reliable access to a dentist, there is a tragic disparity in health status between the haves and the have nots.

This disparity between the poor and everyone else exists in general medical health measures, such as infant mortality, low birth weight, blood lead levels and so on. But what I have learned since I first became interested in this issue is that the disparity is disturbingly stark in oral health.

Surgeon General David Satcher framed this issue well at his May 2000 release of his report, Oral Health in America, that ''Tooth decay remains the single most common chronic disease of childhood—five times more common than asthma.''

While this fact is certainly true—that the prevalence of dental disease remains high among children—its burden within the population of US children has shifted dramatically.

I would like to make sure that my colleagues are aware of this horrifying statistic that helps to outline the scope of the problem: 80 percent of dental disease is found in the poorest 25 percent of children.

This figure helps to illustrate the broad scope of the problem. And we all know that the problem is even more disturbing when we look at the ways these vulnerable children suffer from lack of dental care.

Preschoolers living in poverty have twice the odds of having decaying teeth, twice the extent of decay when they have disease, and twice the pain experience of their most affluent peers.

These children are already at a disadvantage in so many ways. And just the most basic dental care could make a difference in their lives. But our health care system allows this problem to fall through the cracks.

Over the past few years these and similar statistics have been chronicled by numerous entities including the Surgeon General, the General Accounting Office, and the National Institutes of Health.

This legislation will help strengthen the dental workforce that delivers vital oral health care services by improving the workforce in under-served areas. By providing States and communities with sufficient flexibility to address the unique needs of their under-served areas, I believe that this legislation will take an effective approach to meeting the needs of communities in Wisconsin and across the Nation.

The first part of this legislation would establish a new State-based grant program to help states explore innovative ideas for increasing access to dental care in under-served areas.

This grant program would be directed through the Health Resources and Services Administration at the Department of Health and Human Services and support the efforts of States to develop and implement innovative programs to address the dental workforce shortage that are appropriate to their individual needs.

For example, States could tailor loan forgiveness and repayment programs for dentists practicing in areas designated as dental health professional shortage areas by either the Federal Government or the State.

This program could also help with recruitment and retention efforts by providing grants or low interest loans to help practitioners in designated dental health professional shortage areas equip a dental office or share in the overhead costs of an operation.

The second component of our legislation would increase participation of the dental workforce in the National Health Service Corps.

According to the U.S. Surgeon General, the number of dentists and dental hygienists with obligations to serve in the National Health Service Corps falls far short of meeting the total identified need: only about 6 percent of the dental need is currently being met by this program, and outreach and development are critical to future opportunities for strengthening the dental workforce in designated under-served areas.

Our legislation would develop and implement a plan for increasing the participation of dentists and dental hygienists in the National Health Service Corps scholarship and loan repayment programs and report back to Congress on their progress after three years.

This legislation follows a series of recommendations by the American Dental Association and the American Dental Educators Association, who both strongly support this legislation.

I hope my colleagues will join the Senator from Maine and me in our ongoing efforts to increase access to dental care and promote greater oral health.

We must change America's approach to oral health, especially when it comes to some of the most vulnerable members of our communities—low income children. These kids deserve quality dental care. Right now, too many kids are suffering. It is my hope that Congress will work on a bipartisan basis to promote greater oral health.

By Mr. MURKOWSKI (for himself, Mr. BREAUX, Mr. THOMPSON, and Mr. JEFFORDS):

S. 972. A bill to amend the Internal Revenue Code of 1986 to improve electric reliability, enhance transmission infrastructure, and to facilitate access to the electric transmission grid; to the Committee on Finance.

Mr. MURKOWSKI. Mr. President, I rise to introduce legislation that will add stability to the Nation's electric power grid. I am pleased to be joined by Senators, BREAUX, THOMPSON, and JEFFORDS in this effort that reflects a comprise that was reached last year by the investor owned and municipal electric power generators. Identical legislation has been introduced in the House, H.R. 1459.

In the past year, there has been a great deal of controversy over the concept of electric deregulation because of the chaos that has occurred in California. Unfortunately, California is not a useful model of a deregulated environment because California only deregulated the wholesale part of the industry while retaining price controls at the retail level. Coupled with the State's failure to build new generation in more than 10 years, the California model was bound to collapse.

However, I believe that the successes we have seen in deregulating electricity, most notably in states like Pennsylvania, suggest that ultimately the entire industry will be deregulated and consumers of electric power will see significant benefits from such deregulation. In order to facilitate the day when competition comes to the industry, we must update the tax laws that were written in day when electricity was a regulated utility.

One of the major problems that the current tax rules create is to undermine the efficiency of the entire electric system in a deregulated environment because these rules effectively preclude public power entities from participating in State open access restructuring plans, without jeopardizing the exempt status of their bonds.

No one wants to see bonds issued to finance public power become retroactively taxable because a municipality chooses to participate in a state

open access plan. That would cause havoc in the financial markets and could undermine the financial stability of many municipalities.

Our legislation resolves this problem by allowing municipal systems to elect to terminate the issuance of new tax exempt bonds for generation facilities in return for grandfathering existing bonds.

Our bill also modifies current rules regarding the treatment of nuclear decommissioning costs to make certain that utilities will have the resources to meet future costs and clarifies the tax treatment of the funds, if a nuclear facility is sold. The bill also provides tax relief for utilities that spin off or sell transmission facilities to independent participants in FERC approved regional transmission organizations.

This bill will not resolve all of the tax issues surrounding the deregulation of the industry. One participant in the industry, the tax-exempt cooperatives also have tax problems associated with deregulation—they may not participate in wheeling power through their lines because of concern that they will violate the so-called 85–15 test which could endanger their tax exempt status. It is my hope that the coops will sit down with the other utilities and reach an accord so that when we consider this legislation, the coops will be included in the tax bill.

By Mr. WYDEN (for himself and Mr. SMITH of Oregon):

S. 973. A bill to expedite relief provided under the Magnuson-Stevens Fishery Conservation and Management Act for commercial fishery failure in the Pacific Coast Groundfish Fishery, to improve fishery management and enforcement in that fishery, and for other purposes; to the Committee on Commerce, Science, and Transportation.

Mr. WYDEN. Mr. President, I am pleased to be joined today by my good friend and colleague from Oregon, Senator SMITH, in introducing the Pacific Coast Commercial Fishery Preservation Act of 2001.

The West Coast groundfish fishery is in crisis, and many fishermen are facing bankruptcy. This legislation will help fishermen get through the crisis, and move the fishery toward a more sustainable future.

Sustainable management of this resource is long overdue and in January 2000, the Secretary of Commerce declared the West Coast groundfish fishery a disaster. This bill will put the right number of fishers out there, at the right time, catching the right number of fish.

Catching the right number of fish should mean using the fish that are caught. Fish that are caught in excess of a fisher's trip limit are called ''regulatory discards'' or ''overages,'' and thousands of pounds of fish are wasted every year when they are thrown overboard. This bill authorizes fishermen to retain those extra fish and donate them to charitable organizations.

The right number of fishers is key to a sustainable fishery. There are currently too many fishers in the West Coast groundfish fishery to sustain the resource. This bill authorizes the Secretary to administer and implement a capacity reduction or ''buyback'' plan to ease the transition to the right number of fishers. In a survey distributed by the author of the buyback plan, 70 percent of recipients completed and returned their survey and a majority of them were interested in participating in the buyback program. A buyback plan has been developed by Oregonians, in consultation with the National Marine Fisheries Service and the Pacific Fishery Management Council, and this bill incorporates key elements of it.

This is not a Federal handout. Half the funding will come from the industry and half from the Federal government. The industry portion will be a government-backed loan which will be repaid by the fishers who stay. The Secretary is authorized to enter into agreements in California, Washington and Oregon to collect the fees that will be used to repay the industry portion of the buyback fund.

Another way we seek to ease the transition away from fishing is through reform of the Capital Construction Fund. Currently, the fund allows fishers to put pre-tax funds aside for the construction of a new boat, or for upgrading their old one. It was effective in building America's fishing fleets, but in these days of dwindling stocks and fisheries disasters it is crucial that the fisheries have an alternative use for their money, such as retirement. This bill amends the Merchant Marine Act and the Internal Revenue Code to allow funds currently trapped in the Capital Construction Fund to be rolled over into a retirement account without adverse consequences to either taxpayers or the account holders.

Ultimately, sustainable fisheries are a result of government regulation and management. When federal management fails, the government has a responsibility to help fishers and their families in a timely fashion. It has taken 18 months for the recent fishery disaster funding to hit Oregon. When you are an out-of-work groundfisher, 18 months is way too long to wait. This bill requires the Secretary of Commerce to recommend legislative or administrative changes to the existing law that would enable disaster funding to reach fishers more expeditiously.

This plan is supported by the West Coast Seafood Processors, the Fishermen's Marketing Association, the Pacific Federation of Fishermen, the Pacific Conservation Council, and the Pacific States Marine Fisheries Commission.

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

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

S. 973

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 ''Pacific Coast Groundfish Fishery Preservation Act''.

SEC. 2 PILOT PROJECT FOR CHARITABLE DONATION OF BYCATCH.

(a) IN GENERAL.—The Secretary of Commerce shall initiate a pilot project under which fishermen in a commercial fishery covered by the West Coast groundfish fishery are permitted to donate bycatch, or regulatory discards, of fish to charitable organizations rather than discard them. The pilot project shall incorporate a means, through the requirement of on-vessel observers or other safeguards, of ensuring that the opportunity to donate such fish does not encourage or permit the evasion of pre-vessel trip limits, total allowable catch limits, or other fishery management plan measures.

(b) REPORTS.—

(1) INITIATION.—The Secretary shall notify the Senate Committee on Commerce, Science, and Transportation, within 90 days after the date of enactment of this Act and before the pilot project is implemented, of—

(A) the fishing season in which the pilot project will be conducted; and

(B) the period during which the pilot project will be conducted.

(2) FOLLOW-UP.—Within 90 days after the pilot project terminates the Secretary shall submit to the Committee a report containing findings with respect to the pilot project and the Secretary's analysis of the ramifications of the pilot project based on those findings.

SEC. 3. REPORT ON DISASTER ASSISTANCE FOR PACIFIC COAST GROUNDFISH FISHERY.

The Secretary shall report to the Senate Committee on Commerce, Science, and Transportation no later than 45 days after the date of enactment of this Act the action or actions taken under section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(a)) to provide disaster relief to fishing communities affected by the commercial fishery failure in the Pacific Coast groundfish fishery. The Secretary shall include in the report any recommendations the Secretary deems appropriate for additional legislation or changes in existing law that would enable the Department of Commerce to respond more expeditiously in the future to fisheries disasters resulting from commercial fishery failures.

SEC. 4. CAPACITY REDUCTION IN THE PACIFIC COAST GROUNDFISH FISHERY.

(a) IN GENERAL.—The Secretary of Commerce shall, after notice and an opportunity for public comment, adopt regulations to implement a fishing capacity reduction plan for the Pacific Coast Groundfish fishery under section 312(b) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(b)) that—

(1) has been developed in consultation with affected parties whose participation in the plan is required for its successful implementation;

(2) will obtain the maximum sustained reduction in fishing capacity at the least cost

through the use of a reverse auction process in which vessels and permits are purchased;

(3) will not expand the size or scope of the commercial fishery failure in that fishery or into other fisheries or other geographic regions;

(4) except as otherwise specifically provided in this section, meets the requirements of that section; and

(5) incorporates the components described in subsection (c) of this section.

(b) EXPEDITED ADOPTION OF PLAN.—In carrying out subsection (a), the Secretary—

(1) shall publish notice in the Federal Register within 30 days after the date of enactment of this Act of implementation of the fishing capacity reduction plan;

(2) provide for public comment for a period of 60 days after publication; and

(3) adopt final regulations to implement the plan within 45 days after the close of the public comment period under paragraph (2).

(c) PLAN COMPONENTS.—The fishery capacity reduction plan shall—

(1) provide for a significant reduction in the fishing capacity in the Pacific Coast groundfish fisheries;

(2) permanently revoke all State and Federal fishery licenses, fishery permits, area and species endorsements, and any other fishery privileges for West Coast groundfish, Pacific pink shrimp, Dungeness crab, and Pacific salmon (troll permits only) issued to a vessel or vessels (or to persons on the basis of their operation or ownership of that vessel or vessels) for which a Pacific Coast groundfish fisheries reduction permit is issued under section 600.1011(b) of title 50, Code of Federal Regulations;

(3) ensure that the Secretary of Transportation is notified of each vessel for which a reduction permit is surrendered and revoked under the program, with a request that such Secretary permanently revoke the fishery endorsement of each such vessel and refuse permission to transfer any such vessel to a foreign flag under subsection (f) of this section;

(4) ensure that vessels removed from the Pacific Coast groundfish fisheries under the program are made permanently ineligible to participate in any fishery worldwide, and that the owners of such vessels contractually agree that such vessels will operate only under the United States flag or be scrapped as a reduction vessel pursuant to section 600.1011(c) of title 50, Code of Federal Regulations;

(5) ensure that vessels removed from the Pacific Coast groundfish fisheries, the owners of such vessels, and the holders of fishery permits for such vessels forever relinquish any claim associated with such vessel, permits, and any catch history associated with such vessel or permits that could qualify such vessel, vessel owner, or permit holder for any present or future limited access system fishing permits in the United States fisheries based on such vessel, permits, or catch history; and

(6) notwithstanding section 1111(b) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1279f(b)(4)), establish a repayment period for the reduction loan of not less than 30 years.

(d) FUNDING FOR BUYBACK OF VESSELS AND PERMITS.—

(1) IN GENERAL.—There shall be available to the Secretary to complete the purchase of vessels and permits under the fishery capacity reduction plan the sum of $50,000,000, of which—

(A) $25,000,000 shall be from amounts appropriated to the Secretary for this purpose (the appropriation of which is hereby authorized for fiscal year 2002, with any amounts not expended in fiscal year 2002 to remain available until expended); and

(B) $25,000,000 shall be from an industry fee system established under subsection (e).

(2) ADVANCE OF INDUSTRY FEE PORTION.—The industry fee portion under paragraph (1)(B) for fiscal year 2002 and thereafter shall be financed by a reduction loan under sections 1111 and 1112 of title XI of the Merchant Marine Act, 1936 (46 U.S.C. App. 1279f and 1279g).

(e) INDUSTRY FEES.—

(1) IN GENERAL.—As part of the fishery capacity reduction plan, the Secretary shall establish an industry fee system under section 312(d) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(d)) to generate revenue to repay the loan provided under subsection (d)(2).

(2) ALLOCATION OF FEES.—The Secretary shall allocate the fees payable under the industry fee system among—

(A) holders of Pacific Coast groundfish permits,

(B) holders of Washington, Oregon, and California pink shrimp fishing permits,

(C) holders of Washington, Oregon, and California salmon trolling permits, and

(D) holders of Washington, Oregon, and California Dungeness crab fishing permits,

so that the percentage of the revenue generated by the fee system from holders of each kind of permit will correspond to the percentage of the total amount paid under buyback program for that kind of permit.

(f) DUTIES OF SECRETARY OF TRANSPORTATION.—

(1) The Secretary of Transportation shall, upon notification and request by the Secretary, for each vessel identified in such notification and request—

(A) permanently revoke any fishery endorsement issued to such vessel under section 12108 of title 46, United States Code; and

(B) refuse to grant the approval required under section 9(c)(2) of the Shipping Act, 1916 (46 U.S.C. App. 808(c)(2)) for the placement of such vessel under foreign registry or the operation of such vessel under the authority of a foreign country.

(2) The Secretary shall, after notice and opportunity for public comment, adopt final regulations not later than 6 months after the date of enactment of this Act, to prohibit any vessel for which a reduction permit is surrendered and revoked under the fishing capacity reduction program required by this section from engaging in fishing activities on the high seas or under the jurisdiction of any foreign country while operating under the United States flag.

(g) REGULATORY FLEXIBILITY.—Any requirements of the Paperwork Reduction Act, the Regulatory Flexibility Act, or any Executive order that would, in the opinion of the Secretary, prevent the Secretary from meeting the deadlines set forth in this section shall not apply to the fishing capacity reduction program or the promulgation of regulations to implement such program required by this section.

SEC. 5. COLLECTION OF INDUSTRY FEES.

(a) IN GENERAL.—The Secretary shall enter into an agreement with the States of California, Oregon, and Washington to collect program fees paid under the system established under section 4(e).

(b) WITHHOLDING FEE FROM PURCHASE PRICE.—The fee for each vessel required to pay a program fee under that system shall be deducted by the first ex-vessel fish purchaser from the proceeds otherwise payable to the seller and forwarded to the appropriate State at the same time and in the same manner as other fees or taxes are forwarded to that State.

(c) STATE TO COLLECT AND FORWARD FEES.—Upon receipt of program fees forwarded by fish purchasers under subsection (b), the State shall forward the fees to the Secretary in the manner provided for in the agreement established under subsection (a).

(d) FISH-PROCESSING VESSELS TREATED AS PURCHASERS.—A vessel which—

(1) both harvests and processes fish; or

(2) receives fish from a harvesting vessel and processes that fish on board, shall be considered to be the first ex-vessel fish purchaser with respect to the fish processed on the vessel and shall forward the appropriate fees to the appropriate State at the same time and in the same manner as other fees or taxes are forwarded to that State.

SEC. 6 AMENDMENT OF THE MERCHANT MARINE ACT, 1936, TO EXPAND PURPOSES OF CAPITAL CONSTRUCTION FUND.

(a) IN GENERAL.—Section 607(a) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1177(a)) is amended by striking ''of this section.'' and inserting ''of this section. Any agreement entered into under this section may be modified for the purpose of encouraging the sustainability of the fisheries of the United States by making the termination and withdrawal of a capital construction fund a qualified withdrawal if done in exchange for the retirement of the related commercial fishing vessel and related commercial fishing permits.''.

(b) NEW QUALIFIED WITHDRAWALS.—

(1) AMENDMENTS TO MERCHANT MARINE ACT, 1936.—Section 607(f)(1) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1177(f)(1)) is amended—

(A) by striking ''for:'' and inserting ''for—'';

(B) by striking ''vessel,'' in subparagraph (A) and inserting ''vessel;'';

(C) by striking ''vessel, or'' in subparagraph (B) and inserting ''vessel;'';

(D) by striking ''vessel.'' in subparagraph (C) and inserting ''vessel;''; and

(E) by inserting after subparagraph (C) the following:

''(D) the payment of an industry fee authorized by the fishing capacity reduction program under section 312(b) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(b));

''(E) in the case of any such person or shareholder for whose benefit such fund was established or any shareholder of such person, a rollover contribution (within the meaning of section 408(d)(3) of the Internal Revenue Code of 1986) to such person's or shareholder's individual retirement plan (as defined in section 7701(a)(37) of such Code); or

''(F) the payment to a person or corporation terminating a capital construction fund for whose benefit the fund was established and retiring related commercial fishing vessels and permits; and

(F) by adding at the end the following:

''(ii) The Secretary by regulation shall establish procedures to ensure that any person making a qualified withdrawal authorized under subparagraph (F) retires the related commercial use of fishing vessels and commercial fishery permits.''.

(2) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—Section 7518(e)(1) of the Internal Revenue Code of 1986 (relating to purposes of qualified withdrawals) is amended—

(A) by striking ''for:'' and inserting ''for—'';

(B) by striking ''vessel, or'' in subparagraph (B) and inserting ''vessel;'';

(C) by striking ''vessel.'' in subparagraph (C) and inserting ''vessel;'';

(D) by inserting after subparagraph (C) the following:

''(D) the payment of an industry fee authorized by the fishing capacity reduction program under section 312 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a);

''(E) in the case of any person or shareholder for whose benefit such fund was established or any shareholder of such person, a rollover contribution (within the meaning of section 408(d)(3)) to such person's or shareholder's individual retirement plan (as defined in section 7701(a)(37)); or

''(F) the payment to a person terminating a capital construction fund for whose benefit the fund was established and retiring related commercial fishing vessels and permits.''; and

(E) by adding at the end the following:

''The Secretary by regulation shall establish procedures to ensure that any person making a qualified withdrawal authorized by subparagraph (F) retires the related commercial use of fishing vessels and commercial fishery permits.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to withdrawals made after the date of enactment of this Act.

By Mr. JOHNSON:

S. 974. A bill to amend title XVIII of the Social Security Act to provide for coverage of pharmacist services under part B of the Medicare program; to the Committee on Finance.

Mr. JOHNSON. Mr. President, I am pleased to be able to introduce legislation, known as the Medicare Pharmacist Services Coverage Act, that will provide for important patient safety and health care quality improvements in the Medicare program. This legislation will reform Medicare by recognizing qualified pharmacists as health care providers within the Medicare program and make available to beneficiaries important drug therapy management services that these valuable health professionals can and do provide. These services, which are coordinated in direct collaboration with physicians and other health care professionals as authorized by State law, help patients make the best possible use of their medications.

The members of this body know very well the vital role that today's powerful and effective medications play in the maintenance of health and well-being of our nation's seniors. The substantial and important discussion now underway on how best to craft and implement a prescription drug benefit for Medicare beneficiaries is an explicit recognition of this vital role. But access to the medications, even at the most affordable prices possible, is only one part of the equation in achieving the kinds of health care outcomes that patients and their health care providers desire. That is where today's pharmacists play a pivotal role.

But members of this body may not be as aware of the tremendous changes in pharmacy practice and education that have taken place in the past decade that have resulted in an expansion of pharmacists' capabilities and responsibilities. Fortunately for my office Dr. Brian Kaatz, a clinical pharmacist and faculty member of the College of Pharmacy at South Dakota State University was able to spend 6 months with us here in Washington last year as we studied and evaluated the many policy issues and concerns related to a Medicare prescription drug benefit. In the course of that time it became clear to me and to members of my staff that pharmacists are critical in assuring safer and more effective medication use by our nation's seniors.

In addition to the important and continuing responsibility for assuring accurate, safe medication dispensing, compounding, and counseling, pharmacists now provide a much more comprehensive range of clinical, consultative, and educational services. Thirty States, the Veterans Administration, and the Indian Health Service, among others, all recognize the value of collaborative drug therapy management services as a way to provide optimal patient care using the specialized education and training of pharmacists. Unfortunately, Medicare does not.

Indeed, payment for prescription drugs in almost all types of health plans and programs focuses on payment for the product and the associated costs of its distribution to patients. The logical financial incentive therefore is to dispense more medications, not fewer. Payment to the pharmacist for time spent in reducing the number of medications the patient is taking or enhancing the patient's ability to understand and more properly use the medications they do need is provided only by some forward-thinking payers and programs. Unfortunately, Medicare is not among them.

Access to pharmacists' collaborative drug therapy management services is particularly important right now, while many Medicare beneficiaries are struggling to pay substantial out-of-pocket costs for their prescription medications. On average, persons aged 65 and older currently take 5 or more medications each day. These medications are often prescribed by several different physicians for concurrent chronic and acute conditions. Recently published research has indicated that drug-related problems cost the U.S. health care system as much as $177 billion each year, an amount equal to the ten-year cost projections for some of the more modest Medicare prescription drug coverage proposals now being discussed. A substantial portion of this expense is preventable through collaborative patient care services provided by pharmacists working with patients and their physicians.

With careful examination of a patient's total drug regimen, pharmacists can eliminate unnecessary or counterproductive treatments. For example, pharmacists working closely with the health care team can identify or prevent duplicate medications, drugs that cancel each other out, or combinations that can damage hearts or kidneys. Pharmacists may also find that a newer multi-action drug may be exchanged for two older drugs or a slightly more expensive drug may be substituted for a less expensive alternative that causes side effects and results in the patient either taking additional medication or stopping their medication with the result that their medical condition worsens.

The overuse of medications is particularly common in the elderly, who tend to have more chronic conditions that call for drug treatment. In addition, physiological changes that occur naturally in the aging process diminish the body's ability to process medications, increasing the likelihood of medication-related complications.

The pharmacist's specialized training in drug therapy management has been demonstrated repeatedly to improve the quality of care patients receive and to control health care costs associated with medication complications. As a precursor to a prescription drug benefit, it makes sense to take this proven initial step to improve the medication use process. This will help Medicare beneficiaries immediately by ensuring that each precious dollar spent out-of-pocket is spent wisely on a streamlined and effective drug therapy regimen. This is an important benefit that we can deliver now while Congress works to address the more difficult economic and political issues impacting a prescription drug benefit.

In addition, the quality improvement and cost-control resulting from this benefit establishes a critical infrastructure element for whatever Medicare prescription drug benefit is ultimately put in place. By supporting pharmacists who are working to improve the efficacy and cost-effectiveness of medication regimens, as well as reducing preventable medication-related complications and adverse drug events that result in unnecessary health care expenditures, we can enhance the prospects of achieving an affordable Medicare drug benefit that will bring real value to beneficiaries and taxpayers alike.

Recognition of qualified pharmacists as providers within the Medicare program is the logical and very affordable first step in establishing the essential infrastructure of a Medicare prescription drug benefit. As the Institute of Medicine report ''To Err is Human: Building a Safer Health System'' stated: ''Because of the immense variety and complexity of medications now available, it is impossible for nurses and doctors to keep up with all of the information required for safe medication use. The pharmacist has become

an essential resource . . . and thus access to his or her expertise must be possible at all times.'' This legislation will empower Medicare to catch up on this important health care quality issue. Pharmacists' collaborative drug therapy management services can and will make a real difference in the lives of Medicare beneficiaries. I encourage my colleagues on both sides of the aisle to give this proposal their serious consideration.

By Mr. CHAFEE (for himself, Mr. BENNETT, Mr. JEFFORDS, Mr. LEVIN, Mr. SPECTER, Mr. BINGAMAN, Mr. CLELAND, and Mr. LIEBERMAN):

S. 975. A bill to improve environmental policy by providing assistance for State and tribal land use planning, to promote improved quality of life, regionalism, and sustainable economic development, and for other purposes; to the Committee on Environment and Public Works.

Mr. CHAFEE. Mr. President, today I am introducing the Community Character Act of 2001, together with Senators BENNETT, SPECTER, JEFFORDS, CLELAND, LEVIN, BINGAMAN, and LIEBERMAN. This legislation provides Federal assistance to States and Indian tribes to create or update statewide or tribal land use planning legislation. Up-to-date planning legislation empowers States and local governments to spur economic development, protect the environment, coordinate transportation and infrastructure needs, and preserve our communities.

America has grown from East to West, as well as from an urban setting to suburban one. The Nation's sweeping growth can be attributed to many things, including a strong economy and transportation and technology advancements that allow people to live greater distances from work. Due in part to inadequate planning, strip malls and retail development catering to the automobile have become the trademark of the American landscape.

In the wake of the post-World War II building boom, my hometown of Warwick, RI had experienced the type of development that too often offends the eye and saps our economic strength. Due to a lack of planning, incremental and haphazard development occurred through a mixture of incompatible zoning decisions. Industrial and commercial facilities and residential homes were frequently and inappropriately sited next to each other. The local newspaper described the city as a ''suburban nightmare''. However, we learned that proper approaches to planning would help every state meet its challenges, whether it is preserving limited open space in the East or protecting precious drinking water supplies in the West.

The Community Character Act will benefit each community and neighborhood by providing $25 million per year to States and tribes for the purpose of land use planning. The bill recognizes that land use planning is appropriately vested at the state and local levels, and accords States and tribes flexibility in using their money. Importantly, the legislation also recognizes that the Federal Government should play a role in financing these activities. Through enactment of transportation, housing, environmental, energy, and economic development laws and requirements, Congress has created a demand for state and local planning. In fact, the Community Character Act should be viewed as providing the federal payment for an unfunded mandate whose account is overdue.

The Senators who have sponsored this bill represent geographically diverse states, from Rhode Island to New Mexico and from Georgia to Utah. This bipartisan bill represents a small investment in our communities, but one that will yield large dividends to communities in each corner of the nation.

I ask unanimous consent that the text of the bill, a summary of the bill, and letters of support for the bill be printed in the RECORD.

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

S. 975

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 ''Community Character Act of 2001''.

SEC. 2. FINDINGS.

Congress finds that—

(1) inadequate land use planning at the State and tribal levels contributes to—

(A) increased public and private capital costs for public works infrastructure development;

(B) environmental degradation;

(C) weakened regional economic development; and

(D) loss of community character;

(2) land use planning is rightfully within the jurisdiction of State, tribal, and local governments;

(3) comprehensive land use planning and community development should be supported by Federal, State, and tribal governments;

(4) States and tribal governments should provide a proper climate and context through legislation in order for comprehensive land use planning, community development, and environmental protection to occur;

(5)(A) many States and tribal governments have outmoded land use planning legislation; and

(B) many States and tribal governments are undertaking efforts to update and reform land use planning legislation;

(6) the Federal Government and States should support the efforts of tribal governments to develop and implement land use plans to improve environmental protection, housing opportunities, and socioeconomic conditions for Indian tribes; and

(7) the coordination of use of State and tribal resources with local land use plans requires additional planning at the State and tribal levels.

SEC. 3. DEFINITIONS.

In this Act:

(1) LAND USE PLAN.—The term ''land use plan'' means a plan for development of an area that recognizes the physical, environmental, economic, social, political, aesthetic, and related factors of the area.

(2) LAND USE PLANNING LEGISLATION.—The term ''land use planning legislation'' means a statute, regulation, executive order, or other action taken by a State or tribal government to guide, regulate, or assist in the planning, regulation, and management of—

(A) environmental resources;

(B) public works infrastructure;

(C) regional economic development;

(D) current and future development practices; and

(E) other activities related to the pattern and scope of future land use.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Commerce, acting through the Assistant Secretary of Commerce for Economic Development.

(4) STATE.—The term ''State'' means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.

(5) TRIBAL GOVERNMENT.—The term ''tribal government'' means the tribal government of an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)).

SEC. 4. GRANTS TO STATES AND TRIBAL GOVERNMENTS TO UPDATE LAND USE PLANNING LEGISLATION.

(a) ESTABLISHMENT OF PROGRAM.—

(1) IN GENERAL.—The Secretary shall establish a program to award grants to States and tribal governments eligible for funding under subsection (b) to promote comprehensive land use planning at the State, tribal, and local levels.

(2) GRANT APPLICATIONS.—

(A) SUBMISSION.—A State or tribal government may submit to the Secretary, in such form as the Secretary may require, an application for a grant under this section to be used for 1 or more of the types of projects authorized by subsection (c).

(B) APPROVAL.—The Secretary shall—

(i) not less often than annually, complete a review of the applications for grants that are received under this section; and

(ii) award grants to States and tribal governments that the Secretary determines rank the highest using the ranking criteria specified in paragraph (3).

(3) RANKING CRITERIA.—In evaluating applications for grants from eligible States and tribal governments under this section, the Secretary shall consider the following criteria:

(A) As a fundamental priority, the extent to which a State or tribal government has in effect inadequate or outmoded land use planning legislation.

(B) The extent to which a grant will facilitate development or revision of land use plans consistent with updated land use planning legislation.

(C) The extent to which development or revision of land use plans will facilitate multistate land use planning.

(D) The extent to which the area under the jurisdiction of a State or tribal government is experiencing significant growth.

(E) The extent to which the project to be funded using a grant will protect the environment and promote economic development.

(F) The extent to which a State or tribal government has committed financial resources to comprehensive land use planning.

(b) ELIGIBILITY.—A State or tribal government shall be eligible to receive a grant under subsection (a) if the State or tribal government demonstrates that the project, or the goal of the project, to be funded by the grant promotes land use planning activities that—

(1) are comprehensive in nature and, to the maximum extent practicable—

(A) promote environmental protection (including air and water quality);

(B) take into consideration—

(i) public works infrastructure in existence at the time at which the grant is to be made; and

(ii) future infrastructure needs, such as needs identified in—

(I) the needs assessments required under sections 516(2) and 518(b) of the Federal Water Pollution Control Act (33 U.S.C. 1375(2), 1377(b)) and subsections (h) and (i)(4) of section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12); and

(II) the State long-range transportation plan developed under section 135(e) of title 23, United States Code;

(C) promote sustainable economic development (including regional economic development) and social equity;

(D) enhance community character;

(E) conserve historic, scenic, natural, and cultural resources; and

(F) provide for a range of affordable housing options;

(2) promote land use plans that contain an implementation element that—

(A) includes a timetable for action and a definition of the respective roles and responsibilities of agencies, local governments, and other stakeholders;

(B) is consistent with the capital budget objectives of the State or tribal government; and

(C) provides a framework for decisions relating to the siting of infrastructure development, including development of utilities and utility distribution systems;

(3) result in multijurisdictional governmental cooperation, to the maximum extent practicable, particularly in the case of land use plans based on watershed boundaries;

(4) encourage the participation of the public in the development, adoption, and updating of land use plans;

(5) provide for the periodic updating of land use plans; and

(6) include approaches to land use planning that are consistent with established professional land use planning standards.

(c) USE OF GRANT FUNDS.—Grant funds received by a State or tribal government under subsection (a) may be used for a project—

(1) to carry out, or obtain technical assistance with which to carry out—

(A) development or revision of land use planning legislation;

(B) research and development relating to land use plans, and other activities relating to the development of State, tribal, or local land use plans, that result in long-term policy guidelines for growth and development;

(C) workshops, education of and consultation with policymakers, and participation of the public in the land use planning process; and

(D) integration of State, regional, tribal, or local land use plans with Federal land use plans;

(2) to provide funding to units of general purpose local government to carry out land use planning activities consistent with land use planning legislation; or

(3) to acquire equipment or information technology to facilitate State, tribal, or local land use planning.

(d) PILOT PROJECTS FOR LOCAL GOVERNMENTS.—A State may include in its application for a grant under this section a request for additional grant funds with which to assist units of general purpose local government in carrying out pilot projects to carry out land use planning activities consistent with land use planning legislation.

(e) AMOUNT OF GRANTS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amount of a grant to a State or tribal government under subsection (a) shall not exceed $1,000,000.

(2) ADDITIONAL AMOUNT.—The Secretary may award a State up to an additional $100,000 to fund pilot projects under subsection (d).

(f) COST SHARING.—

(1) IN GENERAL.—The Federal share of the cost of a project funded with a grant under subsection (a) shall not exceed 90 percent.

(2) GRANTS TO TRIBAL GOVERNMENTS.—The Secretary may increase the Federal share in the case of a grant to a tribal government if the Secretary determines that the tribal government does not have sufficient funds to pay the non-Federal share of the cost of the project.

(g) AUDITS.—

(1) IN GENERAL.—The Inspector General of the Department of Commerce may conduct an audit of a portion of the grants awarded under this section to ensure that the grant funds are used for the purposes specified in this section.

(2) USE OF AUDIT RESULTS.—The results of an audit conducted under paragraph (1) and any recommendations made in connection with the audit shall be taken into consideration in awarding any future grant under this section to a State or tribal government.

(3) REPORT TO CONGRESS.—Not later than 3 years after the date of enactment of this Act, the Inspector General of the Department of Commerce shall submit to Congress a report that provides a description of the management of the program established under this section (including a description of the allocation of grant funds awarded under this section).

(h) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to carry out this section $25,000,000 for each of fiscal years 2002 through 2006.

(2) AVAILABILITY FOR TRIBAL GOVERNMENTS.—Of the amount made available under paragraph (1) for a fiscal year, not less than 5 percent shall be available to make grants to tribal governments to the extent that there are sufficient tribal governments that are eligible for funding under subsection (b) and that submit applications.

SEC. 5. ECONOMIC DEVELOPMENT ADMINISTRATION TECHNICAL ASSISTANCE.

(a) IN GENERAL.—The Secretary may develop voluntary educational and informational programs for the use of State, tribal, and local land use planning and zoning officials.

(b) TYPES OF PROGRAMS.—Programs developed under subsection (a) may include—

(1) exchange of technical land use planning information;

(2) electronic databases containing data relevant to land use planning;

(3) other technical land use planning assistance to facilitate access to, and use of, techniques and principles of land use planning; and

(4) such other types of programs as the Secretary determines to be appropriate.

(c) CONSULTATION AND COOPERATION.—The Secretary shall carry out subsection (a) in consultation and cooperation with—

(1) the Administrator of the Environmental Protection Agency;

(2) the Secretary of Transportation;

(3) the Secretary of Agriculture;

(4) the heads of other Federal agencies;

(5) State, tribal, and local governments; and

(6) nonprofit organizations that promote land use planning at the State, tribal, and local levels.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,000,000 for each of fiscal years 2002 through 2006.

COMMUNITY CHARACTER ACT OF 2001—SECTION-BY-SECTION SUMMARY

SUMMARY

The Community Character Act of 2001 seeks to provide much needed funding to State and tribal governments for the development and revision of land use planning tools. Up-to-date statewide planning statutes and guidelines will allow state and local governments to meet future growth demands while preserving the economic, natural, cultural, and historic resources of our communities.

SECTION BY SECTION

Section 1

Short Title.—the Community Character Act of 2001.

Section 2

Provides Congressional findings regarding the benefits of planning at the State, local, and tribal levels.

Section 3

Provides definitions of key terms in the legislation. ''Land use planning legislation'' is defined as a statute, regulation, executive order or other action taken by a State or tribal government to guide, regulate, or assist in the planning, regulation, and management of environmental resources, public works infrastructure, regional economic development, and development practices and other activities related to the pattern and scope of future land use.

Section 4

This section authorizes the Economic Development Administration to establish a program to provide grants to States and tribal governments on a competitive basis for the development or revision of land use planning legislation. States and tribal governments are eligible for grants if their land use planning activities promotes certain elements, such as environmental protection, public works infrastructure, and sustainable economic development.

States and tribes that receive these grants may use them to develop or revise land use planning legislation, conduct research and development relating to land use plans, or funding to local governments to carry out land use planning activities consistent with state planning legislation. This section also provides for local government pilot projects related to land use planning.

The bill provides $25 million each year for fiscal years 2002–2006 and caps grants at $ 1 million ($1.1 million if funding local pilot projects), subject to a 10 percent match. Five percent of the annual authorization is set aside for tribal governments to the extent that there are sufficient eligible applications.

Section 5

This section authorizes the Economic Development Administration to provide voluntary educational and informational programs for the use of State, local, and tribal

land use planning and zoning officials. The bill authorizes $1 million per year for five years for this purpose.

AMERICAN PLANNING ASSOCIATION,
Washington, DC, May 24, 2001.

Hon. LINCOLN CHAFEE,
U.S. Senate,
Washington, DC.

DEAR SENATOR CHAFEE: The American Planning Association is pleased to endorse the Community Character Act of 2001. APA is heartened by the introduction of this legislation and the assistance it would provide to the numerous states and communities struggling with the consequences of change, whether it be growth and development or economic decline. This legislation recognizes that the federal government can, and should, be a constructive partner with those communities seeking innovative solutions to improving local quality of life through better planning and land use. APA, with more than 30,000 members, is the largest private organization working to promote planning for communities that effectively meets the needs of our people, now and in the future.

Planning is the single most effective way to deal with growth issues facing states and communities. Passage of the Community Character Act is among the most important and beneficial things Congress could do to help promote local solutions to such pressing issues as downtown revitalization, traffic congestion, urban sprawl and open space protection.

This legislation responds to widespread citizen interest in smart growth by providing critical resources to help state and local political leaders, business and environmental interests, and others manage change. In a recent national voter survey, APA found that an overwhelming majority of Americans, regardless of political affiliation, geographic locale, or demographic group, believe Congress should take action to support state and local smart growth initiatives. Seventy-eight percent of those surveyed believe it is important for the 107th Congress to help communities solve problems associated with urban growth. Moreover, three-quarters of voters also support providing incentives to help promote smart growth and improve planning.

The Community Character Act provides vital assistance to meet the serious challenge of reforming outdated planning statutes and supporting planning as the basis for smart growth. Currently, more than half the states are still operating under planning statutes devised in the 1920s. And, even in those states with updated planning laws, communities are struggling to find and implement tools to grow smarter and in ways consistent with the values and vision of the citizens. Thus far in 2001, twenty-seven governors have initiated some type smart growth proposals and there is pending legislative or executive activity related to planning, growth and land use in twenty-two states. This if happening in states as diverse as Oklahoma and New York, Montana and Massachusetts.

We believe this bill will support an array of state, regional and local efforts to promote improved quality of life, economic development and community livability through better planning. Grants could be used to obtain technical assistance and support for a state's review and implementation of growth and planning laws. Activities such as researching and drafting state policies, conducting workshops, holding public forums, promoting regional cooperation and supporting state planning initiatives would qualify for federal assistance. We also believe provisions allowing grants for acquiring new information technology to facilitate planning, pilot projects to support innovative planning at the local level and the development of technical assistance programs through the Economic Development Administration would provide important and needed assistance for local governments and communities.

This legislation promotes smart growth principles and encourages states to create or update the framework necessary for good planning. It creates a federal partnership with communities through incentives, not mandates. The bill does not mandate that states implement specific changes but rather seeks to support and inform that process once it is underway. This program is a modest investment that will bring substantial dividends in improving the livability of cities, towns, and neighborhoods throughout the nation.

The American Planning Association applauds your outstanding leadership and vision in introducing the Community Character Act and urges the Senate to enact this legislation.

Sincerely,

BRUCE MCCLENDON,
President.

NATIONAL ASSOCIATION OF REALTORS®,
Washington, DC, May 24, 2001.

Hon. LINCOLN D. CHAFEE,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR CHAFEE: On behalf of its more than 760,000 members, the NATIONAL ASSOCIATION OF REALTORS® (NAR) supports your introduction of the Community Character Act, which provide grants to assist state governments in developing or updating their land use planning legislation.

NAR supports this bill because it:

Recognizes that land use planning is rightfully a State and local government function;

Provides needed assistance to states and localities to better plan for inevitable growth;

Requires that planning performed under this Act must provide for housing opportunity and choice and promote affordable housing;

Promotes improved quality of life, sustainable economic development, and protection of the environment.

In adopting our Smart Growth principles, NAR recognized that property owners, homebuyers, and REALTORS® have a great deal at stake in the debate over livability and growth. REALTORS® are outspoken advocates for policies that preserve housing choice and affordability while protecting and improving the quality of the life of our communities.

It is our experience that when communities have not planned for growth, they may overreact to growth pressures by adopting excessive regulations that distort real estate markets and make homeownership less attainable. Planning in advance to accommodate growth and protect the quality of life is the better approach, and the Community Character Act would promote this needed planning.

We commend your efforts in introducing the Community Character Act and we look forward to working with you toward its adoption.

Sincerely,

LEE L. VERSTANDIG,
Senior Vice President.

THE TRUST FOR PUBLIC LAND,
Washington, DC, May 24, 2001.

Hon. LINCOLN D. CHAFEE,
Chair Subcommittee on Superfund, Waste Control, and Risk Assessment, Committee on Environment and Public Works,
Senate Dirksen Office Building, Washington, DC.

DEAR SENATOR CHAFEE: I am writing to advise you of the Trust for Public Land's unqualified support for the Community Character Act of 2001.

The legislation you are introducing today will provide communities across the nation with an important and adaptive new tool to address the land-use challenges they face. More than ever, states and localities are seeking innovative ways to balance their economic development and environmental protection needs. The Community Character Act will provide much-needed support to the many state and local jurisdictions working to craft this vital balance through their land-use planning processes. This visionary bill aptly recognizes the inextricable links between public infrastructure, private development, and open space preservation, and its competitive-grant approach will allow for appropriate incentive-based federal assistance to state and local planning efforts. The Trust for Public Land particularly appreciates the on-the-ground successes your legislation will spawn through local pilot projects; the inclusion of tribal governments as eligible grant recipients, and the benefits these funds will afford to Indian land management; and the broader effects that enhanced land-use planning will bring to the American landscape.

We look forward to timely enactment of the Community Character Act, and to hearing from you as to how we might be of assistance in your efforts.

Sincerely,

ALAN FRONT,
Senior Vice President.

SMART GROWTH AMERICA,
Washington, DC, May 24, 2001.

Hon. LINCOLN CHAFEE,
U.S. Senate,
Washington, DC.

DEAR SENATOR CHAFEE: Smart Growth America would like to commend you on the introduction of the Community Character Act of 2001. We support both the bill and your efforts to assist states, multi-state regions and tribal governments in their efforts to revise their land use planning legislation and develop comprehensive plans.

Planning for future growth and directing development so that it strengthens existing communities while building upon their physical, cultural and historical assets is integral to smart growth. We applaud your foresight and willingness to help these entities in their ongoing efforts to achieve smart growth by coordinating transportation, housing and education infrastructure investments while conserving historic, scenic and natural resources.

The Community Character Act makes the federal government a partner with states, regions and tribal governments that want to plan for future growth. We thank you for your leadership and look forward to working with you to pass this timely legislation.

Sincerely,

DON CHEN,
Director.

By Mrs. FEINSTEIN:

S. 976. A bill to provide authorization and funding for the enhancement of

ecosystems, water supply, and water quality of the State of California, to the Committee on Energy and Natural Resources.

Mrs. FEINSTEIN. Mr. President, yesterday Congressman KEN CALVERT from Riverside, CA, and I held a press conference so each of us could introduce a bill, Mr. CALVERT in the House and I in the Senate.

This bill I am going to introduce today for reference to committee addresses a very complicated and complex problem in California, and that is water. It is my very strong belief that the energy crisis that we see taking place in California is a forerunner of what is going to happen with water.

The only question is when. California has a population of 34 million people. It is bigger than 21 other States and the District of Columbia put together. It is expected to grow to 50 million in 20 years.

Our State has the same water infrastructure that it had in 1970 when we were about 16 million people, and every year California grows from 700,000 to 1 million people. It was 800,000 this past year.

We are the sixth largest economy, not in the Nation, but in the world. We are the No. 1 agricultural producing State in the Nation. We are the leading producer of dairy products, wine and grapes, strawberries, almonds, lettuce, tomatoes, and the list goes on and on. All of these need water.

We are a growing high-tech State with an increasing need for access to high-quality water. We have more endangered species than any other State except Hawaii. And, of course, California, again, has this large population. Our water needs are tremendous. So we need to get ready for the future, and we need to do this in an environmentally sensitive way.

If there is one lesson we can learn from California's energy crisis, it is that the time to address a crisis is not while it is happening but before it happens. California is now struggling to build more powerplants while also doing everything possible to reduce demand through increased efficiency and conservation. But because we started so late, we are likely going to have some serious problems this summer, and that is why it is even more important that we fix the water problem before it, too, becomes a crisis.

Ecosystem restoration, water conservation, and improved efficiency can be combined with new environmentally responsible off-stream storage. This would allow us to improve the ecosystem and store water from the wet years and use it in the dry years to benefit people, the environment, and farmers.

I began writing this bill last December with the aim of finding something to which all of the major stakeholders could agree—the large urban water users, the city of San Jose, the city of Los Angeles, San Diego, San Francisco, all of the agricultural water contractors, and a myriad of environmental leaders.

I have come to the conclusion that it is impossible, after 7 years of trying, to get them all on the same page, let alone the same line. So either we do nothing and sit back and wait for a water crisis or we try to do the moderate, the prudent, and the effective thing.

The bill I am sending to the desk for reference to committee is a 7-year authorization bill. It essentially authorizes the record of decision of a program known as CALFED. In California, there are two big water projects. One is the Central Valley Water Project owned by the Federal Government. That is the Federal interest. The Federal Government built it and owns it. The other is the California Water Project owned by the State of California, built by Governor Pat Brown back in the 1960s.

This is, in essence, a State-Federal effort to improve the water infrastructure, to clean up the ecosystems, and to begin to build an infrastructure that can handle the demands of the next 50 years.

The bill authorizes the ecosystem restoration program, and it fully authorizes all of the environmental projects listed in the record of decision. This includes improving fish passages, restoring streams, rivers, and habitats, and improving water quality.

The bill authorizes 580,000 acre feet of water in the first year through the environmental water account, and the bill essentially authorizes the first three storage projects, off-stream water storage, listed in stage 1 of the record of decision: Enlarging the Los Vaqueros Reservoir, subject to a vote of the people of Contra Costa County; raising Shasta Dam; and constructing the delta wetlands project which involves flooding two delta islands for storage and using the other two islands for ecosystem protection. The end result of these three storage projects will be 2.3 million acre feet of new water storage.

Some reporting and financial analysis must still be completed. CALFED expects these projects will have no adverse impacts, so we need to get started to make sure they can get in the line and get going.

I do not believe we can meet all of our future water needs without increased water storage, water storage that is environmentally benign, that is off stream, and that provides flexibility in the system for us to increase water supply, improve water quality, and enhance ecosystem restoration.

Recharging groundwater, water recycling and reuse, conservation, and smarter use of the big pumps in the system are all tools we can use to help us meet our water needs.

I am concerned this may not even be enough. We live in an area, though, where large new dams are extraordinarily controversial. So there is one thing left, and that is to take water from the wet years and store it in an environmentally sound way to use during the dry years.

The bill I am presenting is balanced. It says, in essence, that the storage projects go ahead at the same time as the environmental projects. I believe very strongly that we are not going to be able to solve the problem just with environmental measures, that we need additional water storage as well.

This is not a flash in the pan. I did not just arrive at this. A native-born Californian, I have watched this for years and years, and for the last 7 years in the Senate I have spent an enormous amount of time—probably 50, 60 meetings—with the stakeholders on all sides of this issue. It is my judgment that we must have this additional storage in addition to the ecosystems work.

It is not going to be a perfect bill. It is a big bill. It is a State-Federal partnership. In my view, water and energy are the two essentials that can keep the California economy alive and keep its people flourishing. I hope it will have a favorable response in the committee and in this Chamber.

By Mr. CRAIG (for himself, Mr. BURNS, Mr. BAUCUS, Ms. CANTWELL, Mr. CONRAD, Mr. CRAPO, Mr. DASCHLE, Mr. DORGAN, Mr. JOHNSON, and Mrs. MURRAY):

S. 977. A bill to amend the Agricultural Market Transition Act to require the Secretary of Agriculture to make nonrecourse marketing assistance loans and loan deficiency payments available to producers of dry peas, lentils, and chickpeas; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. CRAIG. Mr. President, I rise today to introduce the ''Dry Pea, Lentil, and Chickpea Marketing Assistance Loan Act,'' a bill to authorize a marketing loan program and loan deficiency payments, or LDPs, for pulse crops which include peas, lentils, and chickpeas. I am pleased that Senators BURNS, BAUCUS, CANTWELL, CONRAD, CRAPO, DASCHLE, DORGAN, JOHNSON and MURRAY have joined as original cosponsors.

Pulses are grown across the northern tier of the United States. Traditionally pulses have been grown as a rotation crop that provides benefit to the soil, by fixing nitrogen, breaking weed and disease cycles, and reducing the need for field burning. Dryland farmers in northern Idaho for years have rotated wheat, canola, and dry peas, lentils or chickpeas. As prices have dropped for all commodities, including pulses, we have seen a shift in production patterns which have decreased the production of dry peas and lentils.

Current wheat prices are no better than dry pea prices, pound for pound, but a banker will lend money to a grower of wheat and oilseeds because there is a loan program and LDP. The depressed markets have forced dryland farmers across the northen tier of the United States to abandon pulses in favor of traditional farm program crops like wheat, oilseeds, and barley.

This bill attempts to remedy this situation by creating a loan rate for dry peas, lentils, and chickpeas with support equivalent to the loan programs for spring wheat and canola. The bill mirrors existing statutory authority for the loan programs established for other crops by creating floor prices based from 85 percent of a five-year Olympic average. The approximate cost of the bill, and benefits to pulse growers, would be about $8.5 million annually.

When we passed the last farm bill, the goal was to have farmers farm the land and not the programs. As prices have dropped, we are again seeing planting decisions made based on the programs available, which has made pulse crops less attractive in a rotation. As we begin the process of reauthorizing the farm bill, we will work to make sure that pulses are included so that farmers will be competitive with other crops grown in the area.

Mr. BURNS. Mr. President, I rise today as a proud cosponsor of this amendment to the Agricultural Market Transition Act. It would require the Secretary of Agriculture to make nonrecourse marketing assistance loans and loan deficiency payments available to producers of dry peas, lentils, and chickpeas.

This amendment will go a long way toward giving producers of these commodities an equal opportunity to obtain the same financial opportunities as other producers now receive.

We encourage our producers to grow what is often referred to as alternative crops. Producers have listened and they are successfully marketing these crops. The actions of this bill will now provide these innovative producers with the same economic benefits as producers of other crops. These farmers have dared to try something different and the least we can do is support them for they're daring.

I look forward to working with my colleagues on this legislation.

By Mr. CRAIG (for himself, Mr. MURKOWSKI, Mr. ALLARD, Mr. BENNETT, Mr. CAMPBELL, Mr. CRAPO, Mr. HATCH, Mr. SMITH of Oregon, and Mr. THOMAS):

S. 978. A bill to provide for improved management of, and increased accountability for, outfitted activities by which the public gains access to and occupancy and use of Federal land, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. CRAIG. Mr. President, I am pleased to introduce today in conjunction with my colleagues, Mr. MURKOWSKI, Mr. ALLARD, Mr. BENNETT, Mr. CAMPBELL, Mr. CRAPO, Mr. HATCH, Mr. SMITH of Oregon, Mr. STEVENS, and Mr. THOMAS, the Outfitter Policy Act of 2001.

This legislation is very similar to legislation I introduced in past congresses. As that legislation did, this bill would put into law many of the management practices by which Federal land management agencies have successfully managed the outfitter and guide industry on National Forests, National Parks and other Federal lands over many decades.

The bill recognizes that many Americans want and seek out the skills and experience of commercial outfitters and guides to help them enjoy a safe and pleasant journey.

The Outfitter Policy Act's primary purpose is to ensure accessibility to public lands by all segments of the population and maintain the availability of quality recreation services to the public. Outfitters and guides across the nation provide opportunities for outdoor recreation for many families and groups who would otherwise find the backcountry inaccessible.

Previous hearings and discussions on prior versions of this legislation helped to refine the bill I am introducing today. This process provided the intended opportunity for discussion. As well as it allowed for the examination of the historical practices that have offered consistent, reliable outfitter services to the public.

Congress has twice addressed this issue with respect to the National Park System permits, originally establishing standards for Park Service administration of guide/outfitter permits on their lands in 1965 and amending that system in 1998. Therefore, it is appropriate to set similar legislative standards for other public land systems such as Forest Service and Bureau of Land Management lands. However, these and other land management agencies are now without Congressional guidance, and instead rules, permit terms and conditions and other intricacies are often left to local agency personnel. The Outfitter Policy Act would alleviate the discord involved in land management permitting, providing consistent guidance on the administration of guide/outfitter permits for the other Federal land management agencies.

The Outfitter Policy Act provides the basic terms and conditions necessary to sustain the substantial investment often needed to provide the level of service demanded by the public. However, the bill provides the agencies ample flexibility to adjust use, conditions, and permit terms. All of which must be consistent with agency management plans and policies for resource conservation. The Outfitter Policy Act strives to provide a stable, consistent regulatory climate which encourages qualified entrants to the guide/outfitting business, while giving the agencies and operators clear directions.

The Outfitter Policy Act is a measure that will facilitate access to public lands by the outfitted public, while providing incentives to outfitters to provide the high quality services over time. It is necessary to ensure that members of the public who need and rely on guides and outfitters for recreational access to public lands will continue to receive safe, quality services. I look forward to considering this legislation in the coming session of the 107th Congress.

STATEMENTS ON SUBMITTED RESOLUTIONS

SENATE RESOLUTION 95—DESIGNATING AUGUST 3, 2001, AS ''NATIONAL COURT REPORTING AND CAPTIONING DAY''

Mr. BREAUX submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 95

Whereas for millennia, individuals have wanted the spoken word translated into text to record history and to accomplish this task have relied on scribes;

Whereas the profession of scribe was born with the rise of civilization;

Whereas in Ancient Egypt, scribes were considered to be the literate elite, recording laws and other important documents and since that time, have served as impartial witnesses to history;

Whereas scribes were present with our Nation's founding fathers as the Declaration of Independence and Bill of Rights were drafted;

Whereas President Lincoln entrusted scribes to record the Emancipation Proclamation;

Whereas since the advent of shorthand machines, these scribes have been known as ''court reporters'' and have had a permanent place in courtrooms;

Whereas court reporters are present in Congress, preserving Members' words and actions;

Whereas court reporters are responsible for the closed captioning seen scrolling across television screens, bringing information to more than 28,000,000 hearing impaired Americans every day;

Whereas court reporters and captioners translate the spoken word into text and preserve our history; and

Whereas whether called the scribes of yesterday, court reporters of today, or real time captioners of tomorrow, the individuals that preserve our Nation's history are truly the guardians of the record: Now, therefore, be it

Resolved, That the Senate—

(1) designates August 3, 2001, as ''National Court Reporting and Captioning Day''; and

(2) requests that the President issue a proclamation calling on the people of the United States to observe the day with appropriate programs, ceremonies, and activities.

SENATE RESOLUTION 96—EXPRESSING THE SENSE OF THE SENATE THAT A COMMEMORATIVE POSTAGE STAMP SHOULD BE ISSUED TO HONOR DR. EDGAR J. HELMS

Mr. KERRY (for himself, Mr. LUGAR, Mr. DURBIN, Mr. KENNEDY, and Ms. SNOWE) submitted the following resolution; which was referred to the Committee on Governmental Affairs:

S. RES. 96

Resolved,

SECTION 1. SENSE OF THE SENATE THAT A COMMEMORATIVE POSTAGE STAMP SHOULD BE ISSUED TO HONOR DR. EDGAR J. HELMS.

(a) FINDINGS.—The Senate finds the following:

(1) Dr. Helms was born in a wilderness lumber camp in upstate New York on January 19, 1863, and passed away on December 23, 1942, at the age of 79.

(2) Dr. Helms established the Church of All Nations in Boston's troubled South End to provide a spiritual haven and a center for job training for the poor and destitute.

(3) In 1902, Dr. Helms founded Goodwill Industries, Inc. (in this section referred to as ''Goodwill''), a nonprofit organization established to collect unwanted clothing and household goods from Boston's wealthy citizens to allow poor immigrants to repair them for resale, thereby giving employment to relatively unskilled people as well as giving them a source of inexpensive clothing and other goods.

(4) Dr. Helms often denied himself basic comforts to save money for larger purposes.

(5) In the mid-1930's, Goodwill changed from a work relief organization to one that primarily served people with disabilities.

(6) Goodwill played a key role during World War II by providing workers who produced many basic necessities for the war effort.

(7) Goodwill serves people with physical, mental, and emotional disabilities, and those who face extraordinary barriers to employment such as those who are in poverty, including those who receive public assistance or who are homeless, and those without any work experience.

(8) Goodwill provided services for more than 440,000 people in 2000, and more than 77,000 of them became employed as a result of the assistance Goodwill provided.

(9) For almost 100 years, Goodwill has benefited millions of Americans by fulfilling the mission set out by Dr. Helms in his message of ''Not Charity But a Chance''.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Citizens' Stamp Advisory Committee should recommend to the Postmaster General that a commemorative postage stamp be issued in 2002 to honor Dr. Edgar J. Helms.

SEC. 2. TRANSMITTAL TO CITIZENS' STAMP ADVISORY COMMITTEE.

The Secretary of the Senate shall transmit a copy of this resolution to the chairperson of the Citizens' Stamp Advisory Committee.

Mr. KERRY. Mr. President, I introduce today a resolution proposing a commemorative stamp honoring Dr. Edgar J. Helms and the 100th anniversary of the founding of Goodwill Industries. I am pleased to be joined in this effort by my good friends Senators LUGAR, DURBIN, KENNEDY, and SNOWE.

Next year marks the 100th anniversary of the founding of Goodwill Industries. This non-profit organization was founded in Boston's South End by Dr. Edgar Helms who began Goodwill to provide ''Not a charity, But a Chance'' for those in need. Goodwill began by collection donated clothing and household goods and having them repaired by the disabled and the extremely poor. This work is still central to Goodwill's operations. For four decades, Dr. Helms labored to provide opportunities for those in need, telling his employees to ''be dissatisfied with [their] work until every handicapped and unfortunate person in [their communities had] an opportunity to develop to his fullest usefulness and to enjoy a maximum of abundant living.''

Today, Goodwill is an international movement, providing services for over 440,000 people each year in almost every state in the nation, as well as more than 50 countries. In 2000, more than 77,000 people found employment as a result of the assistance provided by Goodwill. Goodwill has been commended by every U.S. President since Truman, and the first full week of May is traditionally proclaimed ''Goodwill Industries Week.'' Dr. Helms's foundation remains an exceptional example of how capitalism and community activism can work together to improve life for all segments of society. In honor of the 100th anniversary of Goodwill in 2002 and of Dr. Helms's long-lasting contributions to the nation's poor and disabled, I am proud to offer this resolution expressing the sense of the Senate that the United States Postal Service issue a commemorative Stamp honoring Dr. Edgar J. Helms.

SENATE RESOLUTION 97—HONORING THE BUFFALO SOLDIERS AND COLONEL CHARLES YOUNG

Mr. DEWINE submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 97

Whereas the 9th and 10th Horse Cavalry Units, (in this resolution referred to as the 'Buffalo Soldiers') have made key contributions to the history of the United States by fighting to defend and protect our Nation;

Whereas the Buffalo Soldiers maintained the trails and protected the settler communities during the period of westward expansion;

Whereas the Buffalo Soldiers were among Theodore Roosevelt's Rough Riders in Cuba during the Spanish-American War, and crossed into Mexico in 1916 under General John J. Pershing;

Whereas African-American men were drafted into the Buffalo Soldiers to serve on harsh terrain and protect the Mexican Border;

Whereas the Buffalo Soldiers went to North Africa, Iran, and Italy during World War II and served in many positions, including as paratroopers and combat engineers;

Whereas in the face of fear of a Japanese invasion, the Buffalo Soldiers were placed along the rugged border terrain of the Baja Peninsula and protected dams, power stations, and rail lines that were crucial to San Diego's war industries;

Whereas among these American heroes, Colonel Charles Young, of Ripley, Ohio, stands out as a shining example of the dedication, service, and commitment of the Buffalo Soldiers;

Whereas Colonel Charles Young, the third African-American to graduate from the United States Military Academy at West Point, served his distinguished career as a member of the Buffalo Soldiers throughout the world, traveling to the Philippines during the Spanish-American War, Haiti as the first African-American military attache for the United States, Liberia and Mexico as a military attache, Monrovia as advisor to the Liberian government, and several other stations within the borders of the United States, holding commands during most of these tours;

Whereas Colonel Charles Young took a vested interest in the development of African-American youth by serving as an educator, teaching in local high schools and at Wilberforce University in Ohio, and developing a military training ground for African-American enlisted men to help them achieve officer status for World War I at Fort Huachucha;

Whereas Colonel Charles Young achieved so much in the face of race-based adversity and while he fought a fatal disease, Bright's Disease, which eventually took his life; and

Whereas there are currently 21 existing chapters of the 9th and 10th Cavalry Association, with 20 domestic chapters and 1 in Germany: Now, therefore, be it

Resolved, That the Senate—

(1) honors the bravery and dedication of the Buffalo Soldiers throughout United States and world history;

(2) honors 1 of the Buffalo Soldiers' most distinguished heroes, Colonel Charles Young, for his lifetime achievements; and

(3) recognizes the continuing legacy of the Buffalo Soldiers throughout the world.

SENATE RESOLUTION 98—DESIGNATING THE PERIOD BEGINNING ON JUNE 11 AND ENDING ON JUNE 15, 2001 AS ''NATIONAL WORK SAFE WEEK''

Mr. BOND submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 98

Whereas Congress believes that 100 percent of workplace injuries are preventable when employers and employees work together;

Whereas both employer and employee attitudes and awareness are essential to maintain an injury-free workplace;

Whereas the total nationwide workplace accident costs in 1998 were $122,600,000,000, with a national average of $28,000 per disabling injury and $940,000 per work-related death;

Whereas workplace injuries also carry indirect or hidden costs that cannot be calculated, such as property damage, lost production, and modified duty; and

Whereas the period beginning on June 11 and ending on June 15, 2001 will be declared Work Safe Week in the State of Missouri: Now, therefore, be it

Resolved, That the Senate—

(1) designates the period beginning on June 11 and ending on June 15, 2001 as ''National Work Safe Week'' to be recognized by employers and employees committing themselves to creating an injury-free workplace;

by employers and employees taking all necessary steps to achieve this goal; and by employers and employees developing the habits and approaches that will lead to injury-free workplaces throughout the entire year; and

(2) requests the President to issue a proclamation calling on the people of the United States to observe the week with appropriate activities.

SENATE RESOLUTION 99—SUPPORTING THE GOALS AND IDEALS OF THE OLYMPICS

Mr. CAMPBELL submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 99

Whereas for over 100 years, the Olympic movement has built a more peaceful and better world by educating young people through amateur athletics, by bringing together athletes from many countries in friendly competition, and by forging new relationships bound by friendship, solidarity, and fair play;

Whereas the United States Olympic Committee is dedicated to coordinating and developing amateur athletic activity in the United States to foster productive working relationships among sports-related organizations;

Whereas the United States Olympic Committee promotes and supports amateur athletic activities involving the United States and foreign nations;

Whereas the United States Olympic Committee promotes and encourages physical fitness and public participation in amateur athletic activities;

Whereas the United States Olympic Committee assists organizations and persons concerned with sports in the development of athletic programs for amateur athletes;

Whereas the United States Olympic Committee protects the opportunity of each amateur athlete, coach, trainer, manager, administrator, and official to participate in amateur athletic competition;

Whereas athletes representing the United States at the Olympic Games have achieved great success personally and for the Nation;

Whereas thousands of men and women of the United States are focusing their energy and skill on becoming part of the United States Olympic Team and aspire to compete in the 2002 Olympic Winter Games in Salt Lake City, Utah;

Whereas the Nation takes great pride in the qualities of commitment to excellence, grace under pressure, and good will toward other competitors exhibited by the athletes of the United States Olympic Team; and

Whereas June 23, 2001 is the anniversary of the founding of the modern Olympic movement, representing the date on which the Congress of Paris approved the proposal of Pierre de Coubertin to found the modern Olympics: Now, therefore, be it

Resolved, That the Senate—

(1) supports the goals and ideals of the Olympics;

(2) calls upon the President to issue a proclamation recognizing the anniversary of the founding of the modern Olympic movement; and

(3) calls upon the people of the United States to observe such anniversary with appropriate ceremonies and activities.

Mr. CAMPBELL. Mr. President. Today I submit a resolution to recognize and support the United States Olympic Committee and the 2002 Olympic Games.

There are several reasons why I have a particular interest in the Olympic Movement and the U.S. Olympic Committee. I am the only Olympian in the United States Senate and Congressman JIM RYAN and I are the only two current Members of Congress to have been members of an Olympic Team.

Years ago, I founded the U.S. Olympic Caucus with former Senator Bill Bradley and former Congressman Tom McMillan. In addition, the United States Olympic Committee is headquartered in Colorado Springs, CO, along with the Olympic Training Center. Many athletes are currently training at that facility for future Olympic Games and especially in preparation for the 2002 Olympic Games in Salt Lake City, UT.

As I look back on the 1964 Olympic Games in Tokyo, Japan, I remember how proud I was to be on the U.S. Olympic Team. Carrying the United States flag in the closing ceremonies was one of the greatest experiences of my life. I remember how proud I was to be an American and an Olympian. I hold that moment in my heart and relive it at each new Olympic Games to this day.

The Olympic motto is ''Swifter, Higher, Stronger'' and with that ideal, the Olympic Movement brings out the very best in all of us, athletes and spectators alike. I believe, along with the United States Olympic Committee, that competition and the athletes are the heart and soul of the Olympic Movement. This is the reason that I offer this resolution today.

The United States Olympic Committee is to be highly commended for the prompt and decisive action it took after accusations of inappropriate solicitations surfaced. It is also to be commended for establishing the fully independent, United States Anti Doping Agency, USADA, to address the important issues of athlete doping detection, prevention and education. USADA is also headquartered in Colorado Springs and is leading the way for world anti-doping measures.

I know how much good the games do for young men and women and for our country. I am convinced the United States Olympic Committee has done everything in its power to get to the bottom of allegations, punish those who deserve it, and return the focus of the Olympic Movement back where it should be, with the athletes.

Most people don't realize that unlike many of the world's Olympic teams, the U.S. Olympic Team gets not one dime of Federal money to subsidize its sports operations. Our Olympic Team is solely supported by the contributions of millions of Americans and American businesses and corporations which are dedicated to the Olympic Movement.

The Olympic Movement will endure and prosper only by the continued vigilance and the ongoing commitment of organizers and supporters, and by our unwavering support of the athletes who are the future of the modern Olympic Games.

As we begin the countdown towards the 2002 Olympic Games, my resolution would designate June 23, 2000, as Olympic Day in recognition of the anniversary of the founding of the modern Olympic Movement. I urge my colleagues to support prompt passage of this resolution.

SENATE CONCURRENT RESOLUTION 44—EXPRESSING THE SENSE OF THE CONGRESS REGARDING NATIONAL PEARL HARBOR REMEMBRANCE DAY

Mr. FITZGERALD (for himself, and Mr. SMITH of New Hampshire) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

S. CON. RES. 44

Whereas on December 7, 1941, the Imperial Japanese Navy and Air Force attacked units of the Armed Forces of the United States stationed at Pearl Harbor, Hawaii;

Whereas 2,403 members of the Armed Forces of the United States were killed in the attack on Pearl Harbor;

Whereas there are more than 12,000 members of the Pearl Harbor Survivors Association;

Whereas the 60th anniversary of the attack on Pearl Harbor will be December 7, 2001;

Whereas on August 23, 1994, Public Law 103–308 was enacted, designating December 7 of each year as National Pearl Harbor Remembrance Day; and

Whereas Public Law 103–308, reenacted as section 129 of title 36, United States Code, requests the President to issue each year a proclamation calling on the people of the United States to observe National Pearl Harbor Remembrance Day with appropriate ceremonies and activities, and all departments, agencies, and instrumentalities of the Federal Government, and interested organizations, groups, and individuals, to fly the flag of the United States at half-staff each December 7 in honor of the individuals who died as a result of their service at Pearl Harbor: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress, on the occasion of the 60th anniversary of the December 7, 1941, attack on Pearl Harbor, Hawaii, pays tribute to—

(1) the United States citizens who died in the attack; and

(2) the members of the Pearl Harbor Survivors Association.

Mr. FITZGERALD. Madam President, I rise today, with my colleague Senator SMITH of New Hampshire, to submit a concurrent resolution honoring the American servicemen who were attacked by the Japanese Imperial Forces at Pearl Harbor on December 7, 1941. Senator SMITH submitted a parallel resolution last year but has allowed me to take the lead on this matter this year in light of the special significance of Pearl Harbor remembrance day to my family.

My uncle, Navy Ensign Edward Webb Gosselin, was among the 1,102 American seamen killed aboard the battleship U.S.S. *Arizona* on December 7, 1941.

Edward had enlisted in the Navy in September of 1940 and reported to his first duty station, the Arizona, in May of 1941. He was 24 years old when he died. Edward had just graduated from Yale University and was, in fact, the first Yale graduate to die in World War II.

The Navy later named a destroyer escort after Edward, and it was named the U.S.S. *Gosselin*.

Fittingly, after participating in the invasion of Okinawa, the *Gosselin* had the honor of being the first American warship to enter Japanese waters upon that nation's surrender. The *Gosselin* also was the first ship to bring home American prisoners of war held in Japan. Many years later, Edward's father, my grandfather, recounted the tremendous pride he felt upon hearing the ships's name mentioned during radio broadcasts of the surrender.

The resolution that Senator SMITH and I introduce today reminds federal departments and agencies to fly the United States flag at half/mast on December 7, and pays tribute to the United States citizens who died in the Japanese raid on Pearl Harbor, and to the members of the Pearl Harbor Survivors Association. I conclude by asking all of my colleagues to join me this Memorial Day in remembering and honoring the 2,403 American sailors and soldiers who were killed at Pearl Harbor, and all other Americans in uniform who have died serving their country.

NOTICE OF HEARING

SUBCOMMITTEE ON NATIONAL PARKS, HISTORIC PRESERVATION, AND RECREATION

Mr. THOMAS. Mr. President, I would like to announce for the information of the Senate and the public that the scheduled oversight hearing before the Subcommittee on National Parks, Historic Preservation, and Recreation of the Committee on Energy and Natural Resources to be held on Thursday, June 14, 2001 at 2:30 p.m. in room SD–366 of the Dirksen Senate Office Building in Washington, DC has been cancelled. The purpose of this hearing had been to review the implementation of the Recreation Fee Demonstration Program and to review efforts to extend or make the program permanent.

For further information, please contact Jim O'Toole or Shane Perkins of the committee staff at (202) 224–1219.

RESTORING EARNINGS TO LIFT INDIVIDUAL AND EMPOWER FAMILIES (RELIEF) ACT OF 2001

On May 23, 2001, the Senate amended and passed H.R. 1836, as follows:

Resolved, That the bill from the House of Representatives (H.R. 1836) entitled ''An Act to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.'', do pass with the following amendment:

Strike out all after the enacting clause and insert:

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.

TITLE II—CHILD TAX CREDIT

Subtitle A—In General

Sec. 201. Modifications to child tax credit.

Sec. 202. Sense of the Senate on the modifications to the child tax credit.

Sec. 203. Expansion of adoption credit and adoption assistance programs.

Sec. 204. Refunds disregarded in the administration of Federal programs and federally assisted programs.

Sec. 205. Dependent care credit.

Sec. 206. Allowance of credit for employer expenses for child care assistance.

Sec. 207. Allowance of credit for employer expenses for child care assistance.

Subtitle B—Compliance With Congressional Budget Act

Sec. 211. Sunset 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.

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.

Sec. 414. Exclusion from income of certain amounts contributed to Coverdell education savings accounts.

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.

Sec. 423. Treatment of bonds issued to acquire renewable resources on land subject to conservation easement.

Subtitle D—Other Provisions

Sec. 431. Deduction for higher education expenses.

Sec. 432. Credit for interest on higher education loans.

Sec. 433. Above-the-line deduction for qualified emergency response expenses of eligible emergency response professionals.

Sec. 434. Contributions of book inventory.

Subtitle E—Miscellaneous Education Provisions

Sec. 441. Short title.

Sec. 442. Above-the-line deduction for qualified professional development expenses of elementary and secondary school teachers.

Sec. 443. Credit to elementary and secondary school teachers who provide classroom materials.

Subtitle F—Compliance With Congressional Budget Act

Sec. 451. Sunset 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.

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.

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.

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.
Sec. 803. No Federal income tax on restitution received by victims of the Nazi regime or their heirs or estates.
Sec. 804. Removal of limitation.
Sec. 805. Circuit breaker.
Sec. 806. Deduction for health insurance costs of self-employed individuals increased.
Sec. 807. Deduction for health insurance costs of self-employed individuals increased.
Sec. 808. Charitable contributions of certain items created by the taxpayer.
Sec. 809. Waiver of statute of limitation for taxes on certain farm valuations.
Sec. 810. Research credit.
Sec. 811. Credit for medical research related to developing vaccines against widespread diseases.
Sec. 812. Acceleration of benefits of wage tax credits for empowerment zones.
Sec. 813. Treatment of certain hospital support organizations as qualified organizations for purposes of determining acquisition indebtedness.
Sec. 814. Tax-exempt bond authority for treatment facilities reducing arsenic levels in drinking water.
Sec. 815. Time for payment of corporate estimated tax payments due in 2011.
Sec. 816. Disclosure of tax information to facilitate combined employment tax reporting.

Subtitle B—Compliance With Congressional Budget Act

Sec. 821. Sunset of provisions of title.

TITLE IX—SECTION 527 POLITICAL ORGANIZATION REPORTING REQUIREMENTS

Sec. 901. Exemption for State and local candidate committees from notification requirements.
Sec. 902. Exemption for certain State and local political committees from reporting and annual return requirements.
Sec. 903. Notification of interaction of reporting requirements.
Sec. 904. Waiver of penalties.

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.

SEC. 202. SENSE OF THE SENATE ON THE MODIFICATIONS TO THE CHILD TAX CREDIT.

(a) FINDINGS.—

(1) There are over 12,000,000 children in poverty in the United States—about 78 percent of these children live in working families.

(2) The child tax credit was originally designed to benefit families with children in recognition of the costs associated with raising children.

(3) There are 15,400,000 children whose families would not benefit from the doubling of the child tax credit unless it is made refundable and another 7,000,000 children live in families who will not receive an increased benefit under the bill unless the credit is made refundable.

(4) A person who earns the Federal minimum wage and works 40 hours a week for 50 weeks a year earns approximately $10,300.

(5) The provision included in section 201 would give families with children the benefit of a partially refundable child tax credit based on 15 cents of their income for every dollar earned above $10,000.

(6) For a family earning $15,000 that is an additional $750 to help make ends meet.

(7) Doubling the child tax credit to $1,000 and making it partially refundable will benefit over 37,000,000 families with dependent children.

(8) The expansion of the child tax credit included in section 201 is a meaningful and a responsible effort on the part of the Senate to address the needs of low income working families to promote work and such an expansion would provide the benefit of a child tax credit to 10,700,000 more children than the provision passed by the House of Representatives.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the ''10–15'' child tax credit provision included in section 201 is a worthy start, and should be maintained as part of the final package.

SEC. 203. 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.

SEC. 204. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made to any individual by reason of section 24 of the Internal Revenue Code of 1986, as amended by section 201, shall not be taken into account as income and shall not be taken into account as resources for the month of receipt and the following month, for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

SEC. 205. DEPENDENT CARE CREDIT.

(a) INCREASE IN DOLLAR LIMIT.—Subsection (c) of section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking ''$2,400'' in paragraph (1) and inserting ''$3,000'', and

(2) by striking ''$4,800'' in paragraph (2) and inserting ''$6,000''.

(b) INCREASE IN APPLICABLE PERCENTAGE.—Section 21(a)(2) (defining applicable percentage) is amended—

(1) by striking ''30 percent'' and inserting ''40 percent'', and

(2) by striking ''$10,000'' and inserting ''$20,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 206. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by sections 619 and 620, is further amended by adding at the end the following:

''SEC. 45G. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) IN GENERAL.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) 25 percent of the qualified child care expenditures, and

''(2) 10 percent of the qualified child care resource and referral expenditures,

of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $150,000.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(i) to acquire, construct, rehabilitate, or expand property—

''(I) which is to be used as part of a qualified child care facility of the taxpayer,

''(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

''(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of increased compensation to employees with higher levels of child care training, or

''(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

''(B) FAIR MARKET VALUE.—The term 'qualified child care expenditures' shall not include expenses in excess of the fair market value of such care.

''(2) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

''(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) if the facility is the principal trade or business of the taxpayer, at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

''(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(3) QUALIFIED CHILD CARE RESOURCE AND REFERRAL EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care resource and referral expenditure' means any amount paid or incurred under a contract to provide child care resource and referral services to an employee of the taxpayer.

''(B) NONDISCRIMINATION.—The services shall not be treated as qualified unless the provision of such services (or the eligibility to use such services) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

"If the recapture event occurs in:	The applicable recapture percentage is:
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

''(4) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) 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 this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

''(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—

''(1) REDUCTION IN BASIS.—For purposes of this subtitle—

''(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

''(B) CERTAIN DISPOSITIONS.—If, during any taxable year, there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

''(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1986 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:

''(14) the employer-provided child care credit determined under section 45G.''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following:

''Sec. 45G. Employer-provided child care credit.''

(3) Section 1016(a) of such Code is amended by striking ''and'' at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting '', and'', and by adding at the end the following:

''(28) in the case of a facility with respect to which a credit was allowed under section 45G, to the extent provided in section 45G(f)(1).''.

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

SEC. 207. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by sections 619 and 620, is further amended by adding at the end the following:

"SEC. 45G. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) IN GENERAL.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) 25 percent of the qualified child care expenditures, and

''(2) 10 percent of the qualified child care resource and referral expenditures,

of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $150,000.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(i) to acquire, construct, rehabilitate, or expand property—

''(I) which is to be used as part of a qualified child care facility of the taxpayer,

''(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

''(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of

increased compensation to employees with higher levels of child care training, or

''(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

''(B) FAIR MARKET VALUE.—The term 'qualified child care expenditures' shall not include expenses in excess of the fair market value of such care.

''(2) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

''(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) if the facility is the principal trade or business of the taxpayer, at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

''(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(3) QUALIFIED CHILD CARE RESOURCE AND REFERRAL EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care resource and referral expenditure' means any amount paid or incurred under a contract to provide child care resource and referral services to an employee of the taxpayer.

''(B) NONDISCRIMINATION.—The services shall not be treated as qualified unless the provision of such services (or the eligibility to use such services) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

''If the recapture event occurs in:	***The applicable recapture percentage is:***
Years 1–3	*100*
Year 4	*85*
Year 5	*70*
Year 6	*55*
Year 7	*40*
Year 8	*25*
Years 9 and 10	*10*
Years 11 and thereafter	*0.*

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

''(4) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) 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 this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

''(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—

''(1) REDUCTION IN BASIS.—For purposes of this subtitle—

''(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

''(B) CERTAIN DISPOSITIONS.—If, during any taxable year, there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

''(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b) of the Internal Revenue Code of 1986 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:

''(14) the employer-provided child care credit determined under section 45G.''.

(2) The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following:

''Sec. 45G. Employer-provided child care credit.''

(3) Section 1016(a) of such Code is amended by striking ''and'' at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting '', and'', and by adding at the end the following:

''(28) in the case of a facility with respect to which a credit was allowed under section 45G, to the extent provided in section 45G(f)(1).''.

(c) EFFECTIVE DATE.—The amendments made by this section 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.

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	*184*
2007	*187*
2008	*190*
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, 2004, 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	*174*
2006	*184*
2007	*187*
2008	*190*
2009 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, 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,

''(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, and

''(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. Such terms shall not include computer software including sports, games, or hobbies unless the software is educational in nature.

''(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 not apply to any transfer if such transfer occurs within 12 months from the date of a previous transfer to any qualified tuition program for the benefit of the 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.

SEC. 414. EXCLUSION FROM INCOME OF CERTAIN AMOUNTS CONTRIBUTED TO COVERDELL EDUCATION SAVINGS ACCOUNTS.

(a) IN GENERAL.—Section 127 (relating to education assistance programs), as amended by section 411(a), is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) QUALIFIED COVERDELL EDUCATION SAVINGS ACCOUNT CONTRIBUTIONS.—

''(1) IN GENERAL.—Gross income of an employee shall not include amounts paid or incurred by the employer for a qualified Coverdell education savings account contribution on behalf of the employee.

''(2) QUALIFIED COVERDELL EDUCATION SAVINGS ACCOUNT CONTRIBUTION.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified Coverdell education savings account contribution' means an amount contributed pursuant to an educational assistance program described in subsection (b) by an employer to a Coverdell education savings account established and maintained for the benefit of an employee or the employee's spouse, or any lineal descendent of either.

''(B) DOLLAR LIMIT.—A contribution by an employer to a Coverdell education savings account shall not be treated as a qualified Coverdell education savings account contribution to the extent that the contribution, when added to prior contributions by the employer during the calendar year to Coverdell education savings accounts established and maintained for the same beneficiary, exceeds $500.

''(3) SPECIAL RULES.—

''(A) CONTRIBUTIONS NOT TREATED AS EDUCATIONAL ASSISTANCE IN DETERMINING MAXIMUM EXCLUSION.—For purposes of subsection (a)(2), qualified Coverdell education savings account contributions shall not be treated as educational assistance.

''(B) SELF-EMPLOYED NOT TREATED AS EMPLOYEE.—For purposes of this subsection, subsection (c)(2) shall not apply.

''(C) ADJUSTED GROSS INCOME PHASEOUT OF ACCOUNT CONTRIBUTION NOT APPLICABLE TO INDIVIDUAL EMPLOYERS.—The limitation under section 530(c) shall not apply to a qualified Coverdell education savings account contribution made by an employer who is an individual.

''(D) CONTRIBUTIONS NOT TREATED AS AN INVESTMENT IN THE CONTRACT.—For purposes of section 530(d), a qualified Coverdell education savings account contribution shall not be treated as an investment in the contract.

''(E) FICA EXCLUSION.—For purposes of section 530(d), the exclusion from FICA taxes shall not apply.''.

(b) REPORTING REQUIREMENT.—Section 6051(a) (relating to receipts for employees) is amended by striking ''and'' at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting '', and'', and by adding at the end the following new paragraph:

''(12) the amount of any qualified Coverdell education savings account contribution under section 127(d) with respect to such employee.''.

(c) CONFORMING AMENDMENT.—Section 221(e)(2)(A) is amended by inserting ''(other than under subsection (d) thereof)'' after ''section 127''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made 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.

SEC. 423. TREATMENT OF BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.

(a) IN GENERAL.—Section 145 (defining qualified 501(c)(3) bond) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) BONDS ISSUED TO ACQUIRE RENEWABLE RESOURCES ON LAND SUBJECT TO CONSERVATION EASEMENT.—

''(1) IN GENERAL.—If—

''(A) the proceeds of any bond are used to acquire land (or a long-term lease thereof) together with any renewable resource associated with the land (including standing timber, agricultural crops, or water rights) from an unaffiliated person,

''(B) the land is subject to a conservation restriction—

''(i) which is granted in perpetuity to an unaffiliated person that is—

''(I) a 501(c)(3) organization, or

''(II) a Federal, State, or local government conservation organization,

''(ii) which meets the requirements of clauses (ii) and (iii)(II) of section 170(h)(4)(A),

''(iii) which exceeds the requirements of relevant environmental and land use statutes and regulations, and

''(iv) which obligates the owner of the land to pay the costs incurred by the holder of the conservation restriction in monitoring compliance with such restriction,

''(C) a management plan which meets the requirements of the statutes and regulations referred to in subparagraph (B)(iii) is developed for the conservation of the renewable resources, and

''(D) such bond would be a qualified 501(c)(3) bond (after the application of paragraph (2)) but for the failure to use revenues derived by the 501(c)(3) organization from the sale, lease, or other use of such resource as otherwise required by this part,

such bond shall not fail to be a qualified 501(c)(3) bond by reason of the failure to so use such revenues if the revenues which are not used as otherwise required by this part are used in a manner consistent with the stated charitable purposes of the 501(c)(3) organization.

''(2) TREATMENT OF TIMBER, ETC.—

''(A) IN GENERAL.—For purposes of subsection (a), the cost of any renewable resource acquired with proceeds of any bond described in paragraph (1) shall be treated as a cost of acquiring the land associated with the renewable resource and such land shall not be treated as used for a private business use because of the sale or leasing of the renewable resource to, or other use of the renewable resource by, an unaffiliated person to the extent that such sale, leasing, or other use does not constitute an unrelated trade or business, determined by applying section 513(a).

''(B) APPLICATION OF BOND MATURITY LIMITATION.—For purposes of section 147(b), the cost of any land or renewable resource acquired with proceeds of any bond described in paragraph (1) shall have an economic life commensurate with the economic and ecological feasibility of the financing of such land or renewable resource.

''(C) UNAFFILIATED PERSON.—For purposes of this subsection, the term 'unaffiliated person' means any person who controls not more than 20 percent of the governing body of another person.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to obligations issued after January 1, 2002, and before January 1, 2005.

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). For purposes of the preceding sentence, the amount taken into account in determining the amount excluded under section 529(c)(1) shall not include that portion of the distribution which represents a return of any contributions to the plan.

''(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.

SEC. 433. ABOVE-THE-LINE DEDUCTION FOR QUALIFIED EMERGENCY RESPONSE EXPENSES OF ELIGIBLE EMERGENCY RESPONSE PROFESSIONALS.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 (relating to additional itemized deductions for individuals), as amended by this Act, is amended by redesignating section 224 as section 225 and by inserting after section 223 the following new section:

''SEC. 224. QUALIFIED EMERGENCY RESPONSE EXPENSES.

''(a) ALLOWANCE OF DEDUCTION.—In the case of an eligible emergency response professional, there shall be allowed as a deduction an amount equal to the qualified expenses paid or incurred by the taxpayer during the taxable year.

''(b) DEFINITIONS.—For purposes of this section—

''(1) ELIGIBLE EMERGENCY RESPONSE PROFESSIONAL.—The term 'eligible emergency response professional' includes—

''(A) a full-time employee of any police department or fire department which is organized and operated by a governmental entity to provide police protection, firefighting service, or emergency medical services for any area within the jurisdiction of a governmental entity,

''(B) an emergency medical technician licensed by a State who is employed by a State or non-profit to provide emergency medical services, and

''(C) a member of a volunteer fire department which is organized to provide firefighting or emergency medical services for any area within the jurisdiction of a governmental entity which is not provided with any other firefighting services.

''(2) GOVERNMENTAL ENTITY.—The term 'governmental entity' means a State (or political subdivision thereof), Indian tribal (or political subdivision thereof), or Federal government.

''(3) QUALIFIED EXPENSES.—The term 'qualified expenses' means unreimbursed expenses for police and firefighter activities, as determined by the Secretary.

''(c) 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 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.

''(d) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2006.''.

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME.—Section 62(a) (relating to adjusted gross income defined), as amended by this Act, is amended by inserting after paragraph (19) the following new paragraph:

''(20) QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES.—The deduction allowed by section 224.''.

(c) CONFORMING AMENDMENTS.—

(1) Sections 86(b)(2), 135(c)(4), 137(b)(3), and 219(g)(3), as amended by this Act, are each amended by inserting ''224,'' after ''221,''.

(2) Section 221(b)(2)(C), as amended by this Act, is amended by inserting ''224,'' before ''911''.

(3) Section 469(i)(3)(E), as amended by this Act, is amended by striking ''and 223'' and inserting '', 223, and 224''.

(4) The table of sections for part VII of subchapter B of chapter 1, as amended by this Act, is amended by striking the item relating to section 223 and inserting the following new items:

''Sec. 224. Qualified emergency response expenses.

''Sec. 225. Cross reference.''.

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

SEC. 434. CONTRIBUTIONS OF BOOK INVENTORY.

(a) IN GENERAL.—Section 170(e)(3) (relating to certain contributions of ordinary income and

capital gain property) is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR CONTRIBUTIONS OF BOOK INVENTORY FOR EDUCATIONAL PURPOSES.—

''(i) CONTRIBUTIONS OF BOOK INVENTORY.—In determining whether a qualified book contribution is a qualified contribution, subparagraph (A) shall be applied without regard to whether or not—

''(I) the donee is an organization described in the matter preceding clause (i) of subparagraph (A), and

''(II) the property is to be used by the donee solely for the care of the ill, the needy, or infants.

''(ii) QUALIFIED BOOK CONTRIBUTION.—For purposes of this paragraph, the term 'qualified book contribution' means a charitable contribution of books, but only if the contribution is to an organization—

''(I) described in subclause (I) or (III) of paragraph (6)(B)(i), or

''(II) described in section 501(c)(3) and exempt from tax under section 501(a) which is organized primarily to make books available to the general public at no cost or to operate a literacy program.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after the date of the enactment of this Act.

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, 2001, and shall expire on December 31, 2005.

SEC. 443. 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, and shall expire on December 31, 2005.

Subtitle F—Compliance With Congressional Budget Act

SEC. 451. 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, 2008, 2009, and 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. 532. 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 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 is:***
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 is:***
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 is:***
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 is:***
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 percent*
2011 and thereafter	*100 percent.''.*

(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 percent*
2011 and thereafter	*100 percent.''.*

(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.

SEC. 803. 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.

SEC. 804. 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.

SEC. 805. CIRCUIT BREAKER.

(a) IN GENERAL.—In any fiscal year beginning with fiscal year 2004, if the level of debt held by the public at the end of that fiscal year (as projected by the Office of Management and Budget sequestration update report on August 20th preceding the beginning of that fiscal year) would exceed the level of debt held by the public for that fiscal year set forth in the concurrent resolution on the budget for fiscal year 2002 (H. Con. Res. 83, 107th Congress), any Member of Congress may move to proceed to a bill that would make changes in law to reduce discretionary spending and direct spending (except for changes in social security, medicare and COLA's) and increase revenues in a manner that would reduce the debt held by the public for the fiscal year to a level not exceeding the level provided in that concurrent resolution for that fiscal year.

(b) CONSIDERATION OF LEGISLATION.—A bill considered under subsection (a) shall be considered as provided in section 310(e) of the Congressional Budget Act of 1974 (2 U.S.C. 641(e)).

(c) PROCEDURE.—It shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, or conference report, pursuant to this section, that contains any provisions other than those enumerated in sections 310(a)(1) and 310(a)(2) of the Congressional Budget Act of 1974. This point of order may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members duly chosen and sworn. An affirmative vote of three-fifths of the Members duly chosen and sworn, shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised under this paragraph.

SEC. 806. DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.

(a) IN GENERAL.—Section 162(l)(1) (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents.''.

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) (relating to other coverage) is amended to read as follows: ''Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.''.

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

SEC. 807. DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.

(a) IN GENERAL.—Section 162(l)(1) (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents.''.

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) (relating to other coverage) is amended to read as follows: ''Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer.''.

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

SEC. 808. 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.

SEC. 809. WAIVER OF STATUTE OF LIMITATION FOR TAXES ON CERTAIN FARM VALUATIONS.

If on the date of the enactment of this Act (or at any time within 1 year after the date of the enactment) a refund or credit of any overpayment of tax resulting from the application of section 2032A(c)(7)(E) of the Internal Revenue Code of 1986 is barred by any law or rule of law, the refund or credit of such overpayment shall, nevertheless, be made or allowed if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

SEC. 810. RESEARCH CREDIT.

(a) PERMANENT EXTENSION OF RESEARCH CREDIT.—

(1) IN GENERAL.—Section 41 (relating to credit for increasing research activities) is amended by striking subsection (h).

(2) CONFORMING AMENDMENT.—Paragraph (1) of section 45C(b) is amended by striking subparagraph (D).

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after the date of the enactment of this Act.

(b) INCREASES IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking ''2.65 percent'' and inserting ''3 percent'',

(B) by striking ''3.2 percent'' and inserting ''4 percent'', and

(C) by striking ''3.75 percent'' and inserting ''5 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 811. 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 pre-clinical 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.''.

(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.

SEC. 812. ACCELERATION OF BENEFITS OF WAGE TAX CREDITS FOR EMPOWERMENT ZONES.

Section 113(d) of the Community Renewal Tax Relief Act of 2000 is amended by striking ''December 31, 2001'' and inserting ''the earlier of—

''(1) the date of the enactment of the Restoring Earnings To Lift Individuals and Empower Families (RELIEF) Act of 2001, or

''(2) July 1, 2001''.

SEC. 813. 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.

SEC. 814. TAX-EXEMPT BOND AUTHORITY FOR TREATMENT FACILITIES REDUCING ARSENIC LEVELS IN DRINKING WATER.

(a) IN GENERAL.—Section 142(e) (relating to facilities for the furnishing of water) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(2) by striking ''For purposes'' and inserting the following:

''(1) IN GENERAL.—For purposes'', and

(3) by adding at the end the following:

''(2) FACILITIES REDUCING ARSENIC LEVELS INCLUDED.—Such term includes improvements to facilities in order to comply with the 10 parts per billion arsenic standard recommended by the National Academy of Sciences.''.

(b) FACILITIES NOT SUBJECT TO STATE CAP.—Section 146(g) (relating to exception for certain bonds) is amended—

(1) by striking ''and'' at the end of paragraph (3),

(2) by striking the period at the end of paragraph (4) and inserting '', and'', and

(3) by inserting after paragraph (4), the following new paragraph:

''(5) any exempt facility bond issued as part of an issue described in section 142(a)(4) (relating to facilities for the furnishing of water), but only to the extent the property to be financed by the net proceeds of the issue is described in section 142(e)(2).''.

(c) EXEMPT FROM AMT.—Section 57(a)(5)(C) (relating to tax-exempt interest of specified private activity bonds) is amended by adding at the end the following new clause:

''(v) EXCEPTION FOR CERTAIN WATER FACILITY BONDS.—For purposes of clause (i), the term 'private activity bond' shall not include any exempt facility bond issued as part of an issue described in section 142(a)(4) (relating to facilities for the furnishing of water), but only to the extent the property to be financed by the net proceeds of the issue is described in section 142(e)(2).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 815. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAX PAYMENTS DUE IN 2011.

Notwithstanding section 6655 of the Internal Revenue Code of 1986, the amount of any required installment of any corporate estimated tax payment due under such section in July, August, or September of 2011 shall be equal to 170 percent of the amount of such installment determined without regard to this section.

SEC. 816. DISCLOSURE OF TAX INFORMATION TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.

Section 6103(d)(5) is amended to read as follows:

''(5) DISCLOSURE FOR COMBINED EMPLOYMENT TAX REPORTING.—The Secretary may disclose taxpayer identity information and signatures to any agency, body, or commission of any State for the purpose of carrying out with such agency, body, or commission a combined Federal and State employment tax reporting program approved by the Secretary. Subsections (a)(2) and (p)(4) and sections 7213 and 7213A shall not apply with respect to disclosures or inspections made pursuant to this paragraph.''.

Subtitle B—Compliance With Congressional Budget Act

SEC. 821. 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 IX—SECTION 527 POLITICAL ORGANIZATION REPORTING REQUIREMENTS

SEC. 901. 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. 902. 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. 903. 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. 904. 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.

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. BOND. Mr. President, in executive session, I ask unanimous consent that the Senate proceed to the consideration of the following nominations en bloc: Nos. 79, 80, 81, 82, 99, 100, 101, 135 through 154, 156, 157, 160, 167, and all nominations on the Secretary's desk; and reported by the Commerce Committee, Timothy Muris, PN267. I also ask unanimous consent that the HELP Committee be discharged from further consideration of the nomination of Donald Findlay, PN372, and the Senate proceed to its consideration. 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, en bloc, are as follows:

DEPARTMENT OF ENERGY

Bruce Marshall Carnes, of Virginia, to be Chief Financial Officer, Department of Energy.

David Garman, of Virginia, to be an Assistant Secretary of Energy (Energy Efficiency and Renewable Energy).

Francis S. Blake, of Connecticut, to be Deputy Secretary of Energy.

Robert Gordon Card, of Colorado, to be Under Secretary of Energy.

Patrick Henry Wood III, of Texas, to be a Member of the Federal Energy Regulatory Commission for the term expiring June 30, 2005.

Nora Mead Brownell, of Pennsylvania, to be a member of the Federal Energy Regulatory Commission for a term expiring June 30, 2006. (Reappointment)

Nora Mead Brownell, of Pennsylvania, to be a Member of the Federal Energy Regulatory Commission for the remainder of the term expiring June 30, 2001.

DEPARTMENT OF COMMERCE

Maria Cino, of Virginia, to be Assistant Secretary of Commerce and Director General of the United States and Foreign Commercial Service.

Bruce P. Mehlman, of Maryland, to be Assistant Secretary of Commerce for Technology Policy.

Kathleen B. Cooper, of Texas, to be Under Secretary of Commerce for Economic Affairs.

DEPARTMENT OF TRANSPORTATION

Sean B. O'Hollaren, of Oregon, to be an Assistant Secretary of Transportation.

Donna R. McLean, of the District of Columbia, to be an Assistant Secretary of Transportation.

FEDERAL COMMUNICATIONS COMMISSION

Michael K. Powell, of Virginia, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2002. (Reappointment)

Kathleen Q. Abernathy, of Maryland, to be a Member of the Federal Communications Commission for a term of five years from July 1, 1999.

Kevin J. Martin, of North Carolina, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2001.

Michael Joseph Copps, of Virginia, to be a Member of the Federal Communications Commission for a term of five years from July 1, 2000.

FEDERAL TRADE COMMISSION

Timothy J. Muris, of Virginia, to be a Federal Trade Commissioner for the unexpired term of seven years from September 26, 1994.

DEPARTMENT OF STATE

Stephen Brauer, of Missouri, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Belgium.

A. Elizabeth Jones, of Maryland, a Career Member of the Senior Foreign Service, Class of Career Minister, to be an Assistant Secretary of State (European Affairs).

Walter H. Kansteiner, of Virginia, to be an Assistant Secretary of State (African Affairs).

Lorne W. Craner, of Virginia, to be Assistant Secretary of State for Democracy, Human Rights, and Labor.

William J. Burns, of the District of Columbia, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be an Assistant Secretary of State (Near Eastern Affairs).

Ruth A. Davis, of Georgia, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Director General of the Foreign Service.

Carl W. Ford, Jr., of Arkansas, to be an Assistant Secretary of State (Intelligence and Research).

Christina B. Rocca, of Virginia, to be Assistant Secretary of State for South Asian Affairs.

Paul Vincent Kelly, of Virginia, to be an Assistant Secretary of State (Legislative Affairs).

Donald Burnham Ensenat, of Louisiana, to be Chief of Protocol, and to have the rank of Ambassador during his tenure of service.

OVERSEAS PRIVATE INVESTMENT CORPORATION

Peter S. Watson, of California, to be President of the Overseas Private Investment Corporation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Piyush Jindal, of Louisiana, to be an Assistant Secretary of Health and Human Services.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Thomas Scully, of Virginia, to be Administrator of the Health Care Financing Administration.

IN THE NAVY

The following named officer for appointment in the United States Navy to the grade indicated while assigned to a position of importance and responsibility under title 10, U.S.C., section 601:

To be vice admiral

Vice Adm. Edmund P. Giambastiani, Jr., 8318

FEDERAL TRADE COMMISSION

Timothy J. Muris, of Virginia, to be a Federal Trade Commissioner for the term of seven years from September 26, 2001.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

PN271. Foreign Service nominations (5) beginning Laron L. Jensen, and ending Karen L. Zens, which nominations were received by the Senate and appeared in the Congressional Record of April 23, 2001.

PN272. Foreign Service nominations (150) beginning Ralph K. Bean, and ending Richard Oliver Lankford, which nominations were received by the Senate and appeared in the Congressional Record of April 23, 2001.

PN372. Donald Cameron Findlay, of Illinois, to be Deputy Secretary of Labor.

NOMINATION OF LORNE CRANER

Mr. MCCAIN. Mr. President, one of the few benefits of growing old is watching young people you've been privileged to know grow, both personally and professionally. We would like to think that members of younger generations who have become important and compassionate people have done so because of us, that our wisdom has rubbed off on them, and that the world is better off for it.

The world is better off for having Lorne Craner in it, but the credit is all Lorne's. I am happy that my former staff member and the President of the

International Republican Institute, which I chair, now moves to the State Department, where he will serve as Assistant Secretary for Democracy, Human Rights, and Labor. More importantly, persecuted masses around the world who are deprived of their rights and freedoms, the right to choose what government represents them, the right to live and speak freely, and the right to organize for safe and decent working conditions, have an important ally in Lorne.

America's foreign relations rightly reflect our belief that our most basic values as a nation are universal values; and that citizens in dictatorships cherish these values as much as we do, despite what tyrannical leaders may do to subjugate them. Our values are contagious, which is why autocrats fear them so. Lorne has dedicated his career to promoting these values and advancing our national interest worldwide, to the benefit of many of its citizens.

Lorne served on my staff for 6 years in both the House and Senate and was a wonderful asset to me. He was such a wonderful asset that President Bush and Secretary of State Baker tapped him to be Deputy Assistant Secretary of State for Legislative Affairs when they took office. Lorne served with distinction in that job, and as Director for Asian Affairs on President Bush's National Security Council.

As Vice President and then President of the International Republican Institute from 1993 until today, Lorne invigorated an organization created by President Reagan to shine the light of freedom upon the darkest corners of the Earth. Lorne's vision and management of the Institute, which operates in over 30 countries under sometimes trying conditions, have earned IRI the respect and gratitude of democrats from Serbia to South Africa, Cuba to Cambodia, and Azerbaijan to Zimbabwe. In many countries, the struggle continues, while in others, ruling democrats speak glowingly of how IRI helped them set their people free. Lorne and the IRI staff have been integral to these democratic advances.

We have much to do yet as a country to improve human rights, labor rights, and political freedom overseas. As Secretary Powell's point man on these critical issues, Lorne has his work cut out for him. But he is ready. I am very proud of him, and I know his late father, my dear friend, would be also.

NOMINATION OF STEPHEN BRAUER

Mr. BOND. Mr. President, the nomination just confirmed, No. 145, Stephen Brauer to be Ambassador to Belgium, is a great personal pleasure for me. Stephen Brauer has been a terrific leader in the St. Louis community. He is a man who distinguished himself in Vietnam and won the Vietnam medal, who has served as honorary counsel to Belgium and has done business throughout Europe. He will be a great representative for the people of the United States. We wish him well as he goes to prepare for the visit of President Bush on June 13.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

NATIONAL CHILD'S DAY

Mr. BOND. I ask unanimous consent that the Judiciary Committee be discharged from consideration of S. Res. 90, and the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 90) designating June 3, 2001, as National Child's Day.

There being no objection, the Senate proceeded to consider the resolution.

Mr. BOND. I ask unanimous consent that the resolution and preamble be agreed to en bloc and the motion to reconsider be laid upon the table with no intervening action.

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

The preamble was agreed to.

The resolution (S. Res. 90) was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 90

Whereas June 3, 2001, the first Sunday of June, falls between Mother's Day and Father's Day;

Whereas each child is unique, is a blessing, and holds a distinct place in the family unit;

Whereas the people of the United States should celebrate children as the most valuable asset of the United States;

Whereas the children represent the future, hope, and inspiration of the United States;

Whereas the children of the United States should be allowed to feel that their ideas and dreams will be respected because adults in the United States take time to listen;

Whereas many children of the United States face crises of grave proportions, especially as they enter adolescent years;

Whereas it is important for parents to spend time listening to their children on a daily basis;

Whereas modern societal and economic demands often pull the family apart;

Whereas, whenever practicable, it is important for both parents to be involved in their child's life;

Whereas encouragement should be given to families to set aside special time for all family members to engage together in family activities;

Whereas adults in the United States should have an opportunity to reminisce about their youth to recapture some of the fresh insight, innocence, and dreams that they may have lost through the years;

Whereas the designation of a day to commemorate the children of the United States will provide an opportunity to emphasize to children the importance of their developing an ability to make the choices necessary to distance themselves from impropriety and to contribute to their communities;

Whereas the people of the United States should emphasize to children the importance of family life, education, and spiritual qualities;

Whereas because children are the responsibility of all people of the United States, everyone should celebrate children, whose questions, laughter, and dreams are important to the existence of the United States; and

Whereas the designation of a day to commemorate our children will emphasize to the people of the United States the importance of the role of the child within the family and society: Now, therefore, be it

Resolved, That the Senate—

(1) designates June 3, 2001, as ''National Child's Day''; and

(2) requests the President to issue a proclamation calling on the people of the United States to observe the day with appropriate ceremonies and activities.

WELCOMING HIS HOLINESS KAREKIN II, SUPREME PATRIARCH AND CATHOLICOS OF ALL ARMENIANS

Mr. BOND. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H. Con. Res. 139 received from the House.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The assistant legislative clerk read as follows:

A concurrent resolution (H. Con. Res 139) welcoming His Holiness Karekin II, Supreme Patriarch and Catholicos of All Armenians, on his visit to the United States and commemorating the 1700th anniversary of the acceptance of Christianity in Armenia.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. BOND. I ask unanimous consent that the concurrent resolution and preamble be agreed to en bloc, the motion to reconsider be laid upon the table, without any intervening action.

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

The resolution (H. Con. Res. 139) was agreed to.

The preamble was agreed to.

MEASURE READ THE FIRST TIME—S. 964

Mr. BOND. Mr. President, I understand S. 964, introduced earlier today by Senators KENNEDY, AKAKA, and others, is at the desk. I ask for its first reading.

The PRESIDING OFFICER. The clerk will read the bill by title.

The legislative clerk read as follows:

A bill (S. 964) to amend the Fair Labor Standards Act of 1938 to provide for an increase in the Federal minimum wage.

Mr. BOND. I now ask for its second reading and object to my own request.

The PRESIDING OFFICER. Objection is heard. The bill will be read for

the second time on the next legislative day.

ORDERS FOR SATURDAY, MAY 26, 2001

Mr. BOND. Mr. President, I now ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 10 a.m. on Saturday, May 26. I further ask unanimous consent that on Saturday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business with Senators speaking for up to 10 minutes each.

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

PROGRAM

Mr. BOND. For the information of all Senators, the Senate will be in a period of morning business until the tax reconciliation conference report is received from the House of Representatives. It is anticipated the Senate will be able to begin consideration of the tax reconciliation conference report shortly after convening.

As a reminder, there are up to 10 hours for debate on the conference report. Therefore, a vote is expected to occur late morning or tomorrow afternoon.

ORDER FOR ADJOURNMENT

Mr. BOND. If there is no further business to come before the Senate, I now ask unanimous consent, following the remarks of Senator TORRICELLI, the Senate stand in adjournment under the previous order.

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

Mr. BOND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

The PRESIDING OFFICER (Mr. HUTCHINSON). In my capacity as a Senator from the State of Arkansas, I ask unanimous consent the order for the quorum call be rescinded.

Without objection, it is so ordered.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate stands in adjournment until 10 a.m. tomorrow morning.

Thereupon, the Senate, at 4:05 p.m., adjourned until Saturday, May 26, 2001, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate May 25, 2001:

THE JUDICIARY

CHARLES W. PICKERING, SR., OF MISSISSIPPI, TO BE UNITED STATES CIRCUIT JUDGE FOR THE FIFTH CIRCUIT, VICE HENRY A. POLITZ, RETIRED.

TIMOTHY M. TYMKOVICH, OF COLORADO, TO BE UNITED STATES CIRCUIT JUDGE FOR THE TENTH CIRCUIT, VICE JOHN C. PORFILIO, RETIRED.

CONFIRMATIONS

EXECUTIVE NOMINATIONS CONFIRMED BY THE SENATE MAY 25, 2001:

DEPARTMENT OF ENERGY

BRUCE MARSHALL CARNES, OF VIRGINIA, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF ENERGY.

DAVID GARMAN, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF ENERGY (ENERGY EFFICIENCY AND RENEWABLE ENERGY).

FRANCIS S. BLAKE, OF CONNECTICUT, TO BE DEPUTY SECRETARY OF ENERGY.

ROBERT GORDON CARD, OF COLORADO, TO BE UNDER SECRETARY OF ENERGY.

PATRICK HENRY WOOD III, OF TEXAS, TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION OR THE TERM EXPIRING JUNE 30, 2005.

NORA MEAD BROWNELL, OF PENNSYLVANIA, TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION FOR A TERM EXPIRING JUNE 30, 2006.

NORA MEAD BROWNELL, OF PENNSYLVANIA, TO BE A MEMBER OF THE FEDERAL ENERGY REGULATORY COMMISSION FOR THE REMAINDER OF THE TERM EXPIRING JUNE 30, 2001.

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.

DEPARTMENT OF COMMERCE

MARIA CINO, OF VIRGINIA, TO BE ASSISTANT SECRETARY OF COMMERCE AND DIRECTOR GENERAL OF THE UNITED STATES AND FOREIGN COMMERCIAL SERVICE.

BRUCE P. MEHLMAN, OF MARYLAND, TO BE ASSISTANT SECRETARY OF COMMERCE FOR TECHNOLOGY POLICY.

KATHLEEN B. COOPER, OF TEXAS, TO BE UNDER SECRETARY OF COMMERCE FOR ECONOMIC AFFAIRS.

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.

DEPARTMENT OF TRANSPORTATION

SEAN B. O'HOLLAREN, OF OREGON, TO BE AN ASSISTANT SECRETARY OF TRANSPORTATION.

DONNA R. MCLEAN, OF THE DISTRICT OF COLUMBIA, TO BE AN ASSISTANT SECRETARY OF TRANSPORTATION.

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.

FEDERAL COMMUNICATIONS COMMISSION

MICHAEL K. POWELL, OF VIRGINIA, TO BE A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION FOR A TERM OF FIVE YEARS FROM JULY 1, 2002.

KATHLEEN Q. ABERNATHY, OF MARYLAND, TO BE A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION FOR A TERM OF FIVE YEARS FROM JULY 1, 1999.

KEVIN J. MARTIN, OF NORTH CAROLINA, TO BE A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION FOR A TERM OF FIVE YEARS FROM JULY 1, 2001.

MICHAEL JOSEPH COPPS, OF VIRGINIA, TO BE A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION FOR A TERM OF FIVE YEARS FROM JULY 1, 2000.

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.

FEDERAL TRADE COMMISSION

TIMOTHY J. MURIS, OF VIRGINIA, TO BE A FEDERAL TRADE COMMISSIONER FOR THE UNEXPIRED TERM OF SEVEN YEARS FROM SEPTEMBER 26, 1994.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

DEPARTMENT OF STATE

STEPHEN BRAUER, OF MISSOURI, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO BELGIUM.

A. ELIZABETH JONES, OF MARYLAND, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE AN ASSISTANT SECRETARY OF STATE (EUROPEAN AFFAIRS).

WALTER H. KANSTEINER, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF STATE (AFRICAN AFFAIRS).

LORNE W. CRANER, OF VIRGINIA, TO BE ASSISTANT SECRETARY OF STATE FOR DEMOCRACY, HUMAN RIGHTS, AND LABOR.

WILLIAM J. BURNS, OF THE DISTRICT OF COLUMBIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF MINISTER-COUNSELOR, TO BE AN ASSISTANT SECRETARY OF STATE (NEAR EASTERN AFFAIRS).

RUTH A. DAVIS, OF GEORGIA, A CAREER MEMBER OF THE SENIOR FOREIGN SERVICE, CLASS OF CAREER MINISTER, TO BE DIRECTOR GENERAL OF THE FOREIGN SERVICE.

CARL W. FORD, JR., OF ARKANSAS, TO BE AN ASSISTANT SECRETARY OF STATE (INTELLIGENCE AND RESEARCH).

CHRISTINA B. ROCCA, OF VIRGINIA, TO BE ASSISTANT SECRETARY OF STATE FOR SOUTH ASIAN AFFAIRS.

PAUL VINCENT KELLY, OF VIRGINIA, TO BE AN ASSISTANT SECRETARY OF STATE (LEGISLATIVE AFFAIRS).

DONALD BURNHAM ENSENAT, OF LOUISIANA, TO BE CHIEF OF PROTOCOL, AND TO HAVE THE RANK OF AMBASSADOR DURING HIS TENURE OF SERVICE.

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.

OVERSEAS PRIVATE INVESTMENT CORPORATION

PETER S. WATSON, OF CALIFORNIA, TO BE PRESIDENT OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

PIYUSH JINDAL, OF LOUISIANA, TO BE AN ASSISTANT SECRETARY OF HEALTH AND HUMAN SERVICES.

THOMAS SCULLY, OF VIRGINIA, TO BE ADMINISTRATOR OF THE HEALTH CARE FINANCING ADMINISTRATION.

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.

FEDERAL TRADE COMMISSION

TIMOTHY J. MURIS, OF VIRGINIA, TO BE A FEDERAL TRADE COMMISSIONER FOR THE TERM OF SEVEN YEARS FROM SEPTEMBER 26, 2001.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

DEPARTMENT OF LABOR

DONALD CAMERON FINDLAY, OF ILLINOIS, TO BE DEPUTY SECRETARY OF LABOR.

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be vice admiral

VICE ADM. EDMUND P. GIAMBASTIANI, JR., 0000

FOREIGN SERVICE

FOREIGN SERVICE NOMINATIONS BEGINNING LARON L. JENSEN, AND ENDING KAREN L. ZENS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON APRIL 23, 2001.

FOREIGN SERVICE NOMINATIONS BEGINNING RALPH K. BEAN, AND ENDING RICHARD OLIVER LANKFORD, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD ON APRIL 23, 2001.

HOUSE OF REPRESENTATIVES—*Friday, May 25, 2001*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mrs. BIGGERT).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
May 25, 2001.

I hereby appoint the Honorable JUDY BIGGERT to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

PRAYER

Captain Leroy Gilbert, CHC, USN, The Chaplain of the Coast Guard, offered the following prayer:

Eternal God, before transacting the business of this country, we the people of the United States of America reverently pause to invoke Your blessings and presence upon the Representatives and the proceedings of this House today.

Lord, we are most grateful for our system of government inspired into existence by Your divine principles of humanity, service, freedom, equality and justice for all.

May Members of this governing body propose, debate, chisel and bring forth bills and ideas that are pleasing in Your sight and serve as a beacon of light to other nations of what can be accomplished by a country whose motto is ''In God We Trust.''

Lord, we live in a rapidly changing world and we are faced with challenges that compel our country to make changes. Nevertheless, grant us the wisdom that our first response to a changing world will not be, ''How should it be changed?'' but ''What do we stand for that should never change,'' and then figure out how to change everything else.

As the decisionmakers in Congress contemplate the best course of action for the future of America, may the words of 2 Chronicles 7:14 be planted in their minds and hearts.

''If my people, which are called by my name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways; then will I hear from heaven, and will forgive their sin, and will heal their land.''

May God bless America. In Thy name we pray. Amen.

THE JOURNAL

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

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

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

The SPEAKER pro tempore. The question is on the Speaker's approval of the Journal.

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

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

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

The point of no quorum is considered withdrawn.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Wisconsin (Mr. GREEN) come forward and lead the House in the Pledge of Allegiance.

Mr. GREEN of Wisconsin led the Pledge of Allegiance as follows:

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

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Monahan, one of its clerks, announced that the Senate has passed without amendment a bill of the House of the following title:

H.R. 581. An act to authorize the Secretary of the Interior and the Secretary of Agriculture to use funds appropriated for wildland fire management in the Department of the Interior and Related Agencies Appropriations Act, 2001, to reimburse the United States Fish and Wildlife Service and the National Marine Fisheries Service to facilitate the interagency cooperation required under the Endangered Species Act of 1973 in connection with wildland fire management.

The message also announced that the Senate has passed bills of the following titles in which the concurrence of the House is requested:

S. 143. An act to amend the Securities Act of 1933 and the Securities Exchange Act of 1934, to reduce securities fees in excess of those required to fund the operations of the Securities and Exchange Commission, to adjust compensation provisions for employees of the Commission, and for other purposes.

S. 378. An act to redesignate the Federal building located at 3348 South Kedzie Avenue, Chicago, Illinois, as the ''Paul Simon Chicago Job Corps Center''.

S. 468. An act to designate the Federal building located at 6230 Van Nuys Boulevard in Van Nuys, California, as the ''James C. Corman Federal Building''.

S. 757. An act to designate the Federal building and United States courthouse located at 504 West Hamilton Street in Allentown, Pennsylvania, as the ''Edward N. Cahn Federal Building and United States Courthouse''.

S. 774. An act to designate the Federal building and United States courthouse located at 121 West Spring Street in New Albany, Indiana, as the ''Lee H. Hamilton Federal Building and United States Courthouse''.

IT IS TIME FOR THE IRS TO GO

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

Mr. TRAFICANT. Madam Speaker, an investigation revealed that 16,000 IRS employees illegally used their computers. The report states IRS agents spent 50 percent of their time at work on personal business. If that is not enough to service your revenue, IRS agents illegally used their computers for shopping, stock trading, gambling and pornography. Unbelievable.

Think about it. While 60 percent of taxpayer calls to the IRS go unanswered, the IRS agents were watching Marilyn Chambers do the Rotary International. Beam me up here. It is time to pass a flat 15 percent sales tax and abolish this gambling, porno-watching IRS completely.

I yield back the internal rectal service of the United States of America.

THE REAL ISSUE AT HAND IS ENERGY

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

Mr. MCDERMOTT. Madam Speaker, today is a very important day. The one-party government in the United States is done. We had a vote of confidence in the other body today or yesterday and we are now back to two party government, and maybe, just maybe, we can get back to the issues the people really care about.

We are hanging around here today because we cannot seem to get the President's tax bill through. They cannot figure out how to give it all to the rich.

At the same time, we are failing to deal with energy. Now, the energy prices in my district, in Seattle, are facing a potential 250 percent increase from the Bonneville Power Administration. The estimates are that 102,000 jobs are at risk and that a whole quarter of a million jobs in Washington, Oregon, Idaho and Montana are at risk because of the runaway gouging costs of energy in the northwest.

Seattle City Light has already raised it 30 percent and it is coming up another 30 percent. When will we get down to the issues that matters?

SALUTE TO OUR VETERANS ON MEMORIAL DAY

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

Mr. MCNULTY. Madam Speaker, as we approach Memorial Day, I again want to a salute our veterans. I was in Berlin in the spring of 1990 when the people were out there with their hammers and chisels taking down the Berlin Wall piece by piece, and then I listened to the East Berliners thank our American soldiers for their vigilance through the period of the Cold War.

The following year in September of 1991, I was in Armenia when people went out in overwhelming numbers to vote for their independence from the former Soviet Union. Then I was with them the next day in the streets of Yerevan and they danced and shouted and sang, ''Ketse azat ankakh Hayastan,'' long live free and independent Armenia; and then pointing to the United States of America as their example of what they wanted to be as a democracy.

So it is important for all of us to know that we owe our freedom here in the United States to our American soldiers but also hundreds of millions of people all around the world today are enjoying the blessings of freedom because of the sacrifices of American soldiers. We salute them all.

CONSUMERS NEED HELP WITH ENERGY COSTS AND THEY NEED IT NOW

(Ms. DELAURO asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. DELAURO. Madam Speaker, each and every day all across America families are paying higher energy prices. In my State of Connecticut, a gallon of gas now goes for $1.82. In Illinois, the price has gone as high as $2.39.

California citizens are being held hostage by out-of-state generators who have held down the production of energy in order to increase their own profits. In fact, if the price of milk had increased at the same rate as California's energy prices a gallon would cost $190. No family would accept such price gouging. Consumers need help with energy costs and they need it now.

What does the President and the Republican leadership do today in the midst of this crisis? They are locked behind closed doors deciding how much of a tax cut to give to the wealthiest 1 percent of Americans, while working- and middle-class families spend more of their hard-earned dollars on unfair gas and electricity prices.

Republicans remain focused on passing a tax cut that does little for these families but lines the pocket of people making more than $300,000 a year.

The Vice President says the energy crisis is only an issue of supply and demand. His friends in the energy issue have the supply, and they are demanding an arm, a leg and family savings for it.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will recognize Members for special order speeches without prejudice to the possible resumption of legislative business.

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.

IT IS ALL ABOUT ENERGY, ENERGY, ENERGY

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Illinois (Ms. SCHAKOWSKY) is recognized for 5 minutes.

Ms. SCHAKOWSKY. Madam Speaker, it is Memorial Day weekend, and while gasoline prices in my district are among the Nation's highest, at well over $2.00 a gallon, in fact it was about $2.22 for regular, it still does not appear that President Bush and Vice President CHENEY have any plans to bring relief to my constituents at the gas pump.

While big oil is getting bigger, consumers in my district and across the country are getting gouged, and the President's energy plan does nothing to address that. Instead, the administration has proposed relief for its oil industry friends.

Big oil hit the jackpot last year, thanks to consumers in Chicago and across the country that paved the way for big oil's record profits. The top oil company profits last year went up over 100 percent on the average from the previous year, combining for almost $50 billion in profits. Now Exxon Mobile is number one on the Fortune 500 list.

None of us should be surprised at the give-aways big oil is reaping from this administration and the Republicans. President Bush received $2 million in contributions for his campaign, and the Republican Party received over $25 million from big oil, with Enron and Exxon Mobile giving the most. It looks like those companies made the right bet.

Mr. President, I am again calling on you to persuade, in fact to jawbone, your friends in the industry to bring these prices down now. I hope you will think about that while you are relaxing at Camp David and my constituents are cancelling their family's summer vacations.

Mr. OLVER. Madam Speaker, will the gentlewoman yield?

Ms. SCHAKOWSKY. I yield to the gentleman from Massachusetts.

Mr. OLVER. Madam Speaker, I thank the gentlewoman from Illinois for yielding.

It turns out that we are talking about a very similar sort of thing.

I wanted to point out to people today that the President's energy plan utterly ignores a key fact; that if we are to put limits on global warming and the inevitable resulting climate change, we must cut back on burning fossil fuels that release carbon dioxide, the most important greenhouse gas, into our atmosphere.

One of the simplest and most effective ways to reduce oil consumption is to increase the fuel efficiency of our cars and trucks. Currently, cars and trucks guzzle 40 percent of all the oil used in the United States and they produce 20 percent of the Nation's carbon dioxide pollution. Improved fuel efficiency would protect consumers from higher prices at the gas pump, reduce our dependence on foreign oil and decrease carbon dioxide emissions.

The gentleman from Maryland (Mr. GILCHREST), from the Republican Party, and I have together introduced, with bipartisan sponsors, a bill that would require light trucks and SUVs to meet the same fuel efficiency standards as passenger cars, gradually, by the year 2007. Once fully implemented, that would save the U.S. 1 million barrels of oil every day, reduce oil imports by 10 percent, and prevent over 200 million tons of carbon dioxide from entering the atmosphere every year.

Before we consider drilling in the Arctic National Wildlife Refuge or other ecologically sensitive areas, which could include the coastline of Florida on the West Coast of Florida in the Gulf of Mexico, we should first use common sense solutions like improving fuel efficiency, by simply improving the gas mileage that our cars and trucks achieve.

MISPLACED PRIORITIES

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

Mr. GARY MILLER of California. Madam Speaker, I had not planned on speaking today but it reminds me of a group of comedians coming forward today, and blaming President Bush for the energy crisis.

He has been in office a few months, yet the previous administration, President Clinton, did nothing about our energy problems. We became more reliant on foreign oil. We became more reliant on other products to provide services for our people, rather than providing for ourselves.

This Nation has changed dramatically. When I was a child, a person went to turn the light switch on and the lights came on. When they went to fill their gas tank, it was reasonable to fill their gas tank. In those days, we swatted flies and we poisoned rats. Today we set aside habitat for flies and rats. And who pays for it? Private property owners have to pay the price of setting their property aside for some stupid endangered species that some wacko Democratic politician wants to preserve.

In the words of the gentleman from Ohio (Mr. TRAFICANT), beam me up, too. Both of us need to be out of here.

This is crazy. And we talk about big oil. If we had enough oil, we would not have enough energy to provide an argument for these people to complain about. So if we have less oil, they can complain more about Republicans not providing oil.

Wake up, America. There is something seriously wrong and it is the Democratic Party, excluding the gentleman from Ohio (Mr. TRAFICANT) who has finally learned what real world life is like. Buy America; provide energy; close our borders. It is realistic.

Two years ago and three years ago, this body realized there is something wrong with the IRS. In 1913, when we started the Tax Code, it was 11,400 words. The Tax Code today is over 7 million words.

In 1914, people voluntarily paid taxes. The government did not force them to pay taxes. They came forward and said our government needs help. We need to pay taxes.

350,000 good Americans paid taxes the first year and the IRS audited every doggone one of those people who paid voluntary taxes. Beam me up again.

Now we realize the IRS is out of control. There is a problem with this country, and it is the way people vote. If we want energy, let us provide more oil. If we want gas, let us provide more gas. We have not built a refinery in the United States for 22 years.

We have 15 different formularies or 19 formularies required in different States. In California in the L.A. basin, where I come from, we cannot bring gas from Northern California to our area. We cannot bring it from Washington, from Oregon, from Arizona, from Colorado, from Nevada, because it does not meet our standards. So when we have a problem with refineries, guess what? We have no gas; and yet we are more concerned about preserving flies and rats than we are providing energy for the American people that we are supposed to represent.

Let me say, people are part of the environment, too, and they are at the top of it as far as I am concerned. If we happen to save a rat in the process of saving a human life, so be it. But if we have to poison that rat to save a human life, as far as I am concerned that rat is in trouble.

Last year in California, Fish and Wildlife in October said we need to set habitat aside for the Stevens kangaroo rat, for the gnat catcher and for Longhorn sheep, and they set 2.9 million acres of land aside in California and it looked like a checker board. Now this is not where they live. This is habitat that would sustain those critters. If one does not own habitat, guess what? You own associated habitat. And then we complain that we cannot provide affordable housing for people.

What do we want to do? We want to give them a section 8 voucher from the government.

When one buys a new house in this country, on average 35 percent of the costs of that house are government fees. Now, you tell a young person they are going to go out and buy a $100,000 home, if they can find one, and $35,000 of the price of that home is fees to the government? Beam me up again, I would say to the gentleman from Ohio (Mr. TRAFICANT). Something is seriously wrong with this Nation.

Then we say our children cannot afford to live in our communities. We need to change the direction of this country and we need to be more responsible and accountable to the people that we represent.

How do working people get helped in this Nation? By everything that can be done to engender the best economic environment for businesses, because when businesses do well, guess what happens? They give their employees raises because they need them. They give them better benefits. They give them more vacation pay.

When we create recession because of wacko bureaucratic laws that we pass around here and businesses suffer, guess what they do? They lay people off. People are lucky to work 40 hours a week. They are not surprised if they lose their benefits and have their vacation pay cut.

We need to change the direction of this Nation and start representing the good for the American people.

ENERGY IN THE WESTERN UNITED STATES

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

Mr. DEFAZIO. Madam Speaker, that was an extraordinary speech by the gentleman from California (Mr. GARY MILLER) who preceded me in the well, and I will offer a little different perspective on what is going on in energy in the Western U.S.

It is Memorial Day weekend and all across the country Americans and their families are pulling up to the pump and surprise, prices are up, way up. But there is no market manipulation.

The deafening silence of the Bush administration and the runup on gas prices might have something to do with who supported their last campaign but I would not allude that on the floor.

There is no market manipulation. Exxon Mobil, profits $15.9 billion last year, profits up 102 percent in one year, there is no market manipulation. There is no role for the Federal Government here, except to enable them to drill for more oil and to cut their taxes. That is what the Bush energy plan proposes.

Now, the gentleman from California (Mr. GARY MILLER), I am very surprised that he did not want to talk about some of these things.

Yesterday I talked about Reliant Energy. Reliant Energy, based in Houston, Texas, profits up 1,800 percent in one year; bought a few generating plants in California. It was revealed in the San Francisco Chronicle on Sunday, with interviews with some of their plant operators, that the plant operators were linked by telephone to their commodity trader speculators and the commodity trader speculators watched the charts and when the price of energy went up, they said crank up the plants. When the price of energy went down, they said crank down those plants. They did this on as frequently as 10-minute increments.

That destroys the plants, obviously does not provide reliability or keep the lights on for the people in California and the Western United States, but it is incredibly profitable; 1,800 percent runup in profits in one year. But there is no manipulation.

The hear no evil, see no evil, speak no evil folks at the Federal Energy Regulatory Commission appointed by President George Bush, Mr. Hebert, the chairman; the Secretary of Energy; the vice president of the United States, they do not think there is any market manipulation or profiteering or price gouging going on here. It is normal for a company to increase its profits by manipulating the market and driving up its profits 1,800 percent one year.

Now today in the Los Angeles Times, closer to the gentleman who preceded

me, we have, ''Executive tells FERC Hearing of Collusion on Natural Gas.'' Natural gas produced in Texas, El Paso Natural Gas, bought the pipeline capacity to ship gas between Texas and California. It is used for electricity generation and to heat homes and run businesses. Guess what? They bought the capacity but they did not use it, and they would not let anybody else use it so they could drive up the price of energy.

There is extraordinary, unbelievable market manipulation, price gouging, going on in the Western United States, which is imperiling the entire economy of the Western U.S., not just California. The Pacific Northwest is at risk, too. We are having a drought and we are paying more in the wholesale energy market than are Californians because of these manipulated prices, because of this unbelievable profiteering.

What is the response from the Bush administration? Drill ANWR. Well, we do not use oil to generate electricity. I have said that to the vice president. That does not matter. They want to drill ANWR. Their bosses, Enron, Exxon, Chevron, Reliant, El Paso Natural Gas and others, they want something here. Let us manipulate this. Let us pretend the crisis is caused by, as the gentleman before me said, the environmental rules, and let us pretend that they are not obscenely manipulating the market and profiteering. Blame someone other than those really responsible.

That is the agenda of this administration. That is the agenda of their energy policy, and I do not believe that it is going to sell with the American people, and I certainly hope it does not sell here in Congress.

LACK OF PLANNING AND NO DOMESTIC ENERGY POLICY HAS LED TO THE ENERGY CRISIS

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

Mr. COLLINS. Madam Speaker, I could not help but get a little bristle on the back of my neck sitting in my office listening to all of the rhetoric that is being said here on the floor this morning.

The complaints about the marketplace, the complaints about charges, the cost of goods based on supply and demand in the marketplace and, yes, the prices are too high. It is costing too much for families to pull up to the gas pump for the purpose of either commuting to work, visiting family or taking a vacation.

Why is it like this? It is because of the lack of planning and having a domestic energy policy for this Nation.

The previous administration avoided the issue, stayed away from the issue, did not want to address it, and over the last few years we have become more and more dependent on foreign oil, and that is wrong. But it is not only just the oil. We cannot even handle the refinery of oil for gasoline and fuel and other products.

What we do not hear them talk about is the price that Congress charges for gasoline and fuel, and the gentleman from Ohio (Mr. TRAFICANT) is well aware of this. Yes, we charge, we the Congress of the United States, charge for every gallon of gasoline and diesel fuel that is used in this Nation. Eighteen cents a gallon for gasoline; 24 cents a gallon for diesel fuel, fuel that is used to transport products all over this Nation that we each buy as a consumer.

People do not think that adds to the price of those products?

□ 1030

We charge 4.3 cents a gallon for aviation fuel. You do not think that does not add to the price of an airline ticket? 4.3 cents to the railroads. You do not think that does not add to the product they carry? 4.3 cents for barge service. You do not think that does not add to the price of the product that they carry? It does. But you do not hear anything about that from this well. But those are charges that are administered by the Congress of the United States.

But, you know, there are a couple of good things about that though. We all pay that same rate, and those rates and those prices and those funds that come into the Congress are used for transportation products, for infrastructure, highways, bridges, things that we need, must have.

Of course, we have a few environmental laws that prevent us oftentimes from putting in the projects that are needed so we can commute without sitting in long lines. We all experience that. But we pay the same price for those things, and the funds are put to good use.

You do not hear them talking about the overcharge that we are levying on every working person that is in this country to operate this government, and we have different charges to operate this government. You and I can pull up to the gas pump, we will pay the same price. You and I can go into the same store, buy a like item, we will pay the same price for it. Anyplace in the marketplace that we go together, stand side-by-side and buy the same product, we will pay practically the same price for it, no matter who you are, what income level you are at.

But when it comes to paying for the operation of government, it is different, much different. We do not have the same price. In fact, we charge five different prices to individuals to operate this government; five prices. Yes, five prices we charge working people across this country to operate their government. Those five prices are the five marginal tax rates based on income.

They talk about the rich. Yes, the rich make a lot of money. But they pay a lot of tax too. A low income person, $30,000, $45,000 a year, they pay 15 percent. They are in that 15 percent bracket. That is a lot of money too. But it goes from 15 to 28, to 31, to 36, to 39.6 percent, based on the levels of income. Is anything fair about charging five different prices for the operation of government?

You never hear anything about that. I do not think it is fair. That is what we are trying to address with the tax bill in the conference that is going on today, is to reduce the charge that we charge for operation of government and try to make it a little more fair. Five prices to operate the government, charged by the Congress of the United States.

HISTORIC TAX RELIEF

The SPEAKER pro tempore (Mrs. BIGGERT). Under a previous order of the House, the gentleman from Indiana (Mr. PENCE) is recognized for 5 minutes.

Mr. PENCE. Madam Speaker, today we stand on the brink of an awesome opportunity, the opportunity to lift the burden of taxes off families, small businesses and family farms, the opportunity to pass the largest tax cut package in over 20 years. We have a moral obligation to act on this opportunity and remove Uncle Sam's hand out of the pockets of hard-working men and women.

Under the current tax system, Madam Speaker, the average dual-earner family will pay more than $26,000 in taxes to the government. This equals out to be the first five months of their annual salary. This is more than the family will spend on food, clothing and shelter combined.

Madam Speaker, we often talk about the progress we have made. Yet, according to the Washington-based tax foundation, taxes at all levels now consume 39 percent of the average dual-earners' family income. This is more than the amount that serfs were obligated to pay to their mid-evil lords. This, simply put, is wrong.

As we enter into the final stages of the bill's passage that is being debated in conference committee today, I implore the Congress to stand firm in our commitment to working families. The House bill was a great start, but it is the bare minimum of what we can and should accomplish.

The decision to scale back tax relief over the next 10 years means that less than 25 percent of the surplus will be returned to taxpayers. Therefore, it is not only important, but imperative that we lower marginal rates on income if we are to improve the economy's lagging performance.

It does not matter how you look at it, Madam Speaker; the tax burden is excessive and tax rates are too high. Now is the time for across-the-board reductions in the rate of taxation.

While some argue that a 3.5 percent reduction in the top tax rate is adequate for what ails our economy, history tells another story. Woodrow Wilson once said, ''The Congress might well consider whether the higher rates of income and profit taxes can in peace times be effectively productive of revenue, and whether they may not, on the contrary, be destructive of the business activity and productive of waste and inefficiency. There is a point at which, in peace times high rates of income and profit taxes discourage energy, remove the incentive to new enterprise, encourage extravagant expenditures and produce industrial stagnation with consequent unemployment and other attendant evils.''

Woodrow Wilson was right. During the 1920s, Wilson's leadership led to massive tax rate reductions. Amazingly, revenues actually increased. This is a fact that continues to resurface throughout the taxation history of this country.

The tax cuts which President John F. Kennedy passed in the 1960s ignited a huge economic expansion. The economy grew by more than 40 percent and tax revenues climbed by more than 62 percent.

The effects of the Reagan tax cuts, Madam Speaker, were just as impressive. The economy was pulled out of a severe downturn and a 7 year economic boom of record growth took its place.

During the 1980s, the goal of tax reformers on the left and the right was to reduce marginal rates as much as possible. At the beginning of the 1980s, the top marginal income tax rate was 70 percent; by the end it had fallen to just 28 percent. Support for low marginal tax rates was so widespread that virtually every major nation followed the United States and cut marginal tax rates in the 1980s.

The reasoning behind this phenomenon is simple: If history has taught us anything, it is that a high top rate reduction seldom produces much revenue. The principal effect is to make higher taxes on the poor and the middle class more palpable. In fact, because of inflation and real growth in the economy, in just a few years tax rates originally imposed on the rich often apply to those with middle incomes. The rich, meanwhile, often evade higher rates by making increased use of deductions and other legal tax shelters. In short, Madam Speaker, higher rates tend to encourage the government to add new deductions to the already too-complex Tax Code.

Tax relief, Madam Speaker, could not be a more bipartisan issue. President Franklin Roosevelt warned of an increase in rates when he said, ''Taxes are paid in the sweat of every man who labors because they are a burden on production and are paid through production. If those taxes are excessive,'' President Roosevelt said, ''they are reflected in idle factories, in tax-sold farms, in hordes of hungry people trampling the streets and seeking jobs in vain.''

Madam Speaker, we must pass this tax relief for all Americans.

TRIBUTE TO FALLEN HOUSTON LAW ENFORCEMENT OFFICERS

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. Madam Speaker, I rise this morning with a heavy burden for the Houston community and Harris County. I want to offer my deepest respect and sympathy to the families and friends and community of two very brave law enforcement officers, who lost their lives in Houston, Texas, Harris County, this week.

First, Harris County Sheriff's Deputy Joseph Dennis, 35 years old, was shot to death just a couple of days ago. Then, following his tragic death, Albert Vasquez, along with officer Enrique Duharte-Tur, were shot. Officer Duharte-Tur was injured and is now in critical condition, but, sadly, we lost our brother, Albert Vasquez.

It is important to realize that as we are a Nation of laws, we commit ourselves to being law-abiding, and respect the fact that our officers are there every day, men and women, to protect us. And we recognize that though we may have discussions on the best way to uphold the civil liberties of all Americans, we certainly do not in any way take away from the ultimate sacrifice that these brave men and women are willing to commit.

So let me offer to the families, there are no words that can replace a loved one, particularly one who has gone off to do his or her duty, in the line of danger, and does not return home to wife and children, and mother and father, aunts and uncles and cousins. These were tragic incidents, ones that I am appalled at.

It certainly speaks to the issue of where we go in this country; the proliferation of guns, the tragedy of young people who have lost their way and would be, if you will, directed to, inclined to, do such violent and terrible acts.

We hope the perpetrators are quickly brought to justice in this community. But as we move into Memorial Day, I would offer to say that these very fine gentleman should be acknowledged, appreciated, and their families prayed for.

Might I also add that this is Memorial Day weekend, and I would like to say to America, but particularly my community, because I am so much reminded of the men and women out of the Houston area, the 18th Congressional District and the State of Texas who gave up their lives in the line of duty in the militaries of the United States of America.

So as we leave this place, I would say to all, there may be those who are about to join their families for a good time, but I am very much aware that we should also be joining our families and appreciate the freedom that we have in this country. We have it because of the men and women who gave the ultimate sacrifice, whom we should be honoring on Memorial Day and every day, as those men and women gave their lives for us.

Freedom is not free, and we hold these truths to be self-evident, that we all are created equal, the men and women who have offered themselves in service and ultimately did not return to us, that we appreciate this Memorial Day weekend.

It is my privilege to serve in the United States Congress, but that honor and the right to engage in democratic principles and debate is all because military men and women serve around this Nation, even today, but, more importantly, that they fought in wars, like World War I and World War II, the Korean War, conflicts, and Vietnam.

So it is my special privilege to be able to say to them, thank you, thank you, thank you, for ultimately we all are better off because you lived.

Might I finish, Madam Speaker, because this is a serious time in our country, many have watched the happenings of the last era, or the last 24 hours, and they watched it with surprise. But might I say to the American people and to my colleagues in particular, bless us for having a democracy that allows change to occur peacefully.

I am disappointed that we would take this wonderful time in these few closings moments of this Congress before the Memorial Day holiday to deal with issues like tax cuts, that really do not address the people I have just spoken to, the people who need. I would have hoped we would be addressing the questions of protecting and providing better energy services for our country. But I hope we will be able to do that as we return.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

AMERICANS AFRAID OF THEIR OWN GOVERNMENT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Ohio

(Mr. TRAFICANT) is recognized for 60 minutes as the designee of the minority leader.

Mr. TRAFICANT. Madam Speaker, I want to thank the minority leader and his young floor man, Dan, who does a fine job and a fair job, for giving me this opportunity to speak. Many of the American people know that I go without a committee, but I am a Democrat.

I want to talk about several issues here today that I think are very important. I very seldom take a special order, but while the Congress is involved in negotiations on an important bill affecting the lives of many people, I decided to take this time.

I heard my very good friend the gentleman from Georgia (Mr. COLLINS), a member of the Committee on Ways and Means, talking about the energy problem, and I could not agree with him more. His wisdom and wisdom like that is needed in this Congress. But I also have a different view that goes a little further.

I have a bill in that says that if there is price gouging in America, there should be a $100 million fine for any company that gouges American consumers of petroleum products. Mobil merged with Exxon; BP with Amoco. Competition is down. I think they are gouging us, and I think a $100 million fine for anybody artificially raising prices, 9 cents more on the weekend, come on. They get hit once in the pocketbook, and it is all over.

Another thing before I move off that energy issue, I think it is time to tell these monarchs and dictators who control oil overseas that next time they are attacked by Saddam Hussein, call the Welcome Wagon, because Uncle Sam is not going to show up, and we will see those prices go down.

But I am here today to talk about a serious problem in America, a dangerous problem, one that I have seen. Many Americans see it and feel it and may not realize it or come to speak about it, or maybe just whisper it. Many Americans are afraid of their government. They look at the government as a separate entity, the people and the government. It was not designed to be that way. I personally believe the psychology of this change occurred in 1963 with the assassination of President Kennedy. If you believe what the government has told us about that, you believe in the tooth fairy.

But I want to get down now to some specifics that bother me. Before a subcommittee of the Committee on Government Reform of the United States House of Representatives, the people's House, testimony just brought out that four men 30-some years ago were convicted for murder. They were sentenced to life imprisonment. Two of those four convicted murderers, supposedly, died in prison. The other two, Salvadi and Limone, were recently released, because the FBI finally admitted they had exculpatory evidence that Salvadi and Limone were not the killers, and they protected their valuable informants who did the killing.

When the FBI agent was asked if he had any remorse, his answer was, ''What do you expect, tears?'' Thirty years, ladies and gentlemen, for a murder they did not commit.

Now, let us look at FBI agent Hanssen; 15 years selling our secrets to the Russians. Do you honestly believe he could do that in the structure of the Federal Bureau of Investigation with no one else knowing it? Come on now.

Now, how about the case in Boston, Massachusetts, where the FBI agent-in-charge has now been indicted? He has been indicted for overlooking murder on behalf of his informants. And guess what the FBI agent-in-charge said? ''I was told by my superiors to lie.''

Now let us take a look at Waco, David Koresh. They could have arrested him any morning out jogging, but they wanted a sensational bust. Eighty-some Americans killed. Tanks. Thirty children. They could have arrested him any morning. They wanted a sensational case; they now have sensational headaches.

But how about Randy Weaver and his family? I did not agree with his politics. He was a white separatist. But his 14-year-old boy was shot and killed by Federal agents. His wife, holding her infant child, standing in the doorway, horrified over the scene she was witnessing, was shot by one of the FBI's best sharpshooters. Put your finger right between your eyes above your nose. And the court ruled accidental shooting. Why, then, did American taxpayers give $5 million to Randy Weaver? Was it for justice, or to shut him up?

But now I take you to northeast Ohio. I am the Member that is under indictment, the only American in history to have beaten the Justice Department in a RICO case, pro se, without being an attorney, through a full jury trial. Experts say my chances are 1 in 5 million. Well, there are 275 million Americans. That means I am one of about 55 Americans that have a shot. I am going to take that shot.

Now, here is why: In the early eighties, a man named Charles Carabbia, an underworld figure, was killed in Youngstown, Ohio. Subsequent to that, the FBI said the second most important Mafia informant since Valachi, a man named Angelo Lonardo, gave the government, the FBI, information in 1984, and then gave this same testimony to a Senate subcommittee of the United States Senate.

Angela Lonardo, the underboss of Cleveland, was credited with helping to take down the Mafia in Kansas City and in New Orleans. But listen to what he told the U.S. Senate in 1987, and that he had told the FBI in 1984.

He said two underworld figures by the name of Joseph Naples and James Prato came to him in the early eighties and asked permission to kill Charles Carabbia. He and his boss met with them personally and they said no, work it out. He later testified they come back and said they met with the Pittsburgh Mafia and the Pittsburgh Mafia wants Mr. Carabbia killed. They said no, work it out.

Then Mr. Lonardo, not through Mr. Jones getting information, Mr. Lonardo testified that he heard that Mr. Carabbia was missing and feared murdered. He said several weeks later he got a call from Mr. Prato and Mr. Naples, and Mr. Prato and Mr. Naples met with Mr. Lonardo and his boss, Mr. Licavoli, in a restaurant outside of Cleveland, and said, ''We killed Charles Carabbia, and we apologize for leaving his car in the Cleveland area.''

Ladies and gentlemen on the House floor, there was no grand jury investigation into the murder of Charles Carabbia. Joseph Naples was murdered in the early nineties by a mob rival and James Prato died of old age, and now affidavits and documents reveal the Youngstown office of the FBI was on the payroll of the mob, Naples and Prato. Documents also show that Assistant U.S. Attorneys were on the payroll of the mob in Cleveland, Ohio.

What has happened to our country here? How did the FBI, the IRS, the EPA, get so strong that we fear them? Who elected them? It is up to Congress to take our country back, so help me God. But there are several things that I have done since my first trial.

So the bottom line is, maybe the government can notify you, and by that I mean the real government, the middle management bureaucrats that are not elected, and if they do not like a Member of Congress, they will go after them. Think about that.

But, you see, since those incidents I have tried to crack down on some of the power. Since being in Congress, I passed four specific laws to deal with the IRS.

The first one said they have to treat us courteously across cultural lines. They have a training program with their agents about taxpayers' rights. They oppose that. They oppose that. We finally passed it. After I threatened a bill and killed a Treasury appropriations bill, they came to me and said, ''We will build you a courthouse if you do not do that anymore.'' I said, ''Go right ahead, but put my language in the next bill,'' and they did. Now they have to have a training program.

The next year I came back and said, what good is a training program if they abuse us? So I was able to pass a little law that said if the IRS abuses you, you can sue them for $1 million. Shirley Barrons of Derry, New Hampshire, was the first to be successful. The IRS settled out of court for half a million dollars. Did you ever hear of that?

One of the main reasons I voted for Mr. HASTERT, which caused the problems on my side of the aisle, was the Democrat Party would not even have a hearing on a Traficant bill that dealt with important IRS matters.

Before 1997 you were guilty and had to prove yourself innocent in a civil tax case. Most tax cases are civil. If it is crime or fraud, the IRS has the burden, but that is in very few cases. They are usually civil and the burden of proof was on the taxpayer.

The Traficant bill said, look, the IRS comes out to audit you, and you cooperate and they are not satisfied. They decide to litigate. The burden of proof transfers to the Secretary of the Treasury and the IRS. They should have the burden.

The second provision said they can no longer from a back room decide to take your home, they had to have judicial consent. I want to give credit on the floor to Mr. Bill Archer, no longer here, former Republican Chairman of the Committee on Ways and Means, who called me.

My language was not in the original IRS reform bill in 1998 because it was going to be vetoed. It was too strong. Mr. Archer, the gentleman from Illinois (Mr. HASTERT), the gentleman from Tennessee (Mr. DUNCAN), the gentleman from Georgia (Mr. COLLINS), the gentleman from Ohio (Mr. CHABOT), the gentleman from Ohio (Mr. NEY), and the gentleman from Ohio (Mr. LATOURETTE), they helped get the Traficant language in.

I want to give you the statistics. The bill was passed in 1998. Comparing 1997 to 1999 figures, wage attachments, 1997, 3.1 million; 1999, 540,000. Property liens, 1997, 680,000; 1999, 161,000. But, listen to this: ''Life, liberty and the pursuit of property.'' That was the language, the original founding fathers' language. The last change to one of our great documents was ''life, liberty and pursuit of happiness.'' That is how important property was. Property seizures, 1997, 10,037; 1999, 151.

When they needed judicial consent and had to prove it, they could not take our homes. They were stealing our homes. What is wrong with us, America?

So it is time now for some additional reforms. There are two of them. The major reform bill that I have before the Congress now is known as the Fair Justice Act. It requires the President nominate for a 10-year term a Director of the Fair Justice Agency, who must be confirmed by the Senate, with one exclusive role, to investigate and prosecute wrongdoing and crime in the Justice Department.

Madam Speaker, they investigate themselves. The fox in the hen house investigates the fox that raided the hen house. Do you really believe that jury in Waco got the true facts?

We spent $40 million on Monica. Now, look, the President may have been a threat to chastity, but he was not a threat to liberty. And we did not spend one dime on China. China, who has taken $100 billion of trade surplus out of America, buying nuclear attack submarines, intercontinental ballistic missiles, and have announced they have aimed them at us. We are financing World War III, and there was no investigation whether a Red Chinese general gave money to the Democratic National Committee. Shame, shame.

Lastly, dealing with the IRS, listen carefully. The gentleman from Georgia (Mr. COLLINS) touched on it. We need a flat tax in America. But why should it be an income tax? A recent study from Harvard said 24 percent of the cost of an American-made automobile is the Tax Code, and when it is shipped overseas it gets hit with a value added tax. Is it any wonder we do not export any cars? Thirty-three percent of the cost of a loaf of bread is the Tax Code.

□ 1100

I think, hey, you do not have to be a rocket scientist here. The Tauzin-Traficant 15 percent national retail sales tax will be introduced as soon as this tax bill is completed now before the Congress.

I am going to vote for those tax cuts.

Here is how the Tauzin-Traficant bill works: No more income tax, no more withholding, no more capital gains tax, no more inheritance tax, no more tax on savings, no more tax on education, no more tax on investment, and the IRS is abolished. Nothing personal here.

Forty-five States already collect a State sales tax. They get one penny per dollar to collect the tax. The companies who do the selling get half a penny for their paperwork. We get 98.5 cents. You will be surprised to find out that 90 percent of all retail sales are conducted by less than 9 percent of American retailers.

Madam Speaker, what do we need the IRS for? How can there be freedom in America if you have to look through the Tax Code to see if you should buy a car this year or sell your apartment this year? Why should we have to look into a Tax Code to see if we can give our property to our kids? What is wrong? What happened to America? What has happened here? Something is very wrong.

MEMORIAL DAY, A SPECIAL THANKS TO WORLD WAR II VETERANS

Mr. TRAFICANT. Now we come to Memorial Day, and I want to thank all of the veterans. I recently spoke on the construction of the World War II Monument on the Mall; certainly hallowed ground indeed. Washington, Jefferson, think about it. Founders. Lincoln preserved America. All our veterans are special, but the generation of World War II, those who died and those who still live, they not only saved America, they saved the entire world. It is right and fitting that that monument be built on the mall.

Thank a veteran. I thank all veterans for preserving our freedom. I say this to all veterans, you have won the wars but, by God, the politicians have lost the peace.

It is time to bring our country back to the people. I have confidence in this Congress. I have confidence in Speaker HASTERT. IRS reform is important, welfare reform. Now it is time to reform the powerful Justice Department and now it is time to put the people in our government back together.

People should not be afraid of the government. We are the government.

I want to thank the Democrat leadership for allowing me this time, and I appreciate some of the things that they have done recently to promote involvement in school construction and other actions in education.

ETHANOL PRODUCTION IS PART OF THE ENERGY SOLUTION

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

Mr. OSBORNE. Mr. Speaker, over the last several days a great deal has been said about our national energy crisis. Unfortunately, most of the commentary has centered on finding blame. At various times, the Bush administration, the Clinton administration, the California legislature, energy companies, environmentalists and others have been blamed.

As I see it, the main value of looking at the past is to make sure we do not repeat the same mistakes that caused the current problem. However, dwelling on the past and attempting to fix blame serves no useful purpose and actually impedes progress. What is needed now is to identify solutions and start moving toward those solutions.

In my previous profession, which was coaching, there are all kinds of people that could say what went wrong and why it went wrong, but this really did not accomplish anything. What we were looking for was people with proactive ideas, because they were able to help relieve the situation.

Part of the solution to the current energy crisis that would appear to benefit all factions involved would be that of ethanol production. The use of ethanol in gasoline has been proven to reduce harmful emissions by 30 to 50 percent and is a renewable source of energy. Therefore, it benefits the environment and should certainly please the environmental community. It has a potential to reduce our dependence on foreign oil by a small but significant amount, which serves our national interests and benefits consumers.

It utilizes grain surpluses, improves commodity prices and benefits the agricultural community. If you look at

what is going on in agriculture today, ethanol may be about the only real bright spot out there for those who grow row crops. We are poised to increase our ethanol production by 200 to 300 percent, as dozens of new ethanol plants are in various stages of development.

The one deterrent to this development is uncertainty as to whether the 2 percent oxygenation requirement for fuel is going to be waived. Currently, about eight-tenths of 1 percent of our national fuel consumption is provided by ethanol. It could very easily go to as high as 5 or 6 percent. If the oxygenation requirement is waived, the demand for ethanol could go down close to zero.

So this is a huge factor for those who are involved in the ethanol industry. It is extremely important for all concerned that the matter of whether or not the waiver for oxygenation standards will be granted or not be granted. Further delay will only serve to exacerbate the problem.

ETHNICITY, WE HAVE COME A LONG WAY IN THIS COUNTRY BUT WE STILL HAVE A WAY TO GO

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Oregon (Mr. WU) is recognized for 60 minutes.

Mr. WU. Mr. Speaker, an odd thing happened to me 2 days ago on my way down to the Department of Energy. I was going down to give a talk to employees there, and I was stopped by the guards when I was trying to enter the building and I was asked repeatedly, my staffer and I were asked repeatedly, whether we are American citizens. This occurred both before and after I presented my congressional identification card.

Now I have walked around the White House, the Supreme Court, this United States Capitol, and I know that there is sensitive information at the White House, at the Supreme Court and sometimes here, but maybe, maybe the Department of Energy is a special case, perhaps.

What they said was that they asked everyone, everyone, whether they are a U.S. citizen or not, but that proved not to be true. My friend and colleague, the gentleman from Massachusetts (Mr. CAPUANO), went yesterday and he was not asked the way that I was at all.

The ultimate irony is that I went to the Department of Energy 2 days ago to give a talk, at their request, about the progress of Asian Americans in America as part of Asian Pacific American Heritage Month celebration activities by the employees there.

There has been progress over the last 200, 215 years for Asian Americans in America but apparently we have a little ways to go yet.

Now I am reluctant to make much of this incident and I was just going to let it go, but upon reflection, Mr. Speaker, I cannot just let this go because it would be wrong and it would break a promise that I have made to students in Oregon and that I have made to students across this country.

When I visit with students at home and in other places around the country, sometimes they ask, are you treated fairly? Is there any difference because of ethnicity in the U.S. Congress? And I always answer, no, I am treated very well and very fairly and there is no question about ethnicity in the House, and that is absolutely true.

Then sometimes there is a follow-up question, have there ever been incidents in your life that caused you to reflect upon or make you think that you are discriminated against?

At that point, I generally try to refocus the direction of the discussion. I say, look, look, you are here in school to study, to work hard. You need to focus on those things that you can change, that you can effect, and if you focus on those things then this country will give you a chance to succeed and, please, please do not obsess about things that you cannot change because some of the attitudes you cannot change right away. If you obsess about those things, they will take away from your efforts at focusing on your goals and your future success, because this country will give you that chance.

I say to them, leave those other things, leave those things that cannot be changed in the short-term, leave those things to adults like me. Leave those things to people who are in a position to work on them, like me.

If I had just let this incident go, this incident of 2 days ago at DOE, I would have broken my promise to those students at home and across this country, because I believe that it is our obligation, despite whatever our reluctance might be, despite whatever our discomfort might be, to point out those things which are not right or to investigate them, to see if they need to be improved. I am going to encourage the Department of Energy to redouble its efforts, engage in a true process of soul searching. Do you really ask everyone their citizenship at the door? And if so, is that an effective way of enhancing national security?

I do not know how many spies you have caught with that question, but you have at least one Congressman. And I suspect that ultimately there is a connection to national security but in a way that you might not expect, and that is there is a tremendous number of Asian American scientists and engineers working at the Department of Energy and they have made valuable contributions to our national security by doing good research.

If the Department creates a work environment that is hostile or perceived to be, we have already begun to lose some of those scientists, and my understanding is that some of the brightest graduate students in the country, who happen to be Asian American, are now refusing to go work for the Department of Energy. That is as damaging to our national interest, our national security, as anything that I can think of.

I want to underscore once again that this is not about the specific incidents of 2 days ago and this is not about me, but it is about a pledge to students to work on issues that they are not in a position to work on themselves, and it is about doing this job, my job, in the best manner that I know how.

Being a Member of Congress is the greatest honor that I can imagine. We have no mission other than to get up each and every day and to try to make the world a little bit better, or to ameliorate some of the problems that people face. Today I want to give that effort to make the world a little bit better just one small further nudge.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 15 minutes a.m.), the House stood in recess subject to the call of the Chair.

□ 1730

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. LAHOOD) at 5 o'clock and 30 minutes p.m.

LEGISLATIVE PROGRAM

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

Mr. ARMEY. Mr. Speaker, I see the distinguished gentleman from Missouri (Mr. GEPHARDT), the minority leader, is here. I am sorry to see the minority leader here rather than at dinner with his wife; but being that he is here, let me yield to the minority leader for his comment.

Mr. Speaker, I yield to the gentleman from Missouri (Mr. GEPHARDT).

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

Mr. Speaker, I ask the majority leader his timing and a time line on the consideration of the tax bill tonight. The reason I ask is that, as the majority leader knows, a lot of our Members are wanting a time line that they can depend on.

A lot of Members have events at home with families and they have plane reservations and they would like to be able to rely on those reservations if it is going to be tomorrow morning.

They wanted a time line on when the majority thinks this bill will actually find its way to the floor.

Mr. ARMEY. Mr. Speaker, I thank the gentleman from Missouri for his request. The gentleman is absolutely right. We try our very best to keep Members apprised of the fact. This is, of course, a very large bill. It has many complex dimensions, and they are being discussed.

I am happy to report that the discussions are going well, and we have every reason to believe that we will come to closure on these discussions fairly soon.

As that happens, of course, we would have to do the process of actually writing the bill and preparing it for filing. Sometime this evening, perhaps even in the late evening, 11 o'clock or even later, the committee will come to the floor and file the conference report.

We will be advised at that filing; and at that point, we have one hour's time before the Committee on Rules will meet. We believe the Committee on Rules will be able to meet and take care of its business fairly quickly, and that would then enable them to come to the floor with the rules under which the business would be considered.

The House would then convene to consider the first rule providing for same day consideration and the second rule providing for consideration of the conference report, both of which are debatable for an hour.

Following consideration of both rules, the House will consider the conference report, and final passage would occur late this evening or early in the morning.

Let me just say we will again remind through e-mail and Whip notices Members at the time that the committee has prepared the bill for filing. That, then, is a 1-hour notice. It would be then available for people to examine before the Committee on Rules meets. I would say, Mr. Speaker, that we should expect that sometime in the neighborhood between 11:00 and 12:00.

Given these circumstances to which I attach a very high probability in my expectations, it is our judgment that Members would, rather than complete that work in before, say, 3:00 or 4:00 in the morning and be able, then, to catch that quick catnap and make their planes back for their district work periods. So it is our judgment it would be better for us to proceed through the night and complete the work so that their time could be free as early as possible when the flights begin on Saturday morning.

Mr. GEPHARDT. Mr. Speaker, will the gentleman yield again?

Mr. ARMEY. I yield to the gentleman from Missouri.

Mr. GEPHARDT. Mr. Speaker, I would agree that I think Members, more than anything, want certainty at this point so they can make their plans. Obviously also Members will want to be able to see this bill prior to voting on it. I would hope that there would be time even to have a caucus or a conference in each party so that at least there could be an oral presentation to Members about what is included in the bill before they vote on it, for the Members that want to do that.

As the majority leader knows, a few weeks ago, we had a problem with the budget not having the pages in it, and we do not want to have that happen again. So I hope that we can see the writing in these caucuses and conference meetings before they actually vote.

Mr. ARMEY. Mr. Speaker, I think the gentleman's point is well taken. Let me say again, as soon as we find the participants agreeing across the table, they will obviously begin the process of vetting as the paperwork is going on.

I would expect Members might again be attentive to their phones. Stay close to a phone, stay in touch with your office. My expectation might be that, in the case of both parties in the body, their respective caucuses may be notifying Members of an opportunity to come together and look at it and get that briefing.

Mr. GEPHARDT. Mr. Speaker, if I could just ask the majority leader one additional question. A lot of our Members from the West Coast have been very desirous of legislation coming here before we leave on energy. Can I inquire whether or not there is any plan to bring any energy legislation before we leave?

Mr. ARMEY. Mr. Speaker, let me thank the gentleman from Missouri for his inquiry. No, we would expect to have no action on anything other than the two rules I mentioned and the tax bill.

Mr. GEPHARDT. Mr. Speaker, finally, I assume that Members will look forward to receiving an hour's notice before we go to the Committee on Rules, and that would be a time when the conference and the caucus could meet and review the legislation.

Mr. ARMEY. Mr. Speaker, of course that would be subject to the conference chairmen on the respective sides making those announcements and that request, and we would communicate as much as we can to all Members.

Finally, Mr. Speaker, I extend to the gentleman from Missouri (Mr. GEPHARDT), my good friend and colleague, an opportunity to, I hope, get away, have dinner with his wife, and enjoy some part of this evening before we go back to work.

REPORT ON PROGRESS TOWARD ACHIEVING BENCHMARKS IN BOSNIA—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 107–78)

The SPEAKER pro tempore (Mr. LAHOOD) laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on International Relations, the Committee on Appropriations, and the Committee on Armed Services, and ordered to be printed:

To the Congress of the United States:

As required by the Levin Amendment to the 1998 Supplemental Appropriations and Rescissions Act (section 7(b) of Public Law 105–174) and section 1203(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105–261), I transmit herewith a report on progress made toward achieving benchmarks for a sustainable peace process in Bosnia and Herzegovina.

In July 2000, the fourth semiannual report was sent to the Congress detailing progress towards achieving the ten benchmarks that were adopted by the Peace Implementation Council and the North Atlantic Council in order to evaluate implementation of the Dayton Accords. This fifth report, which also includes supplemental reporting as required by section 1203(a) of Public Law 105–261, provides an updated assessment of progress on the benchmarks covering the period July 1, 2000, to February 28, 2001.

GEORGE W. BUSH.
THE WHITE HOUSE, *May 25, 2001*.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

The SPEAKER pro tempore laid before the House the following communication from the chairman of the Committee on Transportation and Infrastructure; which was read and, without objection, referred to the Committee on Appropriations:

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC, May 23, 2001.

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

DEAR MR. SPEAKER: Enclosed please find copies of resolutions approved by the Committee on Transportation and Infrastructure on May 16, 2001, in accordance with 40 U.S.C. §606 and 40 U.S.C. §610.

Sincerely,

DON YOUNG,
Chairman.

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 5 o'clock and 39 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 0517

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. LAHOOD) at 5 o'clock and 17 minutes a.m.

CONFERENCE REPORT ON H.R. 1836, ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

Mr. THOMAS submitted the following conference report and statement on the bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002:

CONFERENCE REPORT (H. REPT. 107–84)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate 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, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the State amendment, insert the following:

SECTION 1. SHORT TITLE; REFERENCES; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Economic Growth and Tax Relief Reconciliation 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) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; references; table of contents.

TITLE I—INDIVIDUAL INCOME TAX RATE REDUCTIONS

Sec. 101. Reduction in income tax rates for individuals.
Sec. 102. Repeal of phaseout of personal exemptions.
Sec. 103. Phaseout of overall limitation on itemized deductions.

TITLE II—TAX BENEFITS RELATING TO CHILDREN

Sec. 201. Modifications to child tax credit.
Sec. 202. Expansion of adoption credit and adoption assistance programs.
Sec. 203. Refunds disregarded in the administration of Federal programs and federally assisted programs.
Sec. 204. Dependent care credit.
Sec. 205. Allowance of credit for employer expenses for child care assistance.

TITLE III—MARRIAGE PENALTY RELIEF

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.

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. 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.

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, 2009.

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. Increase in number of allowable partners and shareholders in closely held businesses.
Sec. 572. 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—Other Provisions

Sec. 581. Waiver of statute of limitation for taxes on certain farm valuations.

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.

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 pension plan startup costs of small employers.
Sec. 620. Elimination of user fee for requests to IRS regarding pension plans.
Sec. 621. 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. Modification 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. Excise tax on failure to provide notice by defined benefit plans 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. Repeal of the multiple use test.
Subtitle G—Miscellaneous Provisions
Sec. 671. Tax treatment and information requirements of Alaska Native Settlement Trusts.
TITLE VII—ALTERNATIVE MINIMUM TAX
Sec. 701. Increase in alternative minimum tax exemption.
TITLE VIII—OTHER PROVISIONS
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.
Sec. 803. No Federal income tax on restitution received by victims of the Nazi regime or their heirs or estates.
TITLE IX—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT
Sec. 901. Sunset of provisions of Act.

TITLE I—INDIVIDUAL INCOME TAX RATE REDUCTIONS

SEC. 101. REDUCTION IN INCOME TAX RATES FOR INDIVIDUALS.

(a) IN GENERAL.—Section 1 (relating to tax imposed) 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 paragraph, the initial bracket amount is—

''(i) $14,000 ($12,000 in the case of taxable years beginning before January 1, 2008) 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 2000—

''(i) the Secretary shall make no adjustment to the initial bracket amount for any taxable year beginning before January 1, 2009,

''(ii) the cost-of-living adjustment used in making adjustments to the initial bracket amount for any taxable year beginning after December 31, 2008, shall be determined under subsection (f)(3) by substituting '2007' 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.

''(D) COORDINATION WITH ACCELERATION OF 10 PERCENT RATE BRACKET BENEFIT FOR 2001.—This paragraph shall not apply to any taxable year to which section 6428 applies.

''(2) REDUCTIONS IN RATES AFTER JUNE 30, 2001.—In the case of taxable years beginning in a calendar year after 2000, 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%
2001	27.5%	30.5%	35.5%	39.1%
2002 and 2003	27.0%	30.0%	35.0%	38.6%
2004 and 2005	26.0%	29.0%	34.0%	37.6%
2006 and thereafter	25.0%	28.0%	33.0%	35.0%

''(3) ADJUSTMENT OF TABLES.—The Secretary shall adjust the tables prescribed under subsection (f) to carry out this subsection.''.

(b) ACCELERATION OF 10 PERCENT RATE BRACKET BENEFIT FOR 2001.—

(1) IN GENERAL.—Subchapter B of chapter 65 (relating to abatements, credits, and refunds) is amended by adding at the end the following new section:

''SEC. 6428. ACCELERATION OF 10 PERCENT INCOME TAX RATE BRACKET BENEFIT FOR 2001.

''(a) IN GENERAL.—In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by chapter 1 for the taxpayer's first taxable year beginning in 2001 an amount equal to 5 percent of so much of the taxpayer's taxable income as does not exceed the initial bracket amount (as defined in section 1(i)(1)(B)).

''(b) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed by subsection (a) shall not exceed the excess (if any) of—

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

''(2) the sum of the credits allowable under part IV of subchapter A of chapter 1 (other than the credits allowable under subpart C thereof, relating to refundable credits).

''(c) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term 'eligible individual' means any individual other than—

''(1) any estate or trust,

''(2) any nonresident alien individual, and

''(3) 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 the individual's taxable year begins.

''(d) SPECIAL RULES.—

''(1) COORDINATION WITH ADVANCE REFUNDS OF CREDIT.—

''(A) IN GENERAL.—The amount of credit which would (but for this paragraph) be allowable under this section shall be reduced (but not below zero) by the aggregate refunds and credits made or allowed to the taxpayer under subsection (e). Any failure to so reduce the credit shall be treated as arising out of a mathematical or clerical error and assessed according to section 6213(b)(1).

''(B) JOINT RETURNS.—In the case of a refund or credit made or allowed under subsection (e) with respect to a joint return, half of such refund or credit shall be treated as having been made or allowed to each individual filing such return.

''(2) COORDINATION WITH ESTIMATED TAX.—The credit under this section shall be treated for purposes of section 6654(f) in the same manner as a credit under subpart A of part IV of subchapter A of chapter 1.

''(e) ADVANCE REFUNDS OF CREDIT BASED ON PRIOR YEAR DATA.—

''(1) IN GENERAL.—Each individual who was an eligible individual for such individual's first taxable year beginning in 2000 shall be treated as having made a payment against the tax imposed by chapter 1 for such first taxable year in an amount equal to the advance refund amount for such taxable year.

''(2) ADVANCE REFUND AMOUNT.—For purposes of paragraph (1), the advance refund amount is the amount that would have been allowed as a credit under this section for such first taxable year if this section (other than subsection (d) and this subsection) had applied to such taxable year.

''(3) TIMING OF PAYMENTS.—In the case of any overpayment attributable to this subsection, the Secretary shall, subject to the provisions of this title, refund or credit such overpayment as rapidly as possible and, to the extent practicable, before October 1, 2001. No refund or credit shall be made or allowed under this subsection after December 31, 2001.

''(4) NO INTEREST.—No interest shall be allowed on any overpayment attributable to this subsection.''.

(2) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 65 is amended by adding at the end the following new item:

''Sec. 6428. Acceleration of 10 percent income tax rate bracket benefit for 2001.''.

(c) 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 15 is amended by adding at the end the following new subsection:

''(f) RATE REDUCTIONS ENACTED BY ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.—This section shall not apply to any change in rates under subsection (i) of section 1 (relating to rate reductions after 2000).''.

(4) 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.''.

(5) 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.''.

(6) 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),''.

(7) Section 3402(p)(2) is amended by striking ''15 percent'' and inserting ''10 percent''.

(8) 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 applicable under section 1(c) and such payment''.

(9) Section 3402(r)(3) is amended by striking ''31 percent'' and inserting ''the fourth lowest rate of tax applicable under section 1(c)''.

(10) 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 applicable under section 1(c) and such payment''.

(11) Section 13273 of the Revenue Reconciliation Act of 1993 is amended by striking ''28 percent'' and inserting ''the third lowest rate of tax applicable under section 1(c) of the Internal Revenue Code of 1986''.

(d) 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 (c) shall apply to amounts paid after the 60th day after the date of the enactment of this Act. References to income brackets and rates of tax in such paragraphs shall be applied without regard to section 1(i)(1)(D) of the Internal Revenue Code of 1986.

SEC. 102. REPEAL OF PHASEOUT OF PERSONAL EXEMPTIONS.

(a) IN GENERAL.—Paragraph (3) of section 151(d) (relating to exemption amount) is amended by adding at the end the following new subparagraphs:

''(E) REDUCTION OF PHASEOUT.—

''(i) IN GENERAL.—In the case of taxable years beginning after December 31, 2005, and before January 1, 2010, the reduction under subparagraph (A) shall be equal to the applicable fraction of the amount which would (but for this subparagraph) be the amount of such reduction.

''(ii) APPLICABLE FRACTION.—For purposes of clause (i), the applicable fraction shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	***The applicable fraction is—***
2006 and 2007	*⅔*
2008 and 2009	*⅓.*

''(F) TERMINATION.—This paragraph shall not apply to any taxable year beginning after December 31, 2009.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 103. PHASEOUT OF OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—Section 68 is amended by adding at the end the following new subsections:

''(f) PHASEOUT OF LIMITATION.—

''(1) IN GENERAL.—In the case of taxable years beginning after December 31, 2005, and before January 1, 2010, the reduction under subsection (a) shall be equal to the applicable fraction of the amount which would (but for this subsection) be the amount of such reduction.

''(2) APPLICABLE FRACTION.—For purposes of paragraph (1), the applicable fraction shall be determined in accordance with the following table:

''For taxable years beginning in calendar year—	***The applicable fraction is—***
2006 and 2007	*⅔*
2008 and 2009	*⅓.*

''(g) TERMINATION.—This section shall not apply to any taxable year beginning after December 31, 2009.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

TITLE II—TAX BENEFITS RELATING TO CHILDREN

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, 2003, or 2004	*$ 600*
2005, 2006, 2007, or 2008	*700*
2009	*800*
2010 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), as amended by subsection (c), 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 section 26(a), 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 section 26(a) were increased by the greater of—

''(i) 15 percent (10 percent in the case of taxable years beginning before January 1, 2005) of so much of the taxpayer's earned income (within the meaning of section 32) which is taken into account in computing taxable income 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 section 26(a).''.

(2) INFLATION ADJUSTMENT.—Subsection (d) of section 24 is amended by adding at the end the following new paragraph:

''(4) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2001, the $10,000 amount contained in paragraph (1)(B) 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, determined by substituting 'calendar year 2000' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.''

(3) 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 paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(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.

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 TERMINATIONS.—

(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) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subsection (b) of section 23 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) Section 23(c), as amended by section 201(b), 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 sections 24 and 1400C)''.

(B) Section 24(b)(3)(B), as added by section 201(b), is amended by striking ''this section'' and inserting ''this section and section 23''.

(C) Sections 26(a)(1), 904(h), and 1400C(d), as amended by section 201(b), are each amended by striking ''section 24'' and inserting ''sections 23 and 24''.

(g) 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) SUBSECTION (a).—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2002.

SEC. 203. REFUNDS DISREGARDED IN THE ADMINISTRATION OF FEDERAL PROGRAMS AND FEDERALLY ASSISTED PROGRAMS.

Any payment considered to have been made to any individual by reason of section 24 of the Internal Revenue Code of 1986, as amended by section 201, shall not be taken into account as income and shall not be taken into account as resources for the month of receipt and the following month, for purposes of determining the eligibility of such individual or any other individual for benefits or assistance, or the amount or extent of benefits or assistance, under any Federal program or under any State or local program financed in whole or in part with Federal funds.

SEC. 204. DEPENDENT CARE CREDIT.

(a) INCREASE IN DOLLAR LIMIT.—Subsection (c) of section 21 (relating to expenses for household and dependent care services necessary for gainful employment) is amended—

(1) by striking ''$2,400'' in paragraph (1) and inserting ''$3,000'', and

(2) by striking ''$4,800'' in paragraph (2) and inserting ''$6,000''.

(b) INCREASE IN APPLICABLE PERCENTAGE.—Section 21(a)(2) (defining applicable percentage) is amended—

(1) by striking ''30 percent'' and inserting ''35 percent'', and

(2) by striking ''$10,000'' and inserting ''$15,000''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 205. ALLOWANCE OF CREDIT FOR EMPLOYER EXPENSES FOR CHILD CARE ASSISTANCE.

(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 further amended by adding at the end the following:

''SEC. 45F. EMPLOYER-PROVIDED CHILD CARE CREDIT.

''(a) IN GENERAL.—For purposes of section 38, the employer-provided child care credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) 25 percent of the qualified child care expenditures, and

''(2) 10 percent of the qualified child care resource and referral expenditures,

of the taxpayer for such taxable year.

''(b) DOLLAR LIMITATION.—The credit allowable under subsection (a) for any taxable year shall not exceed $150,000.

''(c) DEFINITIONS.—For purposes of this section—

''(1) QUALIFIED CHILD CARE EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care expenditure' means any amount paid or incurred—

''(i) to acquire, construct, rehabilitate, or expand property—

''(I) which is to be used as part of a qualified child care facility of the taxpayer,

''(II) with respect to which a deduction for depreciation (or amortization in lieu of depreciation) is allowable, and

''(III) which does not constitute part of the principal residence (within the meaning of section 121) of the taxpayer or any employee of the taxpayer,

''(ii) for the operating costs of a qualified child care facility of the taxpayer, including costs related to the training of employees, to scholarship programs, and to the providing of increased compensation to employees with higher levels of child care training, or

''(iii) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer.

''(B) FAIR MARKET VALUE.—The term 'qualified child care expenditures' shall not include expenses in excess of the fair market value of such care.

''(2) QUALIFIED CHILD CARE FACILITY.—

''(A) IN GENERAL.—The term 'qualified child care facility' means a facility—

''(i) the principal use of which is to provide child care assistance, and

''(ii) which meets the requirements of all applicable laws and regulations of the State or local government in which it is located, including the licensing of the facility as a child care facility.

Clause (i) shall not apply to a facility which is the principal residence (within the meaning of section 121) of the operator of the facility.

''(B) SPECIAL RULES WITH RESPECT TO A TAXPAYER.—A facility shall not be treated as a qualified child care facility with respect to a taxpayer unless—

''(i) enrollment in the facility is open to employees of the taxpayer during the taxable year,

''(ii) if the facility is the principal trade or business of the taxpayer, at least 30 percent of the enrollees of such facility are dependents of employees of the taxpayer, and

''(iii) the use of such facility (or the eligibility to use such facility) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(3) QUALIFIED CHILD CARE RESOURCE AND REFERRAL EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified child care resource and referral expenditure' means any amount paid or incurred under a contract to provide child care resource and referral services to an employee of the taxpayer.

''(B) NONDISCRIMINATION.—The services shall not be treated as qualified unless the provision of such services (or the eligibility to use such services) does not discriminate in favor of employees of the taxpayer who are highly compensated employees (within the meaning of section 414(q)).

''(d) RECAPTURE OF ACQUISITION AND CONSTRUCTION CREDIT.—

''(1) IN GENERAL.—If, as of the close of any taxable year, there is a recapture event with respect to any qualified child care facility of the taxpayer, then the tax of the taxpayer under this chapter for such taxable year shall be increased by an amount equal to the product of—

''(A) the applicable recapture percentage, and

''(B) the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted if the qualified child care expenditures of the taxpayer described in subsection (c)(1)(A) with respect to such facility had been zero.

''(2) APPLICABLE RECAPTURE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable recapture percentage shall be determined from the following table:

The applicable recapture percentage is:	"If the recapture event occurs in:
Years 1–3	100
Year 4	85
Year 5	70
Year 6	55
Year 7	40
Year 8	25
Years 9 and 10	10
Years 11 and thereafter	0.

''(B) YEARS.—For purposes of subparagraph (A), year 1 shall begin on the first day of the taxable year in which the qualified child care facility is placed in service by the taxpayer.

''(3) RECAPTURE EVENT DEFINED.—For purposes of this subsection, the term 'recapture event' means—

''(A) CESSATION OF OPERATION.—The cessation of the operation of the facility as a qualified child care facility.

''(B) CHANGE IN OWNERSHIP.—

''(i) IN GENERAL.—Except as provided in clause (ii), the disposition of a taxpayer's interest in a qualified child care facility with respect to which the credit described in subsection (a) was allowable.

''(ii) AGREEMENT TO ASSUME RECAPTURE LIABILITY.—Clause (i) shall not apply if the person acquiring such interest in the facility agrees in writing to assume the recapture liability of the person disposing of such interest in effect immediately before such disposition. In the event of such an assumption, the person acquiring the interest in the facility shall be treated as the taxpayer for purposes of assessing any recapture liability (computed as if there had been no change in ownership).

''(4) SPECIAL RULES.—

''(A) TAX BENEFIT RULE.—The tax for the taxable year shall be increased under paragraph (1) 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 this subsection shall not be treated as a tax imposed by this chapter for purposes of determining the amount of any credit under subpart A, B, or D of this part.

''(C) NO RECAPTURE BY REASON OF CASUALTY LOSS.—The increase in tax under this subsection shall not apply to a cessation of operation of the facility as a qualified child care facility by reason of a casualty loss to the extent such loss is restored by reconstruction or replacement within a reasonable period established by the Secretary.

''(e) SPECIAL RULES.—For purposes of this section—

''(1) AGGREGATION RULES.—All persons which are treated as a single employer under subsections (a) and (b) of section 52 shall be treated as a single taxpayer.

''(2) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(3) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary.

''(f) NO DOUBLE BENEFIT.—

''(1) REDUCTION IN BASIS.—For purposes of this subtitle—

''(A) IN GENERAL.—If a credit is determined under this section with respect to any property by reason of expenditures described in subsection (c)(1)(A), the basis of such property shall be reduced by the amount of the credit so determined.

''(B) CERTAIN DISPOSITIONS.—If, during any taxable year, there is a recapture amount determined with respect to any property the basis of which was reduced under subparagraph (A), the basis of such property (immediately before the event resulting in such recapture) shall be increased by an amount equal to such recapture amount. For purposes of the preceding sentence, the term 'recapture amount' means any increase in tax (or adjustment in carrybacks or carryovers) determined under subsection (d).

''(2) OTHER DEDUCTIONS AND CREDITS.—No deduction or credit shall be allowed under any other provision of this chapter with respect to the amount of the credit determined under this section.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 38(b), 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:

''(15) the employer-provided child care credit determined under section 45F.''.

(2) 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:

''Sec. 45F. Employer-provided child care credit.''

(3) Section 1016(a) is amended by striking ''and'' at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting '', and'', and by adding at the end the following:

''(28) in the case of a facility with respect to which a credit was allowed under section 45F, to the extent provided in section 45F(f)(1).''.

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

TITLE III—MARRIAGE PENALTY RELIEF

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	184
2007	187
2008	190
2009 and thereafter	200.''.

(c) TECHNICAL AMENDMENTS.—

(1) Subparagraph (B) of section 1(f)(6) 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)(4)(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, 2004, 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—

''(i) $1,000 in the case of taxable years beginning in 2002, 2003, and 2004,

''(ii) $2,000 in the case of taxable years beginning in 2005, 2006, and 2007, and

''(iii) $3,000 in the case of taxable years beginning after 2007.''.

(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)(iii), by substituting 'calendar year 2007' 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) CLERICAL AMENDMENT.—Subparagraph (E) of section 32(c)(3) is amended by striking ''subparagraphs (A)(ii) and (B)(iii)(II)'' and inserting ''subparagraph (A)(ii)''.

(i) 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, 2001.

(2) SUBSECTION (g).—The amendment made by subsection (g) shall take effect on January 1, 2004.

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 in the case of a special needs beneficiary, books, supplies, 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,

''(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, and

''(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.

Clause (iii) shall not include expenses for computer software designed for sports, games, or hobbies unless the software is predominantly educational in nature.

''(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 inserting '', credit, or exclusion'', and

(ii) by striking ''CREDIT OR DEDUCTION'' in the heading and inserting ''DEDUCTION, CREDIT, OR EXCLUSION''.

(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 provides that amounts are held in a qualified trust and such program has received a ruling or determination that such program meets the applicable requirements for a qualified tuition program. For purposes of the preceding sentence, the term 'qualified trust' means a trust which is created or organized in the United States for the exclusive benefit of designated beneficiaries and with respect to which the requirements of paragraphs (2) and (5) of section 408(a) are met.''.

(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) ADDITIONAL TAX ON NONQUALIFIED WITHDRAWALS.—Section 529 is amended—

(A) by striking paragraph (3) of subsection (b) and by redesignating paragraphs (4), (5), (6), and (7) of such subsection as paragraphs (3), (4), (5), and (6), respectively, and

(B) by adding at the end of subsection (c) the following new paragraph:

''(6) ADDITIONAL TAX.—The tax imposed by section 530(d)(4) shall apply to any payment or distribution from a qualified tuition program in the same manner as such tax applies to a payment or distribution from an education individual retirement account. This paragraph shall not apply to any payment or distribution in any taxable year beginning before January 1, 2004, which is includible in gross income but used for qualified higher education expenses of the designated beneficiary.''.

(4) 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 not apply to any transfer if such transfer occurs within 12 months from the date of a previous transfer to any qualified tuition program for the benefit of the 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 Economic Growth and Tax Relief Reconciliation 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) SPECIAL NEEDS SERVICES.—Subparagraph (A) of section 529(e)(3) (defining qualified higher education expenses) is amended to read as follows:

''(A) IN GENERAL.—The term 'qualified higher education expenses' means—

''(i) tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution; and

''(ii) expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance.''.

(g) 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).

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

Subtitle B—Educational Assistance

SEC. 411. 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), $4,000,

''(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). For purposes of the preceding sentence, the amount taken into account in determining the amount excluded under section 529(c)(1) shall not include that portion of the distribution which represents a return of any contributions to the plan.

''(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)(F) 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.

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, 2009.

''(b) CERTAIN DISTRIBUTIONS FROM QUALIFIED DOMESTIC TRUSTS.—In applying section 2056A with respect to the surviving spouse of a decedent dying before January 1, 2010—

''(1) section 2056A(b)(1)(A) shall not apply to distributions made after December 31, 2020, and

''(2) section 2056A(b)(1)(B) shall not apply after December 31, 2009.''.

(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 after December 31, 2009.''.

(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, after December 31, 2009.

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 2010, 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.—

"In calendar year:	**The maximum rate is:**
2003	49 percent
2004	48 percent
2005	47 percent
2006	46 percent
2007, 2008, and 2009	45 percent.''.

(d) MAXIMUM GIFT TAX RATE REDUCED TO MAXIMUM INDIVIDUAL RATE AFTER 2009.—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.

"If the amount with respect to which the tentative tax to be computed is:	**The tentative tax is:**
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	$155,800, plus 35% of the excess over $500,000.''.

(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, 2009.

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 and 2005	$1,500,000
2006, 2007, and 2008	$2,000,000
2009	$3,500,000.''.

(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.—Section 2057 (relating to family-owned business interests) is amended by adding at the end the following new subsection:

''(j) TERMINATION.—This section shall not apply to the estates of decedents dying after December 31, 2003.''.

(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, 2009.

(3) SUBSECTIONS (c) AND (d).—The amendments made by subsections (c) and (d) shall apply to estates of decedents dying, and generation-skipping transfers, after December 31, 2003.

Subtitle D—Credit for State Death Taxes

SEC. 531. REDUCTION OF CREDIT FOR STATE DEATH TAXES.

(a) IN GENERAL.—Section 2011(b) (relating to amount of credit) is amended—

(1) by striking ''CREDIT.—The credit allowed'' and inserting ''CREDIT.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the credit allowed'',

(2) by striking ''For purposes'' and inserting the following:

''(3) ADJUSTED TAXABLE ESTATE.—For purposes'', and

(3) by inserting after paragraph (1) the following new paragraph:

''(2) REDUCTION OF MAXIMUM CREDIT.—

''(A) IN GENERAL.—In the case of estates of decedents dying after December 31, 2001, the credit allowed by this section shall not exceed the applicable percentage of the credit otherwise determined under paragraph (1).

''(B) APPLICABLE PERCENTAGE.—

"In the case of estates of decedents dying during:	**The applicable percentage is:**
2002	75 percent
2003	50 percent
2004	25 percent.''.

(b) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 2001.

SEC. 532. 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 amended by adding at the end the following new subsection:

''(g) TERMINATION.—This section shall not apply to the estates of decedents dying after December 31, 2004.''.

(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 Economic Growth and Tax Relief Reconciliation Act of 2001.''.

(10) Section 2604 (relating to credit for certain State taxes) is amended by adding at the end the following new subsection:

''(c) TERMINATION.—This section shall not apply to the generation-skipping transfers after December 31, 2004.''.

(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, and generation-skipping transfers, 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, 2009.''.

SEC. 542. TREATMENT OF PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2009.

(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, 2009.

''(a) IN GENERAL.—Except as otherwise provided in this section—

''(1) property acquired from a decedent dying after December 31, 2009, 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 2010, 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 '2009' 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), the term 'tax-exempt beneficiary' means—

''(A) 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,

''(B) an organization (other than a cooperative described in section 521) which is exempt from tax imposed by chapter 1,

''(C) any foreign person or entity (within the meaning of section 168(h)(2)), and

''(D) to the extent provided in regulations, any person to whom property is transferred for the principal purpose of tax avoidance.

''(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,

''(B) any individual who acquired such property from the decedent (within the meaning of section 1022), and

''(C) a trust which, immediately before the death of the decedent, was a qualified revocable trust (as defined in section 645(b)(1)) established by the decedent,

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) 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 to read as follows:

''(b) EXCEPTIONS.—

''(1) TRANSFERS TO CERTAIN TRUSTS.—Subsection (a) shall not apply to a transfer to a trust by a United States person to the extent that any United States person is treated as the owner of such trust under section 671.

''(2) LIFETIME TRANSFERS TO NONRESIDENT ALIENS.—Subsection (a) shall not apply to a lifetime transfer to a nonresident alien.''.

*(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, 2009.''.

(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, 2009.

(2) TRANSFERS TO NONRESIDENTS.—The amendments made by subsection (e)(1) shall apply to transfers after December 31, 2009.

(3) SECTION 4947.—The amendment made by subsection (e)(4) shall apply to deductions for taxable years beginning after December 31, 2009.

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. INCREASE IN NUMBER OF ALLOWABLE PARTNERS AND SHAREHOLDERS IN CLOSELY HELD BUSINESSES.

(a) IN GENERAL.—Paragraphs (1)(B)(ii), (1)(C)(ii), and (9)(B)(iii)(I) of section 6166(b) (relating to definitions and special rules) are each amended by striking ''15'' and inserting ''45''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2001.

SEC. 572. 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 whose services were the active management of such business, 10 full-time, nonowner employees substantially all of whose services 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 each 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—Other Provisions

SEC. 581. WAIVER OF STATUTE OF LIMITATION FOR TAXES ON CERTAIN FARM VALUATIONS.

If on the date of the enactment of this Act (or at any time within 1 year after the date of the enactment) a refund or credit of any overpayment of tax resulting from the application of section 2032A(c)(7)(E) of the Internal Revenue Code of 1986 is barred by any law or rule of law, the refund or credit of such overpayment shall, nevertheless, be made or allowed if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

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 2004	*$3,000*

"For taxable years beginning in:	*The deductible amount is:*
2005 through 2007	*$4,000*
2008 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 and thereafter	*$1,000.*

''(C) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2008, 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 2007' 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 not include a government plan which is not a qualified plan unless the plan is an eligible deferred compensation plan (as defined in section 457(b)).

''(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.

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 ''$160,000''.

(B) Subparagraphs (C) and (D) of section 415(b)(2) are each amended in the headings and the text, by striking ''$90,000'' and inserting ''$160,000'',

(C) Paragraph (7) of section 415(b) (relating to benefits under certain collectively bargained plans) is amended by striking ''the greater of $68,212 or one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$90,000' '' and inserting ''one-half the amount otherwise applicable for such year under paragraph (1)(A) for '$160,000' ''.

(2) LIMIT REDUCED WHEN BENEFIT BEGINS BEFORE AGE 62.—Subparagraph (C) of section 415(b)(2) is amended by striking ''the social security retirement age'' each place it appears in the heading and text and inserting ''age 62'' 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 ''$160,000''; and

(B) in paragraph (3)(A)—

(i) by striking ''$90,000'' in the heading and inserting ''$160,000''; and

(ii) by striking ''October 1, 1986'' and inserting ''July 1, 2001''.

(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.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), 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.

''(B) INDIVIDUALS WHO SEPARATE FROM SERVICE BEFORE AGE 60.—If a participant described in subparagraph (A) separates from service before age 60, the rules of paragraph (2)(C) shall apply.''.

(C) Section 415(b)(10)(C)(i) is amended by striking ''applied without regard to paragraph (2)(F)''.

(b) DEFINED CONTRIBUTION PLANS.—

(1) DOLLAR LIMIT.—Subparagraph (A) of section 415(c)(1) (relating to limitation for defined contribution plans) is amended by striking ''$30,000'' and inserting ''$40,000''.

(2) COST-OF-LIVING ADJUSTMENTS.—Subsection (d) of section 415 (related to cost-of-living adjustments) is amended—

(A) by striking ''$30,000'' in paragraph (1)(C) and inserting ''$40,000''; and

(B) in paragraph (3)(D)—

(i) by striking ''$30,000'' in the heading and inserting ''$40,000''; and

(ii) by striking ''October 1, 1993'' and inserting ''July 1, 2001''.

(c) QUALIFIED TRUSTS.—

(1) COMPENSATION LIMIT.—Sections 401(a)(17), 404(l), 408(k), and 505(b)(7) are each amended by striking ''$150,000'' each place it appears and inserting ''$200,000''.

(2) BASE PERIOD AND ROUNDING OF COST-OF-LIVING ADJUSTMENT.—Subparagraph (B) of section 401(a)(17) is amended—

(A) by striking ''October 1, 1993'' and inserting ''July 1, 2001''; and

(B) by striking ''$10,000'' both places it appears and inserting ''$5,000''.

(d) ELECTIVE DEFERRALS.—

(1) IN GENERAL.—Paragraph (1) of section 402(g) (relating to limitation on exclusion for elective deferrals) is amended to read as follows:

''(1) IN GENERAL.—

''(A) LIMITATION.—Notwithstanding subsections (e)(3) and (h)(1)(B), the elective deferrals of any individual for any taxable year shall be included in such individual's gross income to the extent the amount of such deferrals for the taxable year exceeds the applicable dollar amount.

''(B) APPLICABLE DOLLAR AMOUNT.—For purposes of subparagraph (A), the applicable dollar amount shall be the amount determined in accordance with the following table:

"For taxable years beginning in calendar year:	*The applicable dollar amount:*
2002	*$11,000*
2003	*$12,000*
2004	*$13,000*
2005	*$14,000*
2006 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, 2006, 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, 2005, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(3) CONFORMING AMENDMENTS.—

(A) Section 402(g) (relating to limitation on exclusion for elective deferrals), as amended by paragraphs (1) and (2), is further amended by striking paragraph (4) and redesignating paragraphs (5), (6), (7), (8), and (9) as paragraphs (4), (5), (6), (7), and (8), respectively.

(B) Paragraph (2) of section 457(c) is amended by striking ''402(g)(8)(A)(iii)'' and inserting ''402(g)(7)(A)(iii)''.

(C) Clause (iii) of section 501(c)(18)(D) is amended by striking ''(other than paragraph (4) thereof)''.

(e) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Section 457 (relating to deferred compensation plans of State and local governments and tax-exempt organizations) is amended—

(A) in subsections (b)(2)(A) and (c)(1) by striking ''$7,500'' each place it appears and inserting ''the applicable dollar amount''; and

(B) in subsection (b)(3)(A) by striking ''$15,000'' and inserting ''twice the dollar amount in effect under subsection (b)(2)(A)''.

(2) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—Paragraph (15) of section 457(e) is amended to read as follows:

''(15) APPLICABLE DOLLAR AMOUNT.—

''(A) IN GENERAL.—The applicable dollar amount shall be the amount determined in accordance with the following table:

''For taxable years beginning in calendar year:	The applicable dollar amount:
2002	$11,000
2003	$12,000
2004	$13,000
2005	$14,000
2006 or thereafter	$15,000.

''(B) COST-OF-LIVING ADJUSTMENTS.—In the case of taxable years beginning after December 31, 2006, 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, 2005, and any increase under this paragraph which is not a multiple of $500 shall be rounded to the next lowest multiple of $500.''.

(f) SIMPLE RETIREMENT ACCOUNTS.—

(1) LIMITATION.—Clause (ii) of section 408(p)(2)(A) (relating to general rule for qualified salary reduction arrangement) is amended by striking ''$6,000'' and inserting ''the applicable dollar amount''.

(2) APPLICABLE DOLLAR AMOUNT.—Subparagraph (E) of 408(p)(2) is amended to read as follows:

''(E) APPLICABLE DOLLAR AMOUNT; COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable dollar amount shall be the amount determined in accordance with the following table:

''For years beginning in calendar year:	The applicable dollar amount:
2002	$7,000
2003	$8,000
2004	$9,000
2005 or thereafter	$10,000.

''(ii) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2005, 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, 2004, 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).

(g) CERTAIN COMPENSATION LIMITS.—

(1) IN GENERAL.—Subparagraph (A) of section 401(c)(2) (defining earned income) is amended by adding at the end thereof the following new sentence: ''For purposes of this part only (other than sections 419 and 419A), this subparagraph shall be applied as if the term 'trade or business' for purposes of section 1402 included service described in section 1402(c)(6).''.

(2) SIMPLE RETIREMENT ACCOUNTS.—Clause (ii) of section 408(p)(6)(A) (defining self-employed) is amended by adding at the end the following new sentence: ''The preceding sentence shall be applied as if the term 'trade or business' for purposes of section 1402 included service described in section 1402(c)(6).''.

(h) ROUNDING RULE RELATING TO DEFINED BENEFIT PLANS AND DEFINED CONTRIBUTION PLANS.—Paragraph (4) of section 415(d) is amended to read as follows:

''(4) ROUNDING.—

''(A) $160,000 AMOUNT.—Any increase under subparagraph (A) of paragraph (1) which is not a multiple of $5,000 shall be rounded to the next lowest multiple of $5,000.

''(B) $40,000 AMOUNT.—Any increase under subparagraph (C) of paragraph (1) which is not a multiple of $1,000 shall be rounded to the next lowest multiple of $1,000.''.

(i) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 2001.

(2) DEFINED BENEFIT PLANS.—The amendments made by subsection (a) shall apply to years ending 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 $130,000,'';

(C) by striking clause (ii) and redesignating clauses (iii) and (iv) as clauses (ii) and (iii), respectively; and

(D) by striking the second sentence in the matter following clause (iii), as redesignated by subparagraph (C), and by inserting the following: ''in the case of plan years beginning after December 31, 2002, the $130,000 amount in clause (i) shall be adjusted 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, 2001, and any increase under this sentence which is not a multiple of $5,000 shall be rounded to the next lower multiple of $5,000.''.

(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 (and any reduction under this sentence shall not be taken into account in determining whether section 401(k)(4)(A) applies).''.

(c) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 416(g) is amended to read as follows:

''(3) DISTRIBUTIONS DURING LAST YEAR BEFORE DETERMINATION DATE TAKEN INTO ACCOUNT.—

''(A) IN GENERAL.—For purposes of determining—

''(i) the present value of the cumulative accrued benefit for any employee, or

''(ii) the amount of the account of any employee,

such present value or amount shall be increased by the aggregate distributions made with respect to such employee under the plan during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which if it had not been terminated would have been required to be included in an aggregation group.

''(B) 5-YEAR PERIOD IN CASE OF IN-SERVICE DISTRIBUTION.—In the case of any distribution made for a reason other than separation from service, death, or disability, subparagraph (A) shall be applied by substituting '5-year period' for '1-year period'.''.

(2) BENEFITS NOT TAKEN INTO ACCOUNT.—Subparagraph (E) of section 416(g)(4) is amended—

(A) by striking ''LAST 5 YEARS'' in the heading and inserting ''LAST YEAR BEFORE DETERMINATION DATE''; and

(B) by striking ''5-year period'' and inserting ''1-year period''.

(d) DEFINITION OF TOP-HEAVY PLANS.—Paragraph (4) of section 416(g) (relating to other special rules for top-heavy plans) is amended by adding at the end the following new subparagraph:

''(H) CASH OR DEFERRED ARRANGEMENTS USING ALTERNATIVE METHODS OF MEETING NONDISCRIMINATION REQUIREMENTS.—The term 'top-heavy plan' shall not include a plan which consists solely of—

''(i) a cash or deferred arrangement which meets the requirements of section 401(k)(12), and

''(ii) matching contributions with respect to which the requirements of section 401(m)(11) are met.

If, but for this subparagraph, a plan would be treated as a top-heavy plan because it is a member of an aggregation group which is a top-heavy group, contributions under the plan may be taken into account in determining whether any other plan in the group meets the requirements of subsection (c)(2).''.

(e) FROZEN PLAN EXEMPT FROM MINIMUM BENEFIT REQUIREMENT.—Subparagraph (C) of section 416(c)(1) (relating to defined benefit plans) is amended—

(A) by striking ''clause (ii)'' in clause (i) and inserting ''clause (ii) or (iii)''; and

(B) by adding at the end the following:

''(iii) EXCEPTION FOR FROZEN PLAN.—For purposes of determining an employee's years of service with the employer, any service with the employer shall be disregarded to the extent that such service occurs during a plan year when the plan benefits (within the meaning of section 410(b)) no key employee or former key employee.''.

(f) 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.—Elective deferrals (as defined in section 402(g)(3)) shall not be subject to any limitation contained in paragraph (3), (7), or (9) of subsection (a), and such elective deferrals shall not be taken into account in applying any such limitation to any other contributions.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 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, 2005.

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) is amended by inserting after section 25A the following new section:

''SEC. 25B. 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	
	$30,000		$22,500		$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 or a Roth account 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 or a rollover under section 402(c)(8)(B) to a Roth account.

''(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 25B, as added by subsection (a), is amended by inserting after subsection (f) the following new subsection:

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

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

''(2) the sum of the credits allowable under this subpart (other than this section and section 23) and section 27 for the taxable year.''

(2) CONFORMING AMENDMENTS.—

(A) Section 24(b)(3)(B), as amended by sections 201(b) and 203(d), is amended by striking ''section 23'' and inserting ''sections 23 and 25B''.

(B) Section 25(e)(1)(C), as amended by section 201(b), is amended by inserting ''25B,'' after ''24,''.

(C) Section 26(a)(1), as amended by sections 201(b) and 203, is amended by striking ''and 24'' and inserting '', 24, and 25B''.

(D) Section 904(h), as amended by sections 201(b) and 203, is amended by striking ''and 24'' and inserting '', 24, and 25B''.

(E) Section 1400C(d), as amended by sections 201(b) and 203, is amended by striking ''and 24'' and inserting '', 24, and 25B''.

(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 25A the following new item:

''Sec. 25B. 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 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) is amended by adding at the end the following new section:

''SEC. 45E. 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) 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(c)), the small employer pension plan startup cost 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 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 45E may be carried back to a taxable year beginning before January 1, 2002.''

(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 startup cost 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 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. 620. ELIMINATION OF USER FEE FOR REQUESTS TO IRS REGARDING PENSION PLANS.

(a) ELIMINATION OF CERTAIN USER FEES.—The Secretary of the Treasury or the Secretary's delegate shall not require payment of user fees under the program established under section 10511 of the Revenue Act of 1987 for requests to the Internal Revenue Service for determination letters with respect to the qualified status of a pension benefit plan maintained solely by one or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

(1) made after the later of—

(A) the fifth plan year the pension benefit plan is in existence; or

(B) the end of any remedial amendment period with respect to the plan beginning within the first 5 plan years; or

(2) made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.

(b) PENSION BENEFIT PLAN.—For purposes of this section, the term ''pension benefit plan'' means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term ''eligible employer'' means an eligible employer (as defined in section 408(p)(2)(C)(i)(I) of the Internal Revenue Code of 1986) which has at least one employee who is not a highly compensated employee (as defined in section 414(q)) and is participating in the plan. The determination of whether an employer is an eligible employer under this section shall be made as of the date of the request described in subsection (a).

(d) 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.

(e) EFFECTIVE DATE.—The provisions of this section shall apply with respect to requests made after December 31, 2001.

SEC. 621. 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—

''(i) In the case of an applicable employer plan other than a plan described in section 401(k)(11) or 408(p), the applicable dollar amount shall be determined in accordance with the following table:

''For taxable years beginning in:	***The applicable dollar amount is:***
2002	*$1,000*
2003	*$2,000*
2004	*$3,000*
2005	*$4,000*
2006 and thereafter	*$5,000.*

''(ii) In the case of an applicable employer plan described in section 401(k)(11) or 408(p), the applicable dollar amount shall be determined in accordance with the following table:

''For taxable years beginning in:	***The applicable dollar amount is:***
2002	*$500*
2003	*$1,000*
2004	*$1,500*
2005	*$2,000*
2006 and thereafter	*$2,500.*

''(C) COST-OF-LIVING ADJUSTMENT.—In the case of a year beginning after December 31, 2006, the Secretary shall adjust annually the $5,000 amount in subparagraph (B)(i) and the $2,500 amount in subparagraph (B)(ii) for increases in the cost-of-living at the same time and in the same manner as adjustments under section 415(d); except that the base period taken into account shall be the calendar quarter beginning July 1, 2005, and any increase under this subparagraph which is not a multiple of $500 shall be rounded to the next lower multiple of $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) except as provided in paragraph (4), 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), 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) APPLICATION OF NONDISCRIMINATION RULES.—

''(A) IN GENERAL.—An applicable employer plan shall be treated as failing to meet the nondiscrimination requirements under section 401(a)(4) with respect to benefits, rights, and features unless the plan allows all eligible participants to make the same election with respect to the additional elective deferrals under this subsection.

''(B) AGGREGATION.—For purposes of subparagraph (A), all plans maintained by employers who are treated as a single employer under subsection (b), (c), (m), or (o) of section 414 shall be treated as 1 plan.

''(5) 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.

''(6) 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 ''100 percent''.

(2) APPLICATION TO SECTION 403(b).—Section 403(b) is amended—

(A) by striking ''the exclusion allowance for such taxable year'' in paragraph (1) and inserting ''the applicable limit under section 415'',

(B) by striking paragraph (2), and

(C) by inserting ''or any amount received by a former employee after the 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).

(3) CONFORMING AMENDMENTS.—

(A) Subsection (f) of section 72 is amended by striking ''section 403(b)(2)(D)(iii))'' and inserting ''section 403(b)(2)(D)(iii), as in effect before the enactment of the Economic Growth and Tax Relief Reconciliation 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 Economic Growth and Tax Relief Reconciliation 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.''.

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

(b) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—

(1) IN GENERAL.—Subsection (k) of section 415 is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULES FOR SECTIONS 403(b) AND 408.—For purposes of this section, any annuity contract described in section 403(b) for the benefit of a participant shall be treated as a defined contribution plan maintained by each employer with respect to which the participant has the control required under subsection (b) or (c) of section 414 (as modified by subsection (h)). For purposes of this section, any contribution by an employer to a simplified employee pension plan for an individual for a taxable year shall be treated as an employer contribution to a defined contribution plan for such individual for such year.''.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The amendment made by paragraph (1) shall apply to limitation years beginning after December 31, 1999.

(B) EXCLUSION ALLOWANCE.—Effective for limitation years beginning in 2000, in the case of any annuity contract described in section 403(b) of the Internal Revenue Code of 1986, the amount of the contribution disqualified by reason of section 415(g) of such Code shall reduce the exclusion allowance as provided in section 403(b)(2) of such Code.

(3) ELECTION TO MODIFY SECTION 403(b) EXCLUSION ALLOWANCE TO CONFORM TO SECTION 415 MODIFICATION.—In the case of taxable years beginning after December 31, 1999, and before January 1, 2002, a plan may disregard the requirement in the regulations regarding the exclusion allowance under section 403(b)(2) of the Internal Revenue Code of 1986 that contributions to a defined benefit pension plan be treated as previously excluded amounts for purposes of the exclusion allowance.

(c) DEFERRED COMPENSATION PLANS OF STATE AND LOCAL GOVERNMENTS AND TAX-EXEMPT ORGANIZATIONS.—

(1) IN GENERAL.—Subparagraph (B) of section 457(b)(2) (relating to salary limitation on eligible deferred compensation plans) is amended by striking ''33⅓ percent'' and inserting ''100 percent''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning after December 31, 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. MODIFICATION TO MINIMUM DISTRIBUTION RULES.

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.

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.—The amendment made by this section shall apply to transfers, distributions, and payments made after December 31, 2001.

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 616, is amended by striking ''and'' 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)),

''(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:

''(10) 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) REASONABLE NOTICE.—No penalty shall be imposed on a plan for the failure to provide the information required by the amendment made by subsection (c) with respect to any distribution made before the date that is 90 days after the date on which the Secretary of the Treasury issues a safe harbor rollover notice after the date of the enactment of this Act, if the administrator of such plan makes a reasonable attempt to comply with such requirement.

(3) 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.

''(E) ELIMINATION OF FORM OF DISTRIBUTION.—Except to the extent provided in regulations, a defined contribution plan shall not be treated as failing to meet the requirements of this section merely because of the elimination of a form of distribution previously available thereunder. This subparagraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(i) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated, and

''(ii) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

(2) AMENDMENT 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.

''(5) Except to the extent provided in regulations promulgated by the Secretary of the Treasury, a defined contribution plan shall not be treated as failing to meet the requirements of this subsection merely because of the elimination of a form of distribution previously available thereunder. This paragraph shall not apply to the elimination of a form of distribution with respect to any participant unless—

''(A) a single sum payment is available to such participant at the same time or times as the form of distribution being eliminated; and

''(B) such single sum payment is based on the same or greater portion of the participant's account as the form of distribution being eliminated.''.

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

(b) REGULATIONS.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—Paragraph (6)(B) of section 411(d) (relating to accrued benefit not to be decreased by amendment) is amended by inserting after the second sentence the following: ''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.—Section 204(g)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)(2)) is amended by inserting after the second sentence the following: ''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, 2003, 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, 2003, 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) SECTION 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) SECTION 457 PLANS.—Subsection (e) of section 457, as amended by section 641, 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) 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, 2004, the applicable percentage''; and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan year beginning in—	**The applicable percentage is—**
2002	165
2003	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, 2004, the applicable percentage'', and

(2) by amending subparagraph (F) to read as follows:

''(F) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A)(i)(I), the applicable percentage shall be determined in accordance with the following table:

''In the case of any plan year beginning in calendar year—	**The applicable percentage is—**
2002	165
2003	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 current liability determined under section 412(l).

''(ii) PLANS WITH 100 OR LESS PARTICIPANTS.—For purposes of this subparagraph, in the case of a plan which has 100 or less participants for the plan year, unfunded current 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.

''(iii) RULE FOR DETERMINING NUMBER OF PARTICIPANTS.—For purposes of determining the number of plan 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.—In the case of a plan which, subject to section 4041 of the Employee Retirement Income Security Act of 1974, terminates during the plan year, clause (i) shall be applied by substituting for unfunded current liability the amount required to make the plan sufficient for benefit liabilities (within the meaning of section 4041(d) of such Act).''.

(b) CONFORMING AMENDMENT.—Paragraph (6) of section 4972(c), as amended by sections 616 and 637, is amended—

(1) by striking subparagraph (A) and redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively,

(2) by striking the first sentence following subparagraph (B) (as so redesignated),

(3) by striking ''subparagraph (B)'' in the next to last sentence and inserting ''subparagraph (A)'', and

(4) by striking ''Subparagraph (C)'' in the last sentence and inserting ''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—

''(A) with any other plan which is not a multiemployer plan for purposes of applying subsection (b)(1)(B) to such other plan, or

''(B) with any other multiemployer plan for purposes of applying the limitations established in this section.''.

(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 AND GUIDANCE.—

''(A) IN GENERAL.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection.

''(B) AVOIDANCE OR EVASION.—The Secretary may, by regulation or other guidance of general applicability, provide that a nonallocation year occurs in any case in which the principal purpose of the ownership structure of an S corporation constitutes an avoidance or evasion 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, 2004.

(2) EXCEPTION FOR CERTAIN PLANS.—In the case of any—

(A) employee stock ownership plan established after March 14, 2001, 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 March 14, 2001.

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 plan 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 to another individual retirement plan.

''(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.—Subparagraph (A) of section 402(f)(1) is amended by inserting before the comma at the end the following: ''and that the automatic distribution by direct transfer applies to certain distributions in accordance with section 401(a)(31)(B)''.

(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—

''(A) the earlier of the earlier of—

''(i) a rollover of all or a portion of the amount to another individual retirement account or annuity; or

''(ii) one year after the transfer is made; or

''(B) if the transfer is made in a manner consistent with guidance provided by the Secretary.''.

(2) REGULATIONS.—

(A) AUTOMATIC ROLLOVER SAFE HARBOR.—Not later than 3 years after the date of enactment of this Act, the Secretary of Labor shall prescribe regulations providing for safe harbors under which the designation of an institution and investment of funds in accordance with section 401(a)(31)(B) of the Internal Revenue Code of 1986 is deemed to satisfy the fiduciary requirements of section 404(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(a)).

(B) USE OF LOW-COST INDIVIDUAL RETIREMENT PLANS.—The Secretary of the Treasury and the Secretary of Labor may provide, and shall give consideration to providing, special relief with respect to 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 that 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)(2)(A) 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 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. EXCISE TAX ON FAILURE TO PROVIDE NOTICE BY DEFINED BENEFIT PLANS SIGNIFICANTLY REDUCING FUTURE BENEFIT ACCRUALS.

(a) AMENDMENT OF INTERNAL REVENUE CODE.—

(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 OF APPLICABLE PLANS REDUCING BENEFIT ACCRUALS TO SATISFY NOTICE REQUIREMENTS.

''(a) IMPOSITION OF TAX.—There is hereby imposed a tax on the failure of any applicable pension plan to meet the requirements of subsection (e) with respect to any applicable individual.

''(b) AMOUNT OF TAX.—

''(1) IN GENERAL.—The amount of the tax imposed by subsection (a) on any failure with respect to any applicable individual shall be $100 for each day in the noncompliance period with respect to such failure.

''(2) NONCOMPLIANCE PERIOD.—For purposes of this section, the term 'noncompliance period' means, with respect to any failure, the period beginning on the date the failure first occurs and ending on the date the 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 PLANS SIGNIFICANTLY REDUCING BENEFIT ACCRUALS.—

''(1) IN GENERAL.—If an applicable pension plan is amended to provide for a significant reduction in the rate of future benefit accrual, the plan administrator shall provide written notice to each applicable individual (and to each employee organization representing applicable individuals).

''(2) NOTICE.—The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary) to allow applicable individuals to understand the effect of the plan amendment. The Secretary may provide a simplified form of notice for, or exempt from any notice requirement, a plan—

''(A) which has fewer than 100 participants who have accrued a benefit under the plan, or

''(B) which offers participants the option to choose between the new benefit formula and the old benefit formula.

''(3) TIMING OF NOTICE.—Except as provided in regulations, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) DESIGNEES.—Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) NOTICE BEFORE ADOPTION OF AMENDMENT.—A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(f) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means, with respect to any plan amendment—

''(A) each participant in the plan, and

''(B) any beneficiary who is an alternate payee (within the meaning of section 414(p)(8)) under an applicable qualified domestic relations order (within the meaning of section 414(p)(1)(A)),

whose rate of future benefit accrual under the plan may reasonably be expected to be significantly reduced by such plan amendment.

''(2) APPLICABLE PENSION PLAN.—The term 'applicable pension plan' means—

''(A) any defined benefit plan, or

''(B) an individual account plan which is subject to the funding standards of section 412.

Such term shall not include a governmental plan (within the meaning of section 414(d)) or a church plan (within the meaning of section 414(e)) with respect to which the election provided by section 410(d) has not been made.

''(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) NEW TECHNOLOGIES.—The Secretary may by regulations allow any notice under subsection (e) to be provided by using new technologies.''.

(2) CLERICAL AMENDMENT.—The table of sections for chapter 43 is amended by adding at the end the following new item:

''Sec. 4980F. Failure of applicable plans reducing benefit accruals to satisfy notice requirements.''.

(b) AMENDMENT OF ERISA.—Subsection (h) of section 204 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054) is amended to read as follows:

''(h)(1) An applicable pension plan may not be amended so as to provide for a significant reduction in the rate of future benefit accrual unless the plan administrator provides the notice described in paragraph (2) to each applicable individual (and to each employee organization representing applicable individuals).

''(2) The notice required by paragraph (1) shall be written in a manner calculated to be understood by the average plan participant and shall provide sufficient information (as determined in accordance with regulations prescribed by the Secretary of the Treasury) to allow applicable individuals to understand the effect of the plan amendment. The Secretary of the Treasury may provide a simplified form of notice for, or exempt from any notice requirement, a plan—

''(A) which has fewer than 100 participants who have accrued a benefit under the plan, or

''(B) which offers participants the option to choose between the new benefit formula and the old benefit formula.

''(3) Except as provided in regulations prescribed by the Secretary of the Treasury, the notice required by paragraph (1) shall be provided within a reasonable time before the effective date of the plan amendment.

''(4) Any notice under paragraph (1) may be provided to a person designated, in writing, by the person to which it would otherwise be provided.

''(5) A plan shall not be treated as failing to meet the requirements of paragraph (1) merely because notice is provided before the adoption of the plan amendment if no material modification of the amendment occurs before the amendment is adopted.

''(6)(A) In the case of any egregious failure to meet 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 an egregious failure to meet 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 which is determined to be egregious under regulations prescribed by the Secretary of the Treasury.

''(7) The Secretary of the Treasury may by regulations allow any notice under this subsection to be provided by using new technologies.

''(8) For purposes of this subsection—

''(A) 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)(i)),

whose rate of future benefit accrual under the plan may reasonably be expected to be significantly reduced by such plan amendment.

''(B) The term 'applicable pension plan' means—

''(i) any defined benefit plan; or

''(ii) an individual account plan which is subject to the funding standards of section 412 of the Internal Revenue Code of 1986.

''(9) 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 subsection (g)(2)(A)) shall be treated as having the effect of significantly reducing the rate of future benefit accrual.''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan amendments taking effect on or after the date of the enactment of this Act.

(2) TRANSITION.—Until such time as the Secretary of the Treasury issues regulations under sections 4980F(e)(2) and (3) of the Internal Revenue Code of 1986, and section 204(h) 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 RULE.—

(A) IN GENERAL.—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.

(B) REASONABLE NOTICE.—The amendments made by this section shall not apply to any plan amendment taking effect on or after the date of the enactment of this Act if, before April 25, 2001, notice was provided to participants and beneficiaries adversely affected by the plan amendment (or their representatives) which was reasonably expected to notify them of the nature and effective date of the plan amendment.

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) USE OF 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, 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.''.

(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, 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.''.

(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) STANDARDS FOR DISALLOWANCE.—Section 404(k)(5)(A) (relating to disallowance of deduction) is amended by inserting ''avoidance or'' before ''evasion''.

(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. 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.

Subtitle G—Miscellaneous Provisions

SEC. 671. 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.

TITLE VII—ALTERNATIVE MINIMUM TAX

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, and 2004)''.

(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, and 2004)''.

(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 shall apply to taxable years beginning after December 31, 2000.

TITLE VIII—OTHER PROVISIONS

SEC. 801. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

Notwithstanding section 6655 of the Internal Revenue Code of 1986—

(1) 100 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(a) (relating to authority to postpone certain tax-related deadlines by reason of presidentially declared disaster) is amended by striking ''90 days'' and inserting ''120 days''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

SEC. 803. 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) and any excludable interest—

(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) ELIGIBLE INDIVIDUAL.—For purposes of this section, the term ''eligible individual'' means a person who was persecuted on the basis of race, religion, physical or mental disability, or sexual orientation by Nazi Germany, any other Axis regime, or any other Nazi-controlled or Nazi-allied country.

(c) 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).

(d) EXCLUDABLE INTEREST.—For purposes of this section, the term ''excludable interest'' means any interest earned by—

(1) escrow accounts or settlement funds established pursuant to the settlement of the action entitled ''In re: Holocaust Victim Assets Litigation,'' (E.D.N.Y.) C.A. No. 96–4849,

(2) funds to benefit eligible individuals or their heirs created by the International Commission on Holocaust Insurance Claims as a result of the Agreement between the Government of the United States of America and the Government of the Federal Republic of Germany concerning the Foundation ''Remembrance, Responsibility, and Future,'' dated July 17, 2000, or

(3) similar funds subject to the administration of the United States courts created to provide excludable restitution payments to eligible individuals (or eligible individuals' heirs or estates).

(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.

TITLE IX—COMPLIANCE WITH CONGRESSIONAL BUDGET ACT

SEC. 901. SUNSET OF PROVISIONS OF ACT.

(a) IN GENERAL.—All provisions of, and amendments made by, this Act shall not apply—

(1) to taxable, plan, or limitation years beginning after December 31, 2010, or

(2) in the case of title V, to estates of decedents dying, gifts made, or generation skipping transfers, after December 31, 2010.

(b) APPLICATION OF CERTAIN LAWS.—The Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974 shall be applied and administered to years, estates, gifts, and transfers described in subsection (a) as if the provisions and amendments described in subsection (a) had never been enacted.

And the Senate agree to the same.

WILLIAM THOMAS,
DICK ARMEY,
Managers on the Part of the House.

CHUCK GRASSLEY,
ORRIN HATCH,
FRANK H. MURKOWSKI,
DON NICKLES,
PHIL GRAMM,
MAX BAUCUS,
JOHN BREAUX,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate 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, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment that is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clerical changes.

I. MARGINAL TAX RATE REDUCTION

A. INDIVIDUAL INCOME TAX RATE STRUCTURE (SECS. 2 AND 3 OF THE HOUSE BILL, SEC. 101 OF THE SENATE AMENDMENT AND SEC. 1 OF THE CODE)

PRESENT LAW

Under the Federal individual income tax system, an individual who is a citizen or a resident of the United States generally is subject to tax on worldwide taxable income. Taxable income is total gross income less certain exclusions, exemptions, and deductions. An individual may claim either a standard deduction or itemized deductions.

An individual's income tax liability is determined by computing his or her regular income tax liability and, if applicable, alternative minimum tax liability.

Regular income tax liability

Regular income tax liability is determined by applying the regular income tax rate schedules (or tax tables) to the individual's taxable income. This tax liability is then reduced by any applicable tax credits. The regular income tax rate schedules are divided into several ranges of income, known as income brackets, and the marginal tax rate increases as the individual's income increases. The income bracket amounts are adjusted annually for inflation. Separate rate schedules apply based on filing status: single individuals (other than heads of households and surviving spouses), heads of households, married individuals filing joint returns (including surviving spouses), married individuals filing separate returns, and estates and trusts. Lower rates may apply to capital gains.

For 2001, the regular income tax rate schedules for individuals are shown in Table 1, below. The rate bracket breakpoints for married individuals filing separate returns are exactly one-half of the rate brackets for married individuals filing joint returns. A separate, compressed rate schedule applies to estates and trusts.

TABLE 1.—INDIVIDUAL REGULAR INCOME TAX RATES FOR 2001

If taxable income is over:	But not over:	Then regular income tax equals:
Single individuals		
$0	$27,050	15% of taxable income
$27,050	$65,550	$4,057.50, plus 28% of the amount over $27,050
$65,550	$136,750	$14,837.50, plus 31% of the amount over $65,550
$136,750	$297,350	$36,909.50, plus 36% of the amount over $136,750
Over $297,350		$94,725.50, plus 39.6% of the amount over $297,350
Heads of households		
$0	$36,250	15% of taxable income
$36,250	$93,650	$5,437.50, plus 28% of the amount over $36,250
$93,650	$151,650	$21,509.50, plus 31% of the amount over $93,650
$151,650	$297,350	$39,489.50, plus 36% of the amount over $151,650
Over $297,350		$91,941.50, plus 39.6% of the amount over $297,350
Married individuals filing joint returns		
$0	$45,200	15% of taxable income
$45,200	$109,250	$6,780.00, plus 28% of the amount over $45,200
$109,250	$166,500	$24,714.50, plus 31% of the amount over $109,250
$166,500	$297,350	$42,461.50, plus 36% of the amount over $166,500
Over $297,350		$89,567.50, plus 39.6% of the amount over $297,350

HOUSE BILL

In general

The House bill creates a new low-rate regular income tax bracket for a portion of taxable income that is currently taxed at 15 percent. The bill reduces the other regular income tax rates and consolidates rate brackets. By 2006, the present-law structure of five regular income tax rates (15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent) will be reduced to four rates of 10 percent, 15 percent, 25 percent, and 33 percent.

New low-rate bracket

The bill establishes a new regular income tax rate bracket for a portion of taxable income that is currently taxed at 15 percent, as shown in Table 2, below. The taxable income levels for the new low-rate bracket will be adjusted annually for inflation for taxable years beginning after December 31, 2006.

TABLE 2.—PROPOSED NEW LOW-RATE BRACKET

Calendar Year	Taxable income			Proposed new rate
	Single individuals	Heads of household	Married filing joint returns	
2001–2002	0-$6,000	0-$10,000	0-$12,000	12%
2003–2005	0-$6,000	0-$10,000	0-$12,000	11%
2006	0-$6,000	0-$10,000	0-$12,000	10%
2007 and later	Adjust annually for inflation [1]			10%

[1] The new low-rate bracket for joint returns and head of household returns will be rounded down to the nearest $50. The bracket for single individuals and married individuals filing separately will be one-half the bracket for joint returns (after adjustment of that bracket for inflation).

Modification of 15-percent bracket

The 15-percent regular income tax bracket is modified to begin at the end of the new low-rate regular income tax bracket. The 15-percent regular income tax bracket ends at the same level as under present law. H.R. 6 also makes other changes to the 15-percent rate bracket.[1]

Reduction of other rates and consolidation of rate brackets

The present-law regular income tax rates of 28 percent and 31 percent are phased down to 25 percent over five years, effective for taxable years beginning after December 31, 2001. The taxable income level for the new 25-percent rate bracket begins at the level at which the 28-percent rate bracket begins under present law and ends at the level at which the 31-percent rate bracket ends under present law.

The present-law regular income tax rates of 36 percent and 39.6 percent are phased down to 33 percent over five years, effective for taxable years beginning after December 31, 2001. The taxable income level for the new 33-percent rate bracket begins at the level at which the 36-percent rate bracket begins under present law.

Table 3, below, shows the schedule of proposed regular income tax rate reductions.

[1] See discussion of the marriage penalty relief in the 15–percent bracket.

TABLE 3.—PROPOSED REGULAR INCOME TAX RATE REDUCTIONS

Calendar Year	28% rate reduced to:	31% rate reduced to:	36% rate reduced to:	39.6% rate reduced to:
2002	27%	30%	35%	38%
2003	27%	29%	35%	37%
2004	26%	28%	34%	36%
2005	26%	27%	34%	35%
2006 and later	25%	25%	33%	33%

Projected regular income tax rate schedules under the proposal

Table 4, below, shows the projected individual regular income tax rate schedules when the rate reductions are fully phased in (i.e., for 2006). As under present law, the rate brackets for married taxpayers filing separate returns under the bill are one half the rate brackets for married individuals filing joint returns. In addition, appropriate adjustments are made to the separate, compressed rate schedule for estate and trusts.

TABLE 4.—INDIVIDUAL REGULAR INCOME TAX RATES FOR 2006 (PROJECTED)

If taxable income is:	Then regular income tax equals:
Single individuals	
$0–6,000	10% of taxable income
$6,000–30,950	$600, plus 15 percent of the amount over $6,000
$30,950–$156,300	$4,342.50, plus 25% of the amount over $30,950
Over $156,300	$35,680, plus 33% of the amount over $156,300
Heads of households	
$0–$10,000	10% of taxable income
$10,000–$41,450	$1,000, plus 15% of the amount over $10,000
$41,450–$173,300	$5,717.50, plus 25% of the amount over $41,450
Over $173,300	$38,680, plus 33% of the amount over $173,300
Married individuals filing joint returns	
$0–$12,000	10% of taxable income
$12,000–$51,700	$1,200, plus 15% of the amount over $12,000
$51,700–$190,300	$7,155, plus 25% of the amount over $51,700
$190,300	$41,805, plus 33% of the amount over $190,300

Revised wage withholding for 2001

Under present law, the Secretary of the Treasury is authorized to prescribe appropriate income tax withholding tables or computational procedures for the withholding of income taxes from wages paid by employers. The Secretary is expected to make appropriate revisions to the wage withholding tables to reflect the proposed rate reduction for calendar year 2001 as expeditiously as possible.

Transfer to Social Security and Medicare trust funds

The House bill provides that the amounts transferred to the Social Security and Medicare trust funds are determined as if the rate reductions in the bill were not enacted. Thus, there will be no reduction in transfers to these funds as a result of the bill.

Effective date

The provisions of the House bill generally apply to taxable years beginning after December 31, 2000, except that the conforming amendments to certain withholding provisions under the bill are effective for amounts paid more than 60 days after the date of enactment.

SENATE AMENDMENT

In general

The Senate amendment creates a new 10-percent regular income tax bracket for a portion of taxable income that is currently taxed at 15 percent, effective for taxable years beginning after December 31, 2000. The Senate amendment also reduces other regular income tax rates. By 2007, the present-law individual income tax rates of 28 percent, 31 percent, 36 percent and 39.6 percent will be lowered to 25 percent, 28 percent, 33 percent, and 36 percent, respectively.

New low-rate bracket

The Senate amendment establishes a new 10-percent regular income tax rate bracket for a portion of taxable income that is currently taxed at 15 percent, as shown in Table 3, below. The taxable income levels for the new 10-percent rate bracket will be adjusted annually for inflation for taxable years beginning after December 31, 2006. The new low-rate bracket for joint returns and head of household returns will be rounded down to the nearest $50. The bracket for single individuals and married individuals filing separately will be one-half the bracket for joint returns (after adjustment for inflation).

The 10-percent rate bracket applies to the first $6,000 of taxable income for single individuals, $10,000 of taxable income for heads of households, and $12,000 for married couples filing joint returns.

Modification of 15-percent bracket

The 15-percent regular income tax bracket is modified to begin at the end of the new low-rate regular income tax bracket. The 15-percent regular income tax bracket ends at the same level as under present law. The Senate amendment also makes other changes to the 15-percent rate bracket.[2]

Reduction of other rates

The present-law regular income tax rates of 28 percent, 31 percent, 36 percent, and 39.6 percent are phased-down over six years to 25 percent, 28 percent, 33 percent, and 36 percent, effective for taxable years beginning after December 31, 2001. The taxable income levels for the new rates are the same as the taxable income levels that apply under the present-law rates.

Table 5, below, shows the schedule of regular income tax rate reductions.

TABLE 5.—REGULAR INCOME TAX RATE REDUCTIONS

Calendar year	28% rate reduced to:	31% rate reduced to:	36% rate reduced to:	39.6% rate reduced to:
2002–2004	27%	30%	35%	38.6%
2005–2006	26%	29%	34%	37.6%
2007 and later	25%	28%	33%	36%

Projected regular income tax rate schedules under the Senate amendment

Table 6, below, shows the projected individual regular income tax rate schedules when the rate reductions are fully phased-in (i.e., for 2007). As under present law, the rate brackets for married taxpayers filing separate returns will be one half the rate brackets for married individuals filing joint returns. In addition, appropriate adjustments will be made to the separate, compressed rate schedule for estate and trusts.

TABLE 6.—INDIVIDUAL REGULAR INCOME TAX RATES FOR 2007 (PROJECTED)

If taxable income is:	But not over:	Then regular income tax equals:
Single individuals		
$0	$6,150	10% of taxable income
$6,150	$31,700	$615, plus 15% of the amount over $6,150
$31,700	$76,800	$4,447.50, plus 25% of the amount over $31,700
$76,800	$160,250	$15,722.50 plus 28% of the amount over $76,800
$160,250	$348,350	$39,088.50 plus 33% of the amount over $160,250
Over $348,350		$101,161.50, plus 36% of the amount over $348,350
Heads of households		
$0	$10,250	10% of taxable income
$10,250	$42,500	$1,025, plus 15% of the amount over $10,250
$42,500	$109,700	$5,862.50, plus 25% of the amount over $42,500
$109,700	$177,650	$22,662.50, plus 28% of the amount over $109,700
$177,650	$348,350	$41,688.50, plus 33% of the amount over $177,650
Over $348,350		$98,019.50, plus 36% of the amount over $348,350
Married individuals filing joint returns		
$0	$12,300	10% of taxable income
$12,300	$59,250[3]	$1,230, plus 15% of the amount over $12,300
$59,250	$128,000	$8,272.50, plus 25% of the amount over $59,250
$128,000	$195,050	$25,460, plus 28% of the amount over $128,000
$195,050	$348,350	$44,234, plus 33% of the amount over $195,050
Over $348,350		$94,823, plus 36% of the amount over $348,350

[2] See the discussion of marriage penalty relief in sec. 302 of the Senate amendment.

Revised wage withholding for 2001

Under present law, the Secretary of the Treasury is authorized to prescribe appropriate income tax withholding tables or computational procedures for the withholding of income taxes from wages paid by employers. The Secretary is expected to make appropriate revisions to the wage withholding tables to reflect the rate reduction for calendar year 2001 as expeditiously as possible.

Effective date

The new 10-percent rate bracket is effective for taxable years beginning after December 31, 2000. The reduction in the 28 percent, 31 percent, 36 percent, and 39.6 percent rates is phased-in beginning in taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

In general

The conference agreement creates a new 10-percent regular income tax bracket for a portion of taxable income that is currently taxed at 15 percent, effective for taxable years beginning after December 31, 2000. The conference agreement also reduces the other regular income tax rates, effective July 1, 2001. By 2006, the present-law regular income tax rates (28 percent, 31 percent, 36 percent and 39.6 percent) will be lowered to 25 percent, 28 percent, 33 percent, and 35 percent, respectively.

New low-rate bracket

The conference agreement establishes a new 10-percent income tax rate bracket for a portion of taxable income that is currently taxed at 15 percent. The 10-percent rate bracket applies to the first $6,000 of taxable income for single individuals, $10,000 of taxable income for heads of households, and $12,000 for married couples filing joint returns. This $6,000 increases to $7,000 and this $12,000 increases to $14,000 for 2008 and thereafter.

The taxable income levels for the new low-rate bracket will be adjusted annually for inflation for taxable years beginning after December 31, 2008. The new low-rate bracket for joint returns and head of household returns will be rounded down to the nearest $50. The bracket for single individuals and married individuals filing separately will be one-half for joint returns (after adjustment of that bracket for inflation).

Rate reduction credit for 2001

The conference agreement includes a rate reduction credit for 2001 to more immediately achieve one of the purposes behind the new bottom rate bracket for 2001 that was included in both the House bill and the Senate amendment. The conferees have chosen to utilize this credit mechanism (and the issuance of checks described below) because it will deliver economic stimulus to the economy more rapidly than would implementation of a new 10-percent rate bracket, even if that were accompanied by an immediate implementation of new wage withholding tables. Accordingly, this rate reduction credit operates in lieu of the new 10-percent income tax rate bracket for 2001.

This credit is computed in the following manner. Taxpayers would be entitled to a credit in tax year 2001 of 5 percent (the difference between the 15-percent rate and the 10-percent rate) of the amount of income that would have been eligible for the new 10-percent rate. Taxpayers may not receive a credit in excess of their income tax liability (determined after nonrefundable credits).

Most taxpayers will receive this credit in the form of a check issued by the Department of the Treasury. The amount of the check would be computed in the same manner as the credit, except that it will be done on the basis of tax returns filed for 2000 (instead of 2001). The conferees anticipate that the Department of the Treasury will make every effort to issue all checks before October 1, 2001, to taxpayers who timely filed their 2000 tax returns. Taxpayers who filed late or pursuant to extensions will receive their checks later in the fall.

Taxpayers would reconcile the amount of the credit with the check they receive in the following manner. They would complete a worksheet calculating the amount of the credit based on their 2001 tax return. They would then subtract from the credit the amount of the check they received. For many taxpayers, these two amounts would be the same. If, however, the result is a positive number (because, for example, the taxpayer paid no tax in 2000 but is paying tax in 2001), the taxpayer may claim that amount as a credit against 2001 tax liability. If, however, the result is negative (because, for example, the taxpayer paid tax in 2000 but owes no tax for 2001), the taxpayer is not required to repay that amount to the Treasury. Otherwise, the checks have no effect on tax returns filed in 2001; the amount is not includible in gross income and it does not otherwise reduce the amount of withholding. In no event may the Department of the Treasury issue checks after December 31, 2001.[4] This is designed to prevent errors by taxpayers who might claim the full amount of the credit on their 2001 tax returns and file those returns early in 2002, at the same time the Treasury check might be mailed to them. Payment of the credit (or the check) is treated, for all purposes of the Code,[5] as a payment of tax. As such, the credit or the check is subject to the refund offset provisions, such as those applicable to past-due child support under section 6402 of the Code.

In general, taxpayers eligible for the credit (and the check) are individuals other than estates or trusts, nonresident aliens, or dependents. The determination of this status for the relevant year is made on the basis of the information filed on the tax return.

The conferees understand that, in light of the large number of checks that are being issued, the issuance of checks will take several months.[6] Accordingly, no interest will be paid with respect to these checks. The conferees understand that checks will be issued in the order of the last two digits of the taxpayer identification number (which is generally a taxpayer's social security number), from lowest to highest. Payment by check is the only mechanism for receiving the payment prior to filing the 2001 tax return; taxpayers may not file either amended returns or claims for tentative refunds for tax year 2000 to claim these amounts.

The conferees anticipate that the IRS will send notices to most taxpayers approximately one month after enactment. The notices will inform taxpayers of the computation of their checks and the approximate date by which they can expect to receive their check. This information should decrease the number of telephone calls made by taxpayers to the IRS inquiring when their check will be issued.

Modification of 15-percent bracket

The 15-percent regular income tax bracket is modified to begin at the end of the new low-rate regular income tax bracket. The 15-percent regular income tax bracket ends at the same level as under present law. The conference agreement also makes other changes to the 15-percent rate bracket.[7]

Reduction of other rates and consolidation of rate brackets

The present-law regular income tax rates of 28 percent, 31 percent, 36 percent, and 39.6 percent are phased down over six years to 25 percent, 28 percent, 33 percent, and 35 percent, effective after June 30, 2001. Accordingly, for taxable years beginning during 2001, the rate reduction will come in the form of a blended tax rate. The taxable income levels for the new rates in all taxable years are the same as the taxable income levels that apply under the present-law rates.

Table 7, below, shows the schedule of regular income tax rate reductions.

TABLE 7.—REGULAR INCOME TAX RATE REDUCTIONS

Calendar year	28% rate reduced to:	31% rate reduced to:	36% rate reduced to:	39.6% rate reduced to:
2001[1]–2003	27%	30%	35%	38.6%
2004–2005	26%	29%	34%	37.6%
2006 and later	25%	28%	33%	35%

[1] Effective July 1, 2001.

Projected regular income tax rate schedules under the proposal

Table 8, below, shows the projected individual regular income tax rate schedules when the rate reductions are fully phased in (i.e., for 2006). As under present law, the rate brackets for married taxpayers filing separate returns under the bill are one half the rate brackets for married individuals filing joint returns. In addition, appropriate adjustments are made to the separate, compressed rate schedule for estates and trusts.

[3] The end point of the 15-percent rate bracket for married individuals filing joint returns also reflects the phase-in of the increase in the size of the 15-percent bracket in section 302 of the Senate amendment.

[4] For administrative reasons, the Department of the Treasury may need to establish an earlier termination date in order to fully implement the intent of this provision.

[5] A special rule provides that no interest will be paid with respect to the checks.

[6] The conferees investigated the possibility of utilizing electronic means, instead of paper checks, to deliver these amounts even more rapidly, but doing so was not possible because of limitations on available data on individual's banking accounts.

[7] See discussion of the conference agreement regarding marriage penalty relief in the 15-percent bracket.

TABLE 8.—INDIVIDUAL REGULAR INCOME TAX RATES FOR 2006 (PROJECTED)

If taxable income is:	But not over:	Then regular income tax equals:
Single individuals		
$0	$6,000	10% of taxable income
$6,000	$30,950	$600, plus 15% of the amount over $6,000
$30,950	$74,950	$4,342.50, plus 25% of the amount over $30,950
$74,950	$156,300	$15,342.50, plus 28% of the amount over $74,950
$156,300	$339,850	$38,120.50, plus 33% of the amount over $156,300
Over $339,850		$98,692, plus 35% of the amount over $339,850
Heads of households		
$0	$10,000	10% of taxable income
$10,000	$41,450	$1,000, plus 15% of the amount over $10,000
$41,450	$107,000	$5,717.50, plus 25% of the amount over $41,450
$107,000	$173,300	$22,105, plus 28% of the amount over $107,000
$173,300	$339,850	$40,669, plus 33% of the amount over $173,300
Over $339,850		$95,630.50, plus 35% of the amount over $339,850
Married individuals filing joint returns		
$0	$12,000	10% of taxable income
$12,000	[8] $57,850	$1,200, plus 15% of the amount over $12,000
$57,850	$124,900	$8,077.50, plus 25% of the amount over $57,850
$124,900	$190,300	$24,840, plus 28% of the amount over $124,900
$190,300	$339,850	$43,152, plus 33% of the amount over $190,300
Over $339,850		$92,503.50, plus 35% of the amount over $339,850

Revised wage withholding for 2001

Under present law, the Secretary of the Treasury is authorized to prescribe appropriate income tax withholding tables or computational procedures for the withholding of income taxes from wages paid by employers. The Secretary is expected to make appropriate revisions to the wage withholding tables to reflect the rate reduction that will be effective beginning July 1, 2001, as expeditiously as possible.

Transfer to Social Security and Medicare trust funds

The conference agreement does not follow the House bill.

Effective date

The provisions of the conference agreement generally apply to taxable years beginning after December 31, 2000. The reductions in the tax rates, other than the new 10-percent rate, are effective after June 30, 2001. The conforming amendments to certain withholding provisions under the bill are effective for amounts paid more than 60 days after the date of enactment.

B. INCREASE STARTING POINT FOR PHASE-OUT OF ITEMIZED DEDUCTIONS (SEC. 102 OF THE SENATE AMENDMENT AND SEC. 68 OF THE CODE)

PRESENT LAW

Itemized deductions

Taxpayers may choose to claim either the basic standard deduction (and additional standard deductions, if applicable) or itemized deductions (subject to certain limitations) for certain expenses incurred during the taxable year. Among these deductible expenses are unreimbursed medical expenses, investment interest, casualty and theft losses, wagering losses, charitable contributions, qualified residence interest, State and local income and property taxes, unreimbursed employee business expenses, and certain other miscellaneous expenses.

Overall limitation on itemized deductions (''Pease'' limitation)

Under present law, the total amount of otherwise allowable itemized deductions (other than medical expenses, investment interest, and casualty, theft, or wagering losses) is reduced by three percent of the amount of the taxpayer's adjusted gross income in excess of $132,950 in 2001 ($66,475 for married couples filing separate returns). These amounts are adjusted annually for inflation. In computing this reduction of total itemized deductions, all present-law limitations applicable to such deductions (such as the separate floors) are first applied and, then, the otherwise allowable total amount of itemized deductions is reduced in accordance with this provision. Under this provision, the otherwise allowable itemized deductions may not be reduced by more than 80 percent.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment increases the starting point of the overall limitation on itemized deductions for all taxpayers (other than married couples filing separate returns) to the starting point of the personal exemption phase-out for married couples filing a joint return. This amount is projected under present law to be $245,500 in 2009. The starting point of the overall limitation on itemized deductions for married couples filing separate returns would continue to be one-half of the amount for other taxpayers.

Effective date.—The provision is effective for taxable years beginning after December 31, 2008.

CONFERENCE AGREEMENT

The conference agreement repeals the overall limitation on itemized deductions for all taxpayers. The repeal is phased-in over five years, as follows. The otherwise applicable overall limitation on itemized deductions is reduced by one-third in taxable years beginning in 2006 and 2007, and by two-thirds in taxable years beginning in 2008 and 2009. The overall limitation is repealed for taxable years beginning after December 31, 2009.

Effective date.—The conference agreement is effective for taxable years beginning after December 31, 2005.

C. PHASE-OUT OF SPECIAL RULES FOR PERSONAL EXEMPTIONS (SEC. 103 OF THE SENATE AMENDMENT AND SEC. 151(D)(3) OF THE CODE)

PRESENT LAW

In order to determine taxable income, an individual reduces adjusted gross income by any personal exemptions, deductions, and either the applicable standard deduction or itemized deductions. Personal exemptions generally are allowed for the taxpayer, his or her spouse, and any dependents. For 2001, the amount deductible for each personal exemption is $2,900. This amount is adjusted annually for inflation.

Under present law, the deduction for personal exemptions is phased-out ratably for taxpayers with adjusted gross income over certain thresholds. The applicable thresholds for 2001 are $132,950 for single individuals, $199,450 for married individuals filing a joint return, $166,200 for heads of households, and $99,725 for married individuals filing separate returns. These thresholds are adjusted annually for inflation.

The total amount of exemptions that may be claimed by a taxpayer is reduced by two percent for each $2,500 (or portion thereof) by which the taxpayer's adjusted gross income exceeds the applicable threshold. The phase-out rate is two percent for each $1,250 for married taxpayers filing separate returns. Thus, the personal exemptions claimed are phased-out over a $122,500 range ($61,250 for married taxpayers filing separate returns), beginning at the applicable threshold. The size of these phase-out ranges ($122,500/$61,250) is not adjusted for inflation. For 2001, the point at which a taxpayer's personal exemptions are completely phased-out is $255,450 for single individuals, $321,950 for married individuals filing a joint return, $288,700 for heads of households, and $160,975 for married individuals filing separate returns.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment repeals the personal exemption phase-out.

Effective date.—The provision is effective for taxable years beginning after December 31, 2008.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with a modification. The modification provides for a five-year phase-in of the repeal of the personal exemption phase-out. Under the five-year phase-in, the otherwise applicable personal exemption phase-out is reduced by one-third in taxable years beginning in 2006 and 2007, and is reduced by two-thirds in taxable years beginning in 2008 and 2009. The repeal is fully effective for taxable years beginning after December 31, 2009.

II. TAX BENEFITS RELATING TO CHILDREN

A. INCREASE AND EXPAND THE CHILD TAX CREDIT (SEC. 2 OF THE HOUSE BILL, SECS. 201 AND 204 OF THE SENATE AMENDMENT AND SEC. 24 OF THE CODE)

PRESENT LAW

In general

Under present law, an individual may claim a $500 tax credit for each qualifying child under the age of 17. In general, a qualifying child is an individual for whom the taxpayer can claim a dependency exemption and who is the taxpayer's son or daughter (or descendent of either), stepson or stepdaughter, or eligible foster child.

The child tax credit is phased-out for individuals with income over certain thresholds. Specifically, the otherwise allowable child tax credit is reduced by $50 for each $1,000 (or fraction thereof) of modified adjusted gross income over $75,000 for single individuals or heads of households, $110,000 for married individuals filing joint returns, and $55,000 for married individuals filing separate returns. Modified adjusted gross income is the taxpayer's total gross income plus certain amounts excluded from gross income (i.e., excluded income of U.S. citizens or residents living abroad (sec. 911); residents of Guam, American Samoa, and the Northern Mariana Islands (sec. 931); and residents of Puerto Rico (sec. 933)). The length of the phase-out range depends on the number of qualifying children. For example, the phase-out range for a single individual with one qualifying child is between $75,000 and $85,000 of modified adjusted gross income. The phase-out range for a single individual with two qualifying children is between $75,000 and $95,000.

The child tax credit is not adjusted annually for inflation.

Refundability

In general, the child tax credit is nonrefundable. However, for families with three

[8] The end point of the 15-percent rate bracket for married individuals filing joint returns also reflects the phase-in of the increase in the size of the 15-percent bracket in section 302 of the bill, below.

or more qualifying children, the child tax credit is refundable up to the amount by which the taxpayer's social security taxes exceed the taxpayer's earned income credit.

Alternative minimum tax liability

An individual's alternative minimum tax liability reduces the amount of the refundable earned income credit and, for taxable years beginning after December 31, 2001, the amount of the refundable child credit for families with three or more children. This is known as the alternative minimum tax offset of refundable credits.

Through 2001, an individual generally may reduce his or her tentative alternative minimum tax liability by nonrefundable personal tax credits (such as the $500 child tax credit and the adoption tax credit). For taxable years beginning after December 31, 2001, nonrefundable personal tax credits may not reduce an individual's income tax liability below his or her tentative alternative minimum tax.

HOUSE BILL

In general

No provision. However, H.R. 6, as passed by the House, contains a provision that increases the child tax credit to $1,000, phased in over six years, beginning in 2001. Table 10, below, shows the proposed increase in the amount of the child tax credit under the provision.

Table 10.—Increase of the Child Tax Credit

Taxable year	*Credit amount per child*
2001	$600
2002	$600
2003	$700
2004	$800
2005	$900
2006 and thereafter	$1,000

Refundability

No provision. However, H.R. 6 extends the present-law refundability of the child tax credit to families with fewer than three children.

Alternative minimum tax

No provision. However, H.R. 6 provides that the refundable child tax credit will no longer be reduced by the amount of the alternative minimum tax. In addition, H.R. 6 allows the child tax credit to the extent of the full amount of the individual's regular income tax and alternative minimum tax.

Effective date

No provision. However, the provisions of H.R. 6 generally are effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

In general

The Senate amendment increases the child tax credit to $1,000, phased-in over eleven years, effective for taxable years beginning after December 31, 2000.

Table 11, below, shows the increase of the child tax credit.

Table 11.—Increase of the Child Tax Credit

Calendar year	*Credit amount per child*
2001–2003	$600
2004–2006	$700
2007–2009	$800
2010	$900
2011 and later	$1,000

Refundability

The Senate amendment makes the child credit refundable to the extent of 15 percent of the taxpayer's earned income in excess of $10,000.[9] Thus, in 2001, families with earned income of at least $14,000 and one child will get a refundable credit of $600. Families with three or more children are allowed a refundable credit for the amount by which the taxpayer's social security taxes exceed the taxpayer's earned income credit (the present-law rule), if that amount is greater than 15 percent of the taxpayer's earned income in excess of $10,000. The Senate amendment also provides that the refundable portion of the child credit does not constitute income and shall not be treated as resources for purposes of determining eligibility or the amount or nature of benefits or assistance under any Federal program or any State or local program financed with Federal funds.

Alternative minimum tax

Same as H.R. 6.

Effective date

The provision is effective for taxable years beginning after December 31, 2000.

CONFERENCE AGREEMENT

In general

The conference agreement increases the child tax credit to $1,000, phased-in over ten years, effective for taxable years beginning after December 31, 2000.

Table 12, below, shows the increase of the child tax credit.

Table 12.—Increase of the Child Tax Credit

Calendar year	*Credit amount per child*
2001–2004	$600
2005–2008	$700
2009	$800
2010 and later	$1,000

Refundability

The conference agreement makes the child credit refundable to the extent of 10 percent of the taxpayer's earned income in excess of $10,000 for calendar years 2001–2004. The percentage is increased to 15 percent for calendar years 2005 and thereafter. The $10,000 amount is indexed for inflation beginning in 2002. Families with three or more children are allowed a refundable credit for the amount by which the taxpayer's social security taxes exceed the taxpayer's earned income credit (the present-law rule), if that amount is greater than the refundable credit based on the taxpayer's earned income in excess of $10,000. The conference agreement also provides that the refundable portion of the child credit does not constitute income and shall not be treated as resources for purposes of determining eligibility or the amount or nature of benefits or assistance under any Federal program or any State or local program financed with Federal funds.

Alternative minimum tax

The conference agreement follows H.R. 6 and the Senate amendment.

Effective date

The provision generally is effective for taxable years beginning after December 31, 2000. The provision relating to allowing the child tax credit against alternative minimum tax is effective for taxable years beginning after December 31, 2001.

B. SENSE OF THE SENATE REGARDING CHILD CREDIT EXPANSION (SEC. 202 OF THE SENATE AMENDMENT)

PRESENT LAW

Under present law, an individual may claim a $500 tax credit for each qualifying child under the age of 17. In general, a qualifying child is an individual for whom the taxpayer can claim a dependency exemption and who is the taxpayer's son or daughter (or descendent of either), stepson or stepdaughter, or eligible foster child.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides a Sense of the Senate resolution that the expansion of the child credit included in the Senate amendment be retained in the conference agreement.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment.

C. EXTENSION AND EXPANSION OF ADOPTION TAX BENEFITS (SEC. 2 OF H.R. 622, SEC. 203 OF THE SENATE AMENDMENT, AND SECS. 23 AND 137 OF THE CODE)

PRESENT LAW

Tax credit

In general

A tax credit is allowed for qualified adoption expenses paid or incurred by a taxpayer. The maximum credit is $5,000 per eligible child ($6,000 for a special needs child). An eligible child is an individual (1) who has not attained age 18 or (2) is physically or mentally incapable of caring for himself or herself. A special needs child is an eligible child who is a citizen or resident of the United States who a State has determined: (1) cannot or should not be returned to the home of the birth parents; and (2) has a specific factor or condition (such as the child's ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions, or physical, mental, or emotional handicaps) because of which the child cannot be placed with adoptive parents without adoption assistance.

Qualified adoption expenses are reasonable and necessary adoption fees, court costs, attorneys fees, and other expenses that are: (1) directly related to, and the principal purpose of which is for, the legal adoption of an eligible child by the taxpayer; (2) not incurred in violation of State or Federal law, or in carrying out any surrogate parenting arrangement; (3) not for the adoption of the child of the taxpayer's spouse; and (4) not reimbursed (e.g., by an employer).

Qualified adoption expenses may be incurred in one or more taxable years, but the credit may not exceed $5,000 per adoption ($6,000 for a special needs child). The adoption credit is phased out ratably for taxpayers with modified adjusted gross income between $75,000 and $115,000. Modified adjusted gross income is the sum of the taxpayer's adjusted gross income plus amounts excluded from income under Code sections 911, 931, and 933 (relating to the exclusion of income of U.S. citizens or residents living abroad; residents of Guam, American Samoa, and the Northern Mariana Islands; and residents of Puerto Rico, respectively).

The adoption credit for special needs children is permanent. The adoption credit with respect to other children does not apply to expenses paid or incurred after December 31, 2001.

Alternative minimum tax

Through 2001, the adoption credit generally reduces the individual's regular income tax and alternative minimum tax. For taxable years beginning after December 31, 2001, the otherwise allowable adoption credit is allowed only to the extent that the individual's regular income tax liability exceeds the

[9] For these purposes, earned income is defined as under section 32, as amended by this bill.

individual's tentative minimum tax, determined without regard to the minimum tax foreign tax credit.

Exclusion from income

A maximum $5,000 exclusion from the gross income of an employee is allowed for qualified adoption expenses paid or reimbursed by an employer under an adoption assistance program. The maximum excludible amount is $6,000 for special needs adoptions. The exclusion is phased out ratably for taxpayers with modified adjusted gross income between $75,000 and $115,000. Modified adjusted gross income is the sum of the taxpayer's adjusted gross income plus amounts excluded from income under Code sections 911, 931, and 933 (relating to the exclusion of income of U.S. citizens or residents living abroad; residents of Guam, American Samoa, and the Northern Mariana Islands; and residents of Puerto Rico, respectively). For purposes of this exclusion, modified adjusted gross income also includes all employer payments and reimbursements for adoption expenses whether or not they are taxable to the employee. The exclusion does not apply for purposes of payroll taxes. Adoption expenses paid or reimbursed by the employer under an adoption assistance program are not eligible for the adoption credit. A taxpayer may be eligible for the adoption credit (with respect to qualified adoption expenses he or she incurs) and also for the exclusion (with respect to different qualified adoption expenses paid or reimbursed by his or her employer).

The exclusion from income does not apply to amounts paid or expenses incurred after December 31, 2001.

HOUSE BILL

Tax credit

No provision. However, H.R. 622, the ''Hope for Children Act,'' as passed by the House, permanently extends the adoption credit for children other than special needs children. The maximum credit is increased to $10,000 per eligible child, including special needs children. The beginning point of the income phase-out range is increased to $150,000 of modified adjusted gross income. Therefore, the adoption credit is phased-out for taxpayers with modified adjusted gross income of $190,000 or more. Finally, the adoption credit is allowed against the alternative minimum tax permanently.

Exclusion from income

No provision. However, H.R. 622 permanently extends the exclusion from income for employer-provided adoption assistance. The maximum exclusion is increased to $10,000 per eligible child, including special needs children. The beginning point of the income phase-out range is increased to $150,000 of modified adjusted gross income. Therefore, the exclusion is not available to taxpayers with modified adjusted gross income of $190,000 or more.

Effective date

Generally, the provision of H.R. 622 is effective for taxable years beginning after December 31, 2001. Qualified expenses paid or incurred in taxable years beginning on or before December 31, 2001, remain subject to the present-law dollar limits.

SENATE AMENDMENT

Tax credit

Same as H.R. 622, with one modification. The Senate amendment provides a $10,000 credit in the year a special needs adoption is finalized regardless of whether the taxpayer has qualified adoption expenses. No credit is allowed with respect to the adoption of a special needs child if the adoption is not finalized.

Exclusion from income

Same as H.R. 622, with one modification. The Senate amendment provides a $10,000 exclusion in the case of a special needs adoption regardless of whether the taxpayer has qualified adoption expenses.

Effective date

The provision is effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment with one modification. The provisions of the Senate amendment that extend the tax credit and exclusion from income for special needs adoptions regardless of whether the taxpayer has qualified adoption expenses are effective for taxable years beginning after December 31, 2002.

D. EXPANSION OF DEPENDENT CARE TAX CREDIT (SEC. 205 OF THE SENATE AMENDMENT AND SEC. 21 OF THE CODE)

PRESENT LAW

Dependent care tax credit

A taxpayer who maintains a household that includes one or more qualifying individuals may claim a nonrefundable credit against income tax liability for up to 30 percent of a limited amount of employment-related expenses. Eligible employment-related expenses are limited to $2,400 if there is one qualifying individual or $4,800 if there are two or more qualifying individuals. Thus, the maximum credit is $720 if there is one qualifying individual and $1,440 if there are two or more qualifying individuals. The applicable dollar limit ($2,400/$4,800) of otherwise eligible employment-related expenses is reduced by any amount excluded from income under an employer-provided dependent care assistance program. For example, a taxpayer with one qualifying individual who has $2,400 of otherwise eligible employment-related expenses but who excludes $1,000 of dependent care assistance must reduce the dollar limit of eligible employment-related expenses for the dependent care tax credit by the amount of the exclusion to $1,400 ($2,400–$1,000 = $1,400).

A qualifying individual is (1) a dependent of the taxpayer under the age of 13 for whom the taxpayer is eligible to claim a dependency exemption, (2) a dependent of the taxpayer who is physically or mentally incapable of caring for himself or herself, or (3) the spouse of the taxpayer; if the spouse is physically or mentally incapable of caring for himself or herself.

The 30 percent credit rate is reduced, but not below 20 percent, by 1 percentage point for each $2,000 (or fraction thereof) of adjusted gross income above $10,000. The credit is not available to married taxpayers unless they file a joint return.

Exclusion for employer-provided dependent care

Amounts paid or incurred by an employer for dependent care assistance provided to an employee generally are excluded from the employee's gross income and wages if the assistance is furnished under a program meeting certain requirements. These requirements include that the program be described in writing, satisfy certain nondiscrimination rules, and provide for notification to all eligible employees. Dependent care assistance expenses eligible for the exclusion are defined the same as employment-related expenses with respect to a qualifying individual under the dependent care tax credit.

The dependent care exclusion is limited to $5,000 per year, except that a married taxpayer filing a separate return may exclude only $2,500. Dependent care expenses excluded from income are not eligible for the dependent care tax credit (sec. 21(c)).

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment increases the maximum amount of eligible employment-related expenses from $2,400 to $3,000, if there is one qualifying individual (from $4,800 to $6,000, if there are two or more qualifying individuals). The Senate amendment also increases the maximum credit from 30 percent to 40 percent. Thus, the maximum credit is $1,200, if there is one qualifying individual and $2,400, if there are two or more qualifying individuals. Finally, the Senate amendment modifies the phase-down of the credit. Under the Senate amendment, the 40-percent credit rate is reduced, but not below 20 percent, by 1 percentage point for each $2,000 (or fraction thereof) of adjusted gross income above $20,000. Therefore, the credit percentage is reduced to 20 percent for taxpayers with adjusted gross income over $58,000.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with modifications. Under the conference agreement, the maximum credit is 35 percent. Further, the conference agreement provides that the phase-down of the credit applies with respect to adjusted gross income above $15,000. Therefore, the credit percentage is reduced to 20 percent for taxpayers with adjusted gross income over $43,000.

Effective date.—The conference agreement provision is effective for taxable years beginning after December 31, 2002.

E. TAX CREDIT FOR EMPLOYER-PROVIDED CHILD CARE FACILITIES (SECS. 206 AND 207 OF THE SENATE AMENDMENT AND NEW SEC. 45D OF THE CODE)

PRESENT LAW

Present law does not provide a tax credit to employers for supporting child care or child care resource and referral services. An employer, however, may be able to deduct such expenses as ordinary and necessary business expenses. Alternatively, the employer may be required to capitalize the expenses and claim depreciation deductions over time.

HOUSE BILL

No provision.

SENATE AMENDMENT

Under the Senate amendment, taxpayers receive a tax credit equal to 25 percent of qualified expenses for employee child care and 10 percent of qualified expenses for child care resource and referral services. The maximum total credit that may be claimed by a taxpayer cannot exceed $150,000 per taxable year.

Qualified child care expenses include costs paid or incurred: (1) to acquire, construct, rehabilitate or expand property that is to be used as part of the taxpayer's qualified child care facility;[10] (2) for the operation of the taxpayer's qualified child care facility, including the costs of training and certain

[10] In addition, a depreciation deduction (or amortization in lieu of depreciation) must be allowable with respect to the property and the property must not be part of the principal residence of the taxpayer or any employee of the taxpayer.

compensation for employees of the child care facility, and scholarship programs; or (3) under a contract with a qualified child care facility to provide child care services to employees of the taxpayer. To be a qualified child care facility, the principal use of the facility must be for child care (unless it is the principal residence of the taxpayer), and the facility must meet all applicable State and local laws and regulations, including any licensing laws. A facility is not treated as a qualified child care facility with respect to a taxpayer unless: (1) it has open enrollment to the employees of the taxpayer; (2) use of the facility (or eligibility to use such facility) does not discriminate in favor of highly compensated employees of the taxpayer (within the meaning of section 414(q); and (3) at least 30 percent of the children enrolled in the center are dependents of the taxpayer's employees, if the facility is the principal trade or business of the taxpayer. Qualified child care resource and referral expenses are amounts paid or incurred under a contract to provide child care resource and referral services to the employees of the taxpayer. Qualified child care services and qualified child care resource and referral expenditures must be provided (or be eligible for use) in a way that does not discriminate in favor of highly compensated employees of the taxpayer (within the meaning of section 414(q).

Any amounts for which the taxpayer may otherwise claim a tax deduction are reduced by the amount of these credits. Similarly, if the credits are taken for expenses of acquiring, constructing, rehabilitating, or expanding a facility, the taxpayer's basis in the facility is reduced by the amount of the credits.

Credits taken for the expenses of acquiring, constructing, rehabilitating, or expanding a qualified facility are subject to recapture for the first ten years after the qualified child care facility is placed in service. The amount of recapture is reduced as a percentage of the applicable credit over the ten-year recapture period. Recapture takes effect if the taxpayer either ceases operation of the qualified child care facility or transfers its interest in the qualified child care facility without securing an agreement to assume recapture liability for the transferee. Other rules apply.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

III. MARRIAGE PENALTY RELIEF PROVISIONS

A. Standard Deduction Marriage Penalty Relief (Sec. 2 of H.R. 6, Sec. 301 of the Senate amendment and Sec. 63 of the Code)

PRESENT LAW

Marriage penalty

A married couple generally is treated as one tax unit that must pay tax on the couple's total taxable income. Although married couples may elect to file separate returns, the rate schedules and other provisions are structured so that filing separate returns usually results in a higher tax than filing a joint return. Other rate schedules apply to single persons and to single heads of households.

A ''marriage penalty'' exists when the combined tax liability of a married couple filing a joint return is greater than the sum of the tax liabilities of each individual computed as if they were not married. A ''marriage bonus'' exists when the combined tax liability of a married couple filing a joint return is less than the sum of the tax liabilities of each individual computed as if they were not married.

Basic standard deduction

Taxpayers who do not itemize deductions may choose the basic standard deduction (and additional standard deductions, if applicable),[11] which is subtracted from adjusted gross income (''AGI'') in arriving at taxable income. The size of the basic standard deduction varies according to filing status and is adjusted annually for inflation. For 2001, the basic standard deduction amount for single filers is 60 percent of the basic standard deduction amount for married couples filing joint returns. Thus, two unmarried individuals have standard deductions whose sum exceeds the standard deduction for a married couple filing a joint return.

HOUSE BILL

No provision. However, H.R. 6, as passed by the House, contains a provision that increases the basic standard deduction for a married couple filing a joint return to twice the basic standard deduction for an unmarried individual filing a single return. The basic standard deduction for a married taxpayer filing separately will continue to equal one-half of the basic standard deduction for a married couple filing jointly; thus, the basic standard deduction for unmarried individuals filing a single return and for married couples filing separately will be the same.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as H.R. 6 except that the increase in the standard deduction is phased-in over five years beginning in 2005 and would be fully phased-in for 2009 and thereafter. Table 13, below, shows the standard deduction for married couples filing a joint return as a percentage of the standard deduction for single individuals during the phase-in period.

Table 13.—Phase-In of Increase of Standard Deduction for Married Couples Filing Joint Returns

Calendar Year	*Standard Deduction for Joint Returns as Percentage of Standard Deduction for Single Returns*
2005	174%
2006	184%
2007	187%
2008	190%
2009 and later	200%

Effective date.—The provision is effective for taxable years beginning after December 31, 2004.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

B. Expansion of the 15-Percent Rate Bracket For Married Couples Filing Joint Returns (Sec. 3 of H.R. 6, Sec. 302 of the Senate Amendment and Sec. 1 of the Code)

PRESENT LAW

In general

Under the Federal individual income tax system, an individual who is a citizen or resident of the United States generally is subject to tax on worldwide taxable income. Taxable income is total gross income less certain exclusions, exemptions, and deductions. An individual may claim either a standard deduction or itemized deductions.

An individual's income tax liability is determined by computing his or her regular income tax liability and, if applicable, alternative minimum tax liability.

Regular income tax liability

Regular income tax liability is determined by applying the regular income tax rate schedules (or tax tables) to the individual's taxable income and then is reduced by any applicable tax credits. The regular income tax rate schedules are divided into several ranges of income, known as income brackets, and the marginal tax rate increases as the individual's income increases. The income bracket amounts are adjusted annually for inflation. Separate rate schedules apply based on filing status: single individuals (other than heads of households and surviving spouses), heads of households, married individuals filing joint returns (including surviving spouses), married individuals filing separate returns, and estates and trusts. Lower rates may apply to capital gains.

In general, the bracket breakpoints for single individuals are approximately 60 percent of the rate bracket breakpoints for married couples filing joint returns.[12] The rate bracket breakpoints for married individuals filing separate returns are exactly one-half of the rate brackets for married individuals filing joint returns. A separate, compressed rate schedule applies to estates and trusts.

HOUSE BILL

No provision. However, H.R. 6, as passed by the House, contains a provision that increases the size of the 15-percent regular income tax rate bracket for a married couple filing a joint return to twice the size of the corresponding rate bracket for an unmarried individual filing a single return. This increase is phased in over six years as shown in Table 15, below. Therefore, this provision is fully effective (i.e., the size of the lowest regular income tax rate bracket for a married couple filing a joint return is twice the size of the lowest regular income tax rate bracket for an unmarried individual filing a single return) for taxable years beginning after December 31, 2008.

Table 15.—Increase in Size of 15-Percent Rate Bracket for Married Couples Filing a Joint Return

Taxable year	*Size of 15-percent rate bracket for married couple filing joint return as percentage of rate bracket for unmarried individuals*
2004	172%
2005	178%
2006	183%
2007	189%
2008	195%
2009 and thereafter	200%

Effective date.—The provision is effective for taxable years beginning after December 31, 2003.

SENATE AMENDMENT

The Senate amendment increases the size of the 15-percent regular income tax rate bracket for a married couple filing a joint return to twice the size of the corresponding rate bracket for an unmarried individual filing a single return. The increase is phased-in

[11] Additional standard deductions are allowed with respect to any individual who is elderly (age 65 or over) or blind.

[12] The rate bracket breakpoint for the 39.6 percent marginal tax rate is the same for single individuals and married couples filing joint returns.

over five years, beginning in 2005. Therefore, this provision is fully effective (i.e., the size of the 15-percent regular income tax rate bracket for a married couple filing a joint return would be twice the size of the 15-percent regular income tax rate bracket for an unmarried individual filing a single return) for taxable years beginning after December 31, 2008. Table 16, below, shows the increase in the size of the 15-percent bracket during the phase-in period.

Table 16.—Increase in Size of 15-Percent Rate Bracket for Married Couples Filing a Joint Return

Taxable year	*End point of 15-percent rate bracket for married couple filing joint return as percentage of end point of 15-percent rate bracket for unmarried individuals*
2005	174%
2006	184%
2007	187%
2008	190%
2009 and thereafter	200%

Effective date.—The provision is effective for taxable years beginning after December 31, 2004.

CONFERENCE AGREEMENT

The conference agreement increases the size of the 15-percent regular income tax rate bracket for a married couple filing a joint return to twice the size of the corresponding rate bracket for an unmarried individual filing a single return. The increase is phased-in over four years, beginning in 2005. Therefore, this provision is fully effective (i.e., the size of the 15-percent regular income tax rate bracket for a married couple filing a joint return would be twice the size of the 15-percent regular income tax rate bracket for an unmarried individual filing a single return) for taxable years beginning after December 31, 2007. Table 17, below, shows the increase in the size of the 15-percent bracket during the phase-in period.

Table 17.—Increase in Size of 15-Percent Rate Bracket for Married Couples Filing a Joint Return

Taxable year	*End point of 15-percent rate bracket for married couple filing joint return as percentage of end point of 15-percent rate bracket for unmarried individuals*
2005	180%
2006	187%
2007	193%
2008 and thereafter	200%

Effective date.—The provision is effective for taxable years beginning after December 31, 2004.

C. MARRIAGE PENALTY RELIEF AND SIMPLIFICATION RELATING TO THE EARNED INCOME CREDIT (SEC. 2(B)(2) OF THE HOUSE BILL, SEC. 4 OF H.R. 6, SEC. 303 OF THE SENATE AMENDMENT, AND SEC. 32 OF THE CODE)

PRESENT LAW

In general

Eligible low-income workers are able to claim a refundable earned income credit. The amount of the credit an eligible taxpayer may claim depends upon the taxpayer's income and whether the taxpayer has one, more than one, or no qualifying children.

The earned income credit is not available to married individuals who file separate returns. No earned income credit is allowed if the taxpayer has disqualified income in excess of $2,450 (for 2001) for the taxable year.[13] In addition, no earned income credit is allowed if an eligible individual is the qualifying child of another taxpayer.[14]

Definition of qualifying child and tie-breaker rules

To claim the earned income credit, a taxpayer must either (1) have a qualifying child or (2) meet the requirements for childless adults. A qualifying child must meet a relationship test, an age test, and a residence test. First, the qualifying child must be the taxpayer's child, stepchild, adopted child, grandchild, or foster child. Second, the child must be under age 19 (or under age 24 if a full-time student) or permanently and totally disabled regardless of age. Third, the child must live with the taxpayer in the United States for more than half the year (a full year for foster children).

An individual satisfies the relationship test under the earned income credit if the individual is the taxpayer's: (1) son or daughter or a descendant of either;[15] (2) stepson or stepdaughter; or (3) eligible foster child. An eligible foster child is an individual (1) who is a brother, sister, stepbrother, or stepsister of the taxpayer (or a descendant of any such relative), or who is placed with the taxpayer by an authorized placement agency, and (2) who the taxpayer cares for as her or his own child. A married child of the taxpayer is not treated as meeting the relationship test unless the taxpayer is entitled to a dependency exemption with respect to the married child (e.g., the support test is satisfied) or would be entitled to the exemption if the taxpayer had not waived the exemption to the noncustodial parent.[16]

If a child otherwise qualifies with respect to more than one person, the child is treated as a qualifying child only of the person with the highest modified adjusted gross income.

''Modified adjusted gross income'' means adjusted gross income determined without regard to certain losses and increased by certain amounts not includible in gross income.[17] The losses disregarded are: (1) net capital losses (up to $3,000); (2) net losses from estates and trusts; (3) net losses from nonbusiness rents and royalties; (4) 75 percent of the net losses from businesses, computed separately with respect to sole proprietorships (other than farming), farming sole proprietorships, and other businesses. The amounts added to adjusted gross income to arrive at modified adjusted gross income include: (1) tax-exempt interest; and (2) nontaxable distributions from pensions, annuities, and individual retirement plans (but not nontaxable rollover distributions or trustee-to-trustee transfers).

Definition of earned income

To claim the earned income credit, the taxpayer must have earned income. Earned income consists of wages, salaries, other employee compensation, and net earnings from self employment.[18] Employee compensation includes anything of value received by the taxpayer from the employer in return for services of the employee, including nontaxable earned income. Nontaxable forms of compensation treated as earned income include the following: (1) elective deferrals under a cash or deferred arrangement or section 403(b) annuity (sec. 402(g)); (2) employer contributions for nontaxable fringe benefits, including contributions for accident and health insurance (sec. 106), dependent care (sec. 129), adoption assistance (sec. 137), educational assistance (sec. 127), and miscellaneous fringe benefits (sec. 132); (3) salary reduction contributions under a cafeteria plan (sec. 125); (4) meals and lodging provided for the convenience of the employer (sec. 119), and (5) housing allowance or rental value of a parsonage for the clergy (sec. 107). Some of these items are not required to be reported on the Wage and Tax Statement (Form W–2).

Calculation of the credit

The maximum earned income credit is phased in as an individual's earned income increases. The credit phases out for individuals with earned income (or if greater, modified adjusted gross income) over certain levels. In the case of a married individual who files a joint return, the earned income credit both for the phase-in and phase-out is calculated based on the couples' combined income.

The credit is determined by multiplying the credit rate by the taxpayer's earned income up to a specified earned income amount. The maximum amount of the credit is the product of the credit rate and the earned income amount. The maximum credit amount applies to taxpayers with (1) earnings at or above the earned income amount and (2) modified adjusted gross income (or earnings, if greater) at or below the phase-out threshold level.

For taxpayers with modified adjusted gross income (or earned income, if greater) in excess of the phase-out threshold, the credit amount is reduced by the phase-out rate multiplied by the amount of earned income (or modified adjusted gross income, if greater) in excess of the phase-out threshold. In other words, the credit amount is reduced, falling to $0 at the ''breakeven'' income level, the point where a specified percentage of ''excess'' income above the phase-out threshold offsets exactly the maximum amount of the credit. The earned income amount and the phase-out threshold are adjusted annually for inflation. Table 18, below, shows the earned income credit parameters for taxable year 2001.[19]

TABLE 18.—EARNED INCOME CREDIT PARAMETERS (2001)

	Two or more qualifying children	One qualifying child	No qualifying children.
Credit rate (percent)	40.00%	34.00%	7.65%
Earned income amount	$10,020	$7,140	$4,760
Maximum credit	$4,008	$2,428	$364
Phase-out begins	$13,090	$13,090	$5,950
Phase-out rate (percent)	21.06%	15.98%	7.65%
Phase-out ends	$32,121	$28,281	$10,710

An individual's alternative minimum tax liability reduces the amount of the refundable earned income credit.[20]

HOUSE BILL

The House bill provides that the earned income credit will no longer be reduced by the amount of the alternative minimum tax. The same provision is included in H.R. 6, as passed by the House.

In addition, H.R. 6 increases the earned income amount used to calculate the earned

[13] Sec. 32(i). Disqualified income is the sum of: (1) interest and dividends includible in gross income for the taxable year; (2) tax-exempt income received or accrued in the taxable year; (3) net income from rents and royalties for the taxable year not derived in the ordinary course of business; (4) capital gain net income for the taxpayer year; and (5) net passive income for the taxable year. Sec. 32(i)(2).

[14] Sec. 32(c)(1)(B).

[15] A child who is legally adopted or placed with the taxpayer for adoption by an authorized adoption agency is treated as the taxpayer's own child. Sec. 32(c)(3)(B)(iv).

[16] Sec. 32(c)(3)(B)(ii).

[17] Sec. 32(c)(5).

[18] Sec. 32(c)(2)(A).

[19] The table is based on Rev. Proc. 2001–13.

[20] Sec. 32(h).

income credit for married taxpayers who file a joint return to 110 percent of the earned income amount for all other taxpayers eligible for the earned income credit.

H.R. 6 also simplifies the definition of earned income by excluding nontaxable earned income amounts from the definition of earned income for earned income credit purposes. Thus, under H.R. 6, earned income includes wages, salaries, tips, and other employee compensation, if includible in gross income for the taxable year, plus net earnings from self-employment.

Effective date.—The House bill is effective for taxable years beginning after December 31, 2000.

SENATE AMENDMENT

For married taxpayers who file a joint return, the Senate amendment increases the beginning and ending of the earned income credit phase-out by $3,000. These beginning and ending points are to be adjusted annually for inflation after 2002.

The Senate amendment simplifies the definition of earned income by excluding nontaxable employee compensation from the definition of earned income for earned income credit purposes. Thus, under the Senate amendment, earned income includes wages, salaries, tips, and other employee compensation, if includible in gross income for the taxable year, plus net earnings from self employment.

The Senate amendment repeals the present-law provision that reduces the earned income credit by the amount of an individual's alternative minimum tax.

The Senate amendment simplifies the calculation of the earned income credit by replacing modified adjusted gross income with adjusted gross income.

The Senate amendment provides that the relationship test is met if the individual is the taxpayer's son, daughter, stepson, stepdaughter, or a descendant of any such individuals.[21] A brother, sister, stepbrother, stepsister, or a descendant of such individuals, also qualifies if the taxpayer cares for such individual as his or her own child. A foster child satisfies the relationship test as well. A foster child is defined as an individual who is placed with the taxpayer by an authorized placement agency and who the taxpayer cares for as his or her own child. In order to be a qualifying child, in all cases the child must have the same principal place of abode as the taxpayer for over one-half of the taxable year.

The Senate amendment changes the present-law tie-breaking rule. Under the Senate amendment, if an individual would be a qualifying child with respect to more than one taxpayer, and more than one taxpayer claims the earned income credit with respect to that child, then the following tie-breaking rules apply. First, if one of the individuals claiming the child is the child's parent (or parents who file a joint return), then the child is considered the qualifying child of the parent (or parents). Second, if both parents claim the child and the parents do not file a joint return together, then the child is considered a qualifying child first of the parent with whom the child resided for the longest period of time during the year, and second of the parent with the highest adjusted gross income. Finally, if none of the taxpayers claiming the child as a qualifying child is the child's parent, the child is considered a qualifying child with respect to the taxpayer with the highest adjusted gross income.

The Senate amendment authorizes the IRS, beginning in 2004, to use math error authority to deny the earned income credit if the Federal Case Registry of Child Support Orders indicates that the taxpayer is the noncustodial parent of the child with respect to whom the credit is claimed.

It is the intent of the Senate that by September 2002, the Department of the Treasury, in consultation with the National Taxpayer Advocate, deliver to the Senate Committee on Finance and the House Committee on Ways and Means a study of the Federal Case Registry database. The study is to cover (1) the accuracy and timeliness of the data in the Federal Case Registry, (2) the efficacy of using math error authority in this instance in reducing costs due to erroneous or fraudulent claims, and (3) the implications of using math error authority in this instance, given the findings on the accuracy and timeliness of the data.

Effective date.—The Senate amendment generally is effective for taxable years beginning after December 31, 2001. The Senate amendment to authorize the IRS to use math error authority if the Federal Case Registry of Child Support Orders indicates the taxpayer is the noncustodial parent is effective beginning in 2004.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, except under the conference agreement, for married taxpayers filing a joint return, the earned income credit phase-out amount is increased as follows: by $1,000 in the case of taxable years beginning in 2002, 2003, and 2004; by $2,000 in the case of taxable years beginning in 2005, 2006, and 2007; and by $3,000 in the case of taxable years beginning after 2007. The $3,000 amount is to be adjusted annually for inflation after 2008.

The conferees realize that the expansion of the earned income credit may create a financial hardship on U.S. possessions with mirror codes and that further study of such effects is necessary.

IV. EDUCATION INCENTIVES

A. MODIFICATIONS TO EDUCATION IRAS (SEC. 401 AND 414 OF THE SENATE AMENDMENT AND SECS. 530 AND 127 OF THE CODE)

PRESENT LAW

In general

Section 530 of the Code provides tax-exempt status to education individual retirement accounts (''education IRAs''), meaning certain trusts or custodial accounts which are created or organized in the United States exclusively for the purpose of paying the qualified higher education expenses of a designated beneficiary. Contributions to education IRAs may be made only in cash.[22] Annual contributions to education IRAs may not exceed $500 per beneficiary (except in cases involving certain tax-free rollovers, as described below) and may not be made after the designated beneficiary reaches age 18.

Phase-out of contribution limit

The $500 annual contribution limit for education IRAs is generally phased-out ratably for contributors with modified adjusted gross income (between $95,000 and $110,000). The phase-out range for married taxpayers filing a joint return is $150,000 to $160,000 of modified adjusted gross income. Individuals with modified adjusted gross income above the phase-out range are not allowed to make contributions to an education IRA established on behalf of any individual.

Treatment of distributions

Earnings on contributions to an education IRA generally are subject to tax when withdrawn. However, distributions from an education IRA are excludable from the gross income of the beneficiary to the extent that the total distribution does not exceed the ''qualified higher education expenses'' incurred by the beneficiary during the year the distribution is made.

If the qualified higher education expenses of the beneficiary for the year are less than the total amount of the distribution (i.e., contributions and earnings combined) from an education IRA, then the qualified higher education expenses are deemed to be paid from a pro-rata share of both the principal and earnings components of the distribution. Thus, in such a case, only a portion of the earnings are excludable (i.e., the portion of the earnings based on the ratio that the qualified higher education expenses bear to the total amount of the distribution) and the remaining portion of the earnings is includible in the beneficiary's gross income.

The earnings portion of a distribution from an education IRA that is includible in income is also subject to an additional 10-percent tax. The 10-percent additional tax does not apply if a distribution is made on account of the death or disability of the designated beneficiary, or on account of a scholarship received by the designated beneficiary.

The additional 10-percent tax also does not apply to the distribution of any contribution to an education IRA made during the taxable year if such distribution is made on or before the date that a return is required to be filed (including extensions of time) by the beneficiary for the taxable year during which the contribution was made (or, if the beneficiary is not required to file such a return, April 15th of the year following the taxable year during which the contribution was made).

Present law allows tax-free transfers or rollovers of account balances from one education IRA benefiting one beneficiary to another education IRA benefiting another beneficiary (as well as redesignations of the named beneficiary), provided that the new beneficiary is a member of the family of the old beneficiary and is under age 30.

Any balance remaining in an education IRA is deemed to be distributed within 30 days after the date that the beneficiary reaches age 30 (or, if earlier, within 30 days of the date that the beneficiary dies).

Qualified higher education expenses

The term ''qualified higher education expenses'' includes tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the designated beneficiary at an eligible education institution, regardless of whether the beneficiary is enrolled at an eligible educational institution on a full-time, half-time, or less than half-time basis. Qualified higher education expenses include expenses with respect to undergraduate or graduate-level courses. In addition, qualified higher education expenses include amounts paid or incurred to purchase tuition credits (or to make contributions to an account) under a qualified State tuition program, as defined in section 529, for the benefit of the beneficiary of the education IRA.

Moreover, qualified higher education expenses include, within limits, room and board expenses for any academic period during which the beneficiary is at least a half-

[21] As under present law, an adopted child is treated as a child of the taxpayer by blood.

[22] Special estate and gift tax rules apply to contributions made to and distributions made from education IRAs.

time student. Room and board expenses that may be treated as qualified higher education expenses are limited to the minimum room and board allowance applicable to the student in calculating costs of attendance for Federal financial aid programs under section 472 of the Higher Education Act of 1965, as in effect on the date of enactment of the Small Business Job Protection Act of 1996 (August 20, 1996). Thus, room and board expenses cannot exceed the following amounts: (1) for a student living at home with parents or guardians, $1,500 per academic year; (2) for a student living in housing owned or operated by the eligible education institution, the institution's ''normal'' room and board charge; and (3) for all other students, $2,500 per academic year.

Qualified higher education expenses generally include only out-of-pocket expenses. Such qualified higher education expenses do not include expenses covered by educational assistance for the benefit of the beneficiary that is excludable from gross income. Thus, total qualified higher education expenses are reduced by scholarship or fellowship grants excludable from gross income under present-law section 117, as well as any other tax-free educational benefits, such as employer-provided educational assistance that is excludable from the employee's gross income under section 127.

Present law also provides that if any qualified higher education expenses are taken into account in determining the amount of the exclusion for a distribution from an education IRA, then no deduction (e.g., for trade or business expenses), exclusion (e.g., for interest on education savings bonds) or credit is allowed with respect to such expenses.

Eligible educational institutions are defined by reference to section 481 of the Higher Education Act of 1965. Such institutions generally are accredited post-secondary educational institutions offering credit toward a bachelor's degree, an associate's degree, a graduate-level or professional degree, or another recognized post-secondary credential. Certain proprietary institutions and post-secondary vocational institutions also are eligible institutions. The institution must be eligible to participate in Department of Education student aid programs.

Time for making contributions

Contributions to an education IRA for a taxable year are taken into account in the taxable year in which they are made.

Coordination with HOPE and Lifetime Learning credits

If an exclusion from gross income is allowed for distributions from an education IRA with respect to an individual, then neither the HOPE nor Lifetime Learning credit may be claimed in the same taxable year with respect to the same individual. However, an individual may elect to waive the exclusion with respect to distributions from an education IRA. If such a waiver is made, then the HOPE or Lifetime Learning credit may be claimed with respect to the individual for the taxable year.

Coordination with qualified tuition programs

An excise tax is imposed on contributions to an education IRA for a year if contributions are made by anyone to a qualified State tuition program on behalf of the same beneficiary in the same year. The excise tax is equal to 6 percent of the contributions to the education IRA. The excise tax is imposed each year after the contribution is made, unless the contributions are withdrawn.

HOUSE BILL

No provision.

SENATE AMENDMENT

Annual contribution limit

The Senate amendment increases the annual limit on contributions to education IRAs from $500 to $2,000. Thus, aggregate contributions that may be made by all contributors to one (or more) education IRAs established on behalf of any particular beneficiary is limited to $2,000 for each year.

Qualified education expenses

The Senate amendment expands the definition of qualified education expenses that may be paid tax-free from an education IRA to include ''qualified elementary and secondary school expenses,'' meaning expenses for (1) tuition, fees, academic tutoring, special need services, books, supplies, and other equipment incurred in connection with the enrollment or attendance of the beneficiary at a public, private, or religious school providing elementary or secondary education (kindergarten through grade 12) as determined under State law, (2) room and board, uniforms, transportation, and supplementary items or services (including extended day programs) required or provided by such a school in connection with such enrollment or attendance of the beneficiary, and (3) the purchase of any computer technology or equipment (as defined in sec. 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. Computer software primarily involving sports, games, or hobbies is not considered a qualified elementary and secondary school expense unless the software is educational in nature.

Phase-out of contribution limit

The Senate amendment increases the phase-out range for married taxpayers filing a joint return so that it is twice the range for single taxpayers. Thus, the phase-out range for married taxpayers filing a joint return is $190,000 to $220,000 of modified adjusted gross income.

Special needs beneficiaries

The Senate amendment provides that the rule prohibiting contributions to an education IRA after the beneficiary attains 18 does not apply in the case of a special needs beneficiary (as defined by Treasury Department regulations). In addition, a deemed distribution of any balance in an education IRA does not occur when a special needs beneficiary reaches age 30. Finally, the age 30 limitation does not apply in the case of a rollover contribution for the benefit of a special needs beneficiary or a change in beneficiaries to a special needs beneficiary.

Contributions by persons other than individuals

The Senate amendment clarifies that corporations and other entities (including tax-exempt organizations) are permitted to make contributions to education IRAs, regardless of the income of the corporation or entity during the year of the contribution.

Exclusion for employer contributions

The Senate amendment provides an exclusion from gross income for certain employer contributions to an education IRA for the employee, the employee's spouse, or a lineal descendent of the employee or his or her spouse (provided such individual otherwise meets the eligibility requirements for education IRAs). The maximum amount excludable is $500 per year per each beneficiary. Thus, for example, if an employee has two children under age 18, the employer could contribute $500 each year to an education IRA for each child. The exclusion does not apply to self-employed individuals. The employer is required to report the amount of any education IRA contributions on the employee's W–2 for the year.

In order to be excludable from gross income, the contribution must be made pursuant to a plan that meets the requirements of an educational assistance program under section 127.[23] Thus, for example, the plan must be in writing and must satisfy nondiscrimination rules.

Education IRA contributions that are excludable from gross income are treated as earnings for purposes of determining the amount includible in gross income, if any, due to a withdrawal from the education IRA.

The exclusion does not apply for Social Security tax purposes.

Contributions permitted until April 15

Under the Senate amendment, individual contributors to education IRAs are deemed to have made a contribution 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 individual's Federal income tax return for such taxable year (not including extensions). Thus, individual contributors generally may make contributions for a year until April 15 of the following year.

Qualified room and board expenses

The Senate amendment modifies the definition of room and board expenses considered to be qualified higher education expenses. This modification is described with the provisions relating to qualified tuition programs, below.

Coordination with HOPE and Lifetime Learning credits

The Senate amendment allows a taxpayer to claim a HOPE credit or Lifetime Learning credit for a taxable year and to exclude from gross income amounts distributed (both the contributions and the earnings portions) from an education IRA on behalf of the same student as long as the distribution is not used for the same educational expenses for which a credit was claimed.

Coordination with qualified tuition programs

The Senate amendment repeals the excise tax on contributions made by any person to an education IRA on behalf of a beneficiary during any taxable year in which any contributions are made by anyone to a qualified State tuition program on behalf of the same beneficiary.

If distributions from education IRAs and qualified tuition programs exceed the beneficiary's qualified higher education expenses for the year (after reduction by amounts used in claiming the HOPE or Lifetime Learning credit), the beneficiary is required to allocate the expenses between the distributions to determine the amount includible in income.

Effective date

The provisions modifying education IRAs are effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, except that the conference

[23] Contributions to education IRAs are not subject to the $5,250 annual limit on the exclusion for employer-provided educational assistance, and are not taken into account for purposes of applying that limit to other education assistance. Rather, such contributions are subject to the $500 per beneficiary limit described above.

agreement does not include the exclusion for employer contributions. As under the Senate amendment, the conference agreement provides that certain age limitations do not apply in the case of special needs beneficiaries. The conferees intend that Treasury regulations will define a special needs beneficiary to include an individual who because of a physical, mental, or emotional condition (including learning disability) requires additional time to complete his or her education. The conference agreement clarifies the rule relating to computer software by providing that computer software involving sports, games, or hobbies is not considered a qualified elementary and secondary school expense unless the software is predominantly educational in nature.

Effective date.—The conference agreement follows the Senate amendment.

B. PRIVATE PREPAID TUITION PROGRAMS; EXCLUSION FROM GROSS INCOME OF EDUCATION DISTRIBUTIONS FROM QUALIFIED TUITION PROGRAMS (SEC. 402 OF THE SENATE AMENDMENT AND SEC. 529 OF THE CODE)

PRESENT LAW

Section 529 of the Code provides tax-exempt status to ''qualified State tuition programs,'' meaning certain programs established and maintained by a State (or agency or instrumentality thereof) under which persons may (1) purchase tuition credits or certificates on behalf of a designated beneficiary that entitle the beneficiary to a waiver or payment of qualified higher education expenses of the beneficiary, or (2) make contributions to an account that is established for the purpose of meeting qualified higher education expenses of the designated beneficiary of the account (a ''savings account plan''). The term ''qualified higher education expenses'' generally has the same meaning as does the term for purposes of education IRAs (as described above) and, thus, includes expenses for tuition, fees, books, supplies, and equipment required for the enrollment or attendance at an eligible educational institution,[24] as well as certain room and board expenses for any period during which the student is at least a half-time student.

No amount is included in the gross income of a contributor to, or a beneficiary of, a qualified State tuition program with respect to any distribution from, or earnings under, such program, except that (1) amounts distributed or educational benefits provided to a beneficiary are included in the beneficiary's gross income (unless excludable under another Code section) to the extent such amounts or the value of the educational benefits exceed contributions made on behalf of the beneficiary, and (2) amounts distributed to a contributor (e.g., when a parent receives a refund) are included in the contributor's gross income to the extent such amounts exceed contributions made on behalf of the beneficiary.[25]

A qualified State tuition program is required to provide that purchases or contributions only be made in cash.[26] Contributors and beneficiaries are not allowed to direct the investment of contributions to the program (or earnings thereon). The program is required to maintain a separate accounting for each designated beneficiary. A specified individual must be designated as the beneficiary at the commencement of participation in a qualified State tuition program (i.e., when contributions are first made to purchase an interest in such a program), unless interests in such a program are purchased by a State or local government or a tax-exempt charity described in section 501(c)(3) as part of a scholarship program operated by such government or charity under which beneficiaries to be named in the future will receive such interests as scholarships.

A transfer of credits (or other amounts) from one account benefiting one designated beneficiary to another account benefiting a different beneficiary is considered a distribution (as is a change in the designated beneficiary of an interest in a qualified State tuition program), unless the beneficiaries are members of the same family. For this purpose, the term ''member of the family'' means: (1) the spouse of the beneficiary; (2) a son or daughter of the beneficiary or a descendent of either; (3) a stepson or stepdaughter of the beneficiary; (4) a brother, sister, stepbrother or stepsister of the beneficiary; (5) the father or mother of the beneficiary or an ancestor of either; (6) a stepfather or stepmother of the beneficiary; (7) a son or daughter of a brother or sister of the beneficiary; (8) a brother or sister of the father or mother of the beneficiary; (9) a son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the beneficiary; or (10) the spouse of any person described in (2)–(9).

Earnings on an account may be refunded to a contributor or beneficiary, but the State or instrumentality must impose a more than de minimis monetary penalty unless the refund is (1) used for qualified higher education expenses of the beneficiary, (2) made on account of the death or disability of the beneficiary, (3) made on account of a scholarship received by the beneficiary, or (4) a rollover distribution.

To the extent that a distribution from a qualified State tuition program is used to pay for qualified tuition and related expenses (as defined in sec. 25A(f)(1)), the beneficiary (or another taxpayer claiming the beneficiary as a dependent) may claim the HOPE credit or Lifetime Learning credit with respect to such tuition and related expenses (assuming that the other requirements for claiming the HOPE credit or Lifetime Learning credit are satisfied and the modified AGI phase-out for those credits does not apply).

HOUSE BILL

No provision.

SENATE AMENDMENT

Qualified tuition program

The Senate amendment expands the definition of ''qualified tuition program'' to include certain prepaid tuition programs established and maintained by one or more eligible educational institutions (which may be private institutions) that satisfy the requirements under section 529 (other than the present-law State sponsorship rule). In the case of a qualified tuition program maintained by one or more private eligible educational institutions, persons are able to purchase tuition credits or certificates on behalf of a designated beneficiary (as set forth in sec. 529(b)(1)(A)(i)), but would not be able to make contributions to a savings account plan (as described in sec. 529(b)(1)(A)(ii)). Except to the extent provided in regulations, a tuition program maintained by a private institution is not treated as qualified unless it has received a ruling or determination from the IRS that the program satisfies applicable requirements.

Exclusion from gross income

Under the Senate amendment, an exclusion from gross income is provided for distributions made in taxable years beginning after December 31, 2001, from qualified State tuition programs to the extent that the distribution is used to pay for qualified higher education expenses. This exclusion from gross income is extended to distributions from qualified tuition programs established and maintained by an entity other than a State (or agency or instrumentality thereof) for distributions made in taxable years after December 31, 2003.

Qualified higher education expenses

The Senate amendment provides that, for purposes of the exclusion for distributions from qualified tuition plans, the maximum room and board allowance is the amount applicable to the student in calculating costs of attendance for Federal financial aid programs under section 472 of the Higher Education Act of 1965, as in effect on the date of enactment, or, in the case of a student living in housing owned or operated by an eligible educational institution, the actual amount charged the student by the educational institution for room and board.[27]

Coordination with HOPE and Lifetime Learning credits

The Senate amendment allows a taxpayer to claim a HOPE credit or Lifetime Learning credit for a taxable year and to exclude from gross income amounts distributed (both the principal and the earnings portions) from a qualified tuition program on behalf of the same student as long as the distribution is not used for the same expenses for which a credit was claimed.

Rollovers for benefit of same beneficiary

The Senate amendment provides that a transfer of credits (or other amounts) from one qualified tuition program for the benefit of a designated beneficiary to another qualified tuition program for the benefit of the same beneficiary is not considered a distribution. This rollover treatment does not apply to more than one transfer within any 12-month period with respect to the same beneficiary.

Member of family

The Senate amendment provides that, for purposes of tax-free rollovers and changes of designated beneficiaries, a ''member of the family'' includes first cousins of the original beneficiary.

Effective date

The provisions are effective for taxable years beginning after December 31, 2001, except that the exclusion from gross income for certain distributions from a qualified tuition program established and maintained by an entity other than a State (or agency or instrumentality thereof) is effective for taxable years beginning after December 31, 2003.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with modifications. The conference agreement modifies the definition of qualified higher education expenses to include expenses of a special needs beneficiary which are necessary in connection with his

[24] An ''eligible education institution'' is defined the same for purposes of education IRAs (described above) and qualified State tuition programs.

[25] Distributions from qualified State tuition programs are treated as representing a pro-rata share of the contributions and earnings in the account.

[26] Special estate and gift tax rules apply to contributions made to and distributions made from qualified State tuition programs.

[27] This definition also applies to distributions from education IRAs.

or her enrollment or attendance at the eligible education institution.[28] A special needs beneficiary would be defined as under the provisions relating to education IRAs, described above.

The conference agreement repeals the present-law rule that a qualified State tuition program must impose a more than de minimis monetary penalty on any refund of earnings not used for qualified higher education expenses of the beneficiary (except in certain circumstances). Instead, the conference agreement imposes an additional 10-percent tax on the amount of a distribution from a qualified tuition plan that is includible in gross income (like the additional tax that applies to such distributions from education IRAs). The same exceptions that apply to the 10-percent additional tax with respect to education IRAs apply. A special rule applies because the exclusion for earnings on distributions used for qualified higher education expenses does not apply to qualified tuition programs of private institutions until 2004. Under the special rule, the additional 10-percent tax does not apply to any payment in a taxable year beginning before January 1, 2004, which is includible in gross income but used for qualified higher education expenses. Thus, for example, the earnings portion of a distribution from a qualified tuition program of a private institution that is made in 2003 and that is used for qualified higher education expenses is not subject to the additional tax, even though the earnings portion is includible in gross income. Conforming the penalty to the education IRA provisions will make it easier for taxpayers to allocate expenses between the various education tax incentives.[29] For example, under the conference agreement, a taxpayer who receives distributions from an education IRA and a qualified tuition program in the same year is required to allocate qualified expenses in order to determine the amount excludable from income. Other interactions between the various provisions also arise under the conference agreement. For example, a taxpayer may need to know the amount excludable from income due to a distribution from a qualified tuition program in order to determine the amount of expenses eligible for the tuition deduction. The conferees expect that the Secretary will exercise the existing authority under sections 529(d) and 530(h) to require appropriate reporting, e.g., the amount of distributions and the earnings portions of distributions (taxable and nontaxable), to facilitate the provisions of the conference agreement.

The conference agreement provides that, in order for a tuition program of a private eligible education institution to be a qualified tuition program, assets of the program must be held in a trust created or organized in the United States for the exclusive benefit of designated beneficiaries that complies with the requirements under section 408(a)(2) and (5). Under these rules, the trustee must be a bank or other person who demonstrates that it will administer the trust in accordance with applicable requirements and the assets of the trust may not be commingled with other property except in a common trust fund or common investment fund.

As under the Senate amendment, the conference agreement provides that a transfer of credits (or other amounts) from one qualified tuition program for the benefit of a designated beneficiary to another qualified tuition program for the benefit of the same beneficiary is not considered a distribution. This rollover treatment does not apply to more than one transfer within any 12-month period with respect to the same beneficiary. The conferees intend that this provision will allow, for example, transfers between a prepaid tuition program and a savings program maintained by the same State and between a State plan and a private prepaid tuition program.

C. EXCLUSION FOR EMPLOYER-PROVIDED EDUCATIONAL ASSISTANCE (SEC. 411 OF THE SENATE AMENDMENT AND SEC. 127 OF THE CODE)

PRESENT LAW

Educational expenses paid by an employer for its employees are generally deductible by the employer.

Employer-paid educational expenses are excludable from the gross income and wages of an employee if provided under a section 127 educational assistance plan or if the expenses qualify as a working condition fringe benefit under section 132. Section 127 provides an exclusion of $5,250 annually for employer-provided educational assistance. The exclusion does not apply to graduate courses beginning after June 30, 1996. The exclusion for employer-provided educational assistance for undergraduate courses expires with respect to courses beginning after December 31, 2001.

In order for the exclusion to apply, certain requirements must be satisfied. The educational assistance must be provided pursuant to a separate written plan of the employer. The educational assistance program must not discriminate in favor of highly compensated employees. In addition, not more than five percent of the amounts paid or incurred by the employer during the year for educational assistance under a qualified educational assistance plan can be provided for the class of individuals consisting of more than five percent owners of the employer (and their spouses and dependents).

Educational expenses that do not qualify for the section 127 exclusion may be excludable from income as a working condition fringe benefit.[30] In general, education qualifies as a working condition fringe benefit if the employee could have deducted the education expenses under section 162 if the employee paid for the education. In general, education expenses are deductible by an individual under section 162 if the education (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, applicable law or regulations imposed as a condition of continued employment. However, education expenses are generally not deductible if they relate to certain minimum educational requirements or to education or training that enables a taxpayer to begin working in a new trade or business.[31]

HOUSE BILL

No provision.

SENATE AMENDMENT

The provision extends the exclusion for employer-provided educational assistance to graduate education and makes the exclusion (as applied to both undergraduate and graduate education) permanent.

Effective date.—The provision is effective with respect to courses beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

D. MODIFICATIONS TO STUDENT LOAN INTEREST DEDUCTION (SEC. 412 OF THE SENATE AMENDMENT AND SEC. 221 OF THE CODE)

PRESENT LAW

Certain individuals may claim an above-the-line deduction for interest paid on qualified education loans, subject to a maximum annual deduction limit. The deduction is allowed only with respect to interest paid on a qualified education loan during the first 60 months in which interest payments are required. Required payments of interest generally do not include voluntary payments, such as interest payments made during a period of loan forbearance. Months during which interest payments are not required because the qualified education loan is in deferral or forbearance do not count against the 60-month period. No deduction is allowed to an individual if that individual is claimed as a dependent on another taxpayer's return for the taxable year.

A qualified education loan generally is defined as any indebtedness incurred solely to pay for certain costs of attendance (including room and board) of a student (who may be the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred) who is enrolled in a degree program on at least a half-time basis at (1) an accredited post-secondary educational institution defined by reference to section 481 of the Higher Education Act of 1965, or (2) an institution conducting an internship or residency program leading to a degree or certificate from an institution of higher education, a hospital, or a health care facility conducting post-graduate training.

The maximum allowable annual deduction is $2,500. The deduction is phased-out ratably for single taxpayers with modified adjusted gross income between $40,000 and $55,000 and for married taxpayers filing joint returns with modified adjusted gross income between $60,000 and $75,000. The income ranges will be adjusted for inflation after 2002.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment increases the income phase-out ranges for eligibility for the student loan interest deduction to $50,000 to $65,000 for single taxpayers and to $100,000 to $130,000 for married taxpayers filing joint returns. These income phase-out ranges are adjusted annually for inflation after 2002.

The Senate amendment repeals both the limit on the number of months during which interest paid on a qualified education loan is deductible and the restriction that voluntary payments of interest are not deductible.

Effective date.—The provision is effective for interest paid on qualified education loans after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

[28] This definition also applies to distributions from education IRAs.

[29] The conferees also believe that this change is appropriate in light of the expansion of qualified tuition programs to include programs maintained by private institutions.

[30] These rules also apply in the event that section 127 expires.

[31] In the case of an employee, education expenses (if not reimbursed by the employer) may be claimed as an itemized deduction only if such expenses, along with other miscellaneous expenses, exceed two percent of the taxpayer's AGI. An individual's total deductions may also be reduced by the overall limitation on itemized deductions under section 68. These limitations do not apply in determining whether an item is excludable from income as a working condition fringe benefit.

E. ELIMINATE TAX ON AWARDS UNDER THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM AND THE F. EDWARD HEBERT ARMED FORCES HEALTH PROFESSIONS SCHOLARSHIP AND FINANCIAL ASSISTANCE PROGRAM (SEC. 413 OF THE SENATE AMENDMENT AND SEC. 117 OF THE CODE)

PRESENT LAW

Section 117 excludes from gross income amounts received as a qualified scholarship by an individual who is a candidate for a degree and used for tuition and fees required for the enrollment or attendance (or for fees, books, supplies, and equipment required for courses of instruction) at a primary, secondary, or post-secondary educational institution. The tax-free treatment provided by section 117 does not extend to scholarship amounts covering regular living expenses, such as room and board. In addition to the exclusion for qualified scholarships, section 117 provides an exclusion from gross income for qualified tuition reductions for certain education provided to employees (and their spouses and dependents) of certain educational organizations.

The exclusion for qualified scholarships and qualified tuition reductions does not apply to any amount received by a student that represents payment for teaching, research, or other services by the student required as a condition for receiving the scholarship or tuition reduction.

The National Health Service Corps Scholarship Program (the ''NHSC Scholarship Program'') and the F. Edward Hebert Armed Forces Health Professions Scholarship and Financial Assistance Program (the ''Armed Forces Scholarship Program'') provide education awards to participants on the condition that the participants provide certain services. In the case of the NHSC Program, the recipient of the scholarship is obligated to provide medical services in a geographic area (or to an underserved population group or designated facility) identified by the Public Health Service as having a shortage of health care professionals. In the case of the Armed Forces Scholarship Program, the recipient of the scholarship is obligated to serve a certain number of years in the military at an armed forces medical facility. Because the recipients are required to perform services in exchange for the education awards, the awards used to pay higher education expenses are taxable income to the recipient.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that amounts received by an individual under the NHSC Scholarship Program or the Armed Forces Scholarship Program are eligible for tax-free treatment as qualified scholarships under section 117, without regard to any service obligation by the recipient. As with other qualified scholarships under section 117, the tax-free treatment does not apply to amounts received by students for regular living expenses, including room and board.

Effective date.—The provision is effective for education awards received after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

F. TAX BENEFITS FOR CERTAIN TYPES OF BONDS FOR EDUCATIONAL FACILITIES AND ACTIVITIES (SECS. 421–422 OF THE SENATE AMENDMENT AND SECS. 142 AND 146–148 OF THE CODE)

PRESENT LAW

Tax-exempt bonds

In general

Interest on debt[32] incurred by States or local governments is excluded from income if the proceeds of the borrowing are used to carry out governmental functions of those entities or the debt is repaid with governmental funds (sec. 103).[33] Like other activities carried out or paid for by States and local governments, the construction, renovation, and operation of public schools is an activity eligible for financing with the proceeds of tax-exempt bonds.

Interest on bonds that nominally are issued by States or local governments, but the proceeds of which are used (directly or indirectly) by a private person and payment of which is derived from funds of such a private person is taxable unless the purpose of the borrowing is approved specifically in the Code or in a non-Code provision of a revenue Act. These bonds are called ''private activity bonds.''[34] The term ''private person'' includes the Federal Government and all other individuals and entities other than States or local governments.

Private activities eligible for financing with tax-exempt private activity bonds

Present law includes several exceptions permitting States or local governments to act as conduits providing tax-exempt financing for private activities. Both capital expenditures and limited working capital expenditures of charitable organizations described in section 501(c)(3) of the Code—including elementary, secondary, and post-secondary schools—may be financed with tax-exempt private activity bonds (''qualified 501(c)(3) bonds'').

States or local governments may issue tax-exempt ''exempt-facility bonds'' to finance property for certain private businesses. Business facilities eligible for this financing include transportation (airports, ports, local mass commuting, and high speed intercity rail facilities); privately owned and/or privately operated public works facilities (sewage, solid waste disposal, local district heating or cooling, and hazardous waste disposal facilities); privately-owned and/or operated low-income rental housing; and certain private facilities for the local furnishing of electricity or gas. A further provision allows tax-exempt financing for ''environmental enhancements of hydro-electric generating facilities.'' Tax-exempt financing also is authorized for capital expenditures for small manufacturing facilities and land and equipment for first-time farmers (''qualified small-issue bonds''), local redevelopment activities (''qualified redevelopment bonds''), and eligible empowerment zone and enterprise community businesses. Tax-exempt private activity bonds also may be issued to finance limited non-business purposes: certain student loans and mortgage loans for owner-occupied housing (''qualified mortgage bonds'' and ''qualified veterans' mortgage bonds'').

Private activity tax-exempt bonds may not be issued to finance schools for private, for-profit businesses.

In most cases, the aggregate volume of private activity tax-exempt bonds is restricted by annual aggregate volume limits imposed on bonds issued by issuers within each State. These annual volume limits are equal to $62.50 per resident of the State, or $187.5 million if greater. The volume limits are scheduled to increase to the greater of $75 per resident of the State or $225 million in calendar year 2002. After 2002, the volume limits will be indexed annually for inflation.

Arbitrage restrictions on tax-exempt bonds

The Federal income tax does not apply to the income of States and local governments that is derived from the exercise of an essential governmental function. To prevent these tax-exempt entities from issuing more Federally subsidized tax-exempt bonds than is necessary for the activity being financed or from issuing such bonds earlier than needed for the purpose of the borrowing, the Code includes arbitrage restrictions limiting the ability to profit from investment of tax-exempt bond proceeds. In general, arbitrage profits may be earned only during specified periods (e.g., defined ''temporary periods'' before funds are needed for the purpose of the borrowing) or on specified types of investments (e.g., ''reasonably required reserve or replacement funds''). Subject to limited exceptions, profits that are earned during these periods or on such investments must be rebated to the Federal Government.

Present law includes three exceptions to the arbitrage rebate requirements applicable to education-related bonds. First, issuers of all types of tax-exempt bonds are not required to rebate arbitrage profits if all of the proceeds of the bonds are spent for the purpose of the borrowing within six months after issuance.[35]

Second, in the case of bonds to finance certain construction activities, including school construction and renovation, the six-month period is extended to 24 months. Arbitrage profits earned on construction proceeds are not required to be rebated if all such proceeds (other than certain retainage amounts) are spent by the end of the 24-month period and prescribed intermediate spending percentages are satisfied.[36] Issuers qualifying for this ''construction bond'' exception may elect to be subject to a fixed penalty payment regime in lieu of rebate if they fail to satisfy the spending requirements.

Third, governmental bonds issued by ''small'' governments are not subject to the rebate requirement. Small governments are defined as general purpose governmental units that issue no more than $5 million of tax-exempt governmental bonds in a calendar year. The $5 million limit is increased to $10 million if at least $5 million of the bonds are used to finance public schools.

Qualified zone academy bonds

As an alternative to traditional tax-exempt bonds, States and local governments are given the authority to issue ''qualified zone academy bonds.'' Under present law, a total of $400 million of qualified zone academy bonds may be issued in each of 1998

[32] Hereinafter referred to as ''State or local government bonds.''

[33] Interest on this debt is included in calculating the ''adjusted current earnings'' preference of the corporate alternative minimum tax.

[34] Interest on private activity bonds (other than qualified 501(c)(3) bonds) is a preference item in calculating the alternative minimum tax.

[35] In the case of governmental bonds (including bonds to finance public schools), the six-month expenditure exception is treated as satisfied if at least 95 percent of the proceeds is spent within six months and the remaining five percent is spent within 12 months after the bonds are issued.

[36] Retainage amounts are limited to no more than five percent of the bond proceeds, and these amounts must be spent for the purpose of the borrowing no later than 36 months after the bonds are issued.

through 2001. The $400 million aggregate bond authority is allocated each year to the States according to their respective populations of individuals below the poverty line. Each State, in turn, allocates the credit to qualified zone academies within such State. A State may carry over any unused allocation for up to two years (three years for authority arising before 2000).

Certain financial institutions (i.e., banks, insurance companies, and corporations actively engaged in the business of lending money) that hold qualified zone academy bonds are entitled to a nonrefundable tax credit in an amount equal to a credit rate multiplied by the face amount of the bond. An eligible financial institution holding a qualified zone academy bond on the credit allowance date (i.e., each one-year anniversary of the issuance of the bond) is entitled to a credit. The credit amount is includible in gross income (as if it were a taxable interest payment on the bond), and the credit may be claimed against regular income tax and alternative minimum tax liability.

The Treasury Department sets the credit rate daily at a rate estimated to allow issuance of qualified zone academy bonds without discount and without interest cost to the issuer. The maximum term of the bonds also is determined by the Treasury Department, so that the present value of the obligation to repay the bond is 50 percent of the face value of the bond. Present value is determined using as a discount rate the average annual interest rate of tax-exempt obligations with a term of 10 years or more issued during the month.

''Qualified zone academy bonds'' are defined as bonds issued by a State or local government, provided that: (1) at least 95 percent of the proceeds is used for the purpose of renovating, providing equipment to, developing course materials for use at, or training teachers and other school personnel in a ''qualified zone academy'' and (2) private entities have promised to contribute to the qualified zone academy certain equipment, technical assistance or training, employee services, or other property or services with a value equal to at least 10 percent of the bond proceeds.

A school is a ''qualified zone academy'' if (1) the school is a public school that provides education and training below the college level, (2) the school operates a special academic program in cooperation with businesses to enhance the academic curriculum and increase graduation and employment rates, and (3) either (a) the school is located in a designated empowerment zone or a designated enterprise community, or (b) it is reasonably expected that at least 35 percent of the students at the school will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

HOUSE BILL

No provision.

SENATE AMENDMENT

Increase amount of governmental bonds that may be issued by governments qualifying for the ''small governmental unit'' arbitrage rebate exception

The additional amount of governmental bonds for public schools that small governmental units may issue without being subject to the arbitrage rebate requirements is increased from $5 million to $10 million. Thus, these governmental units may issue up to $15 million of governmental bonds in a calendar year provided that at least $10 million of the bonds are used to finance public school construction expenditures.

Allow issuance of tax-exempt private activity bonds for public school facilities

The private activities for which tax-exempt bonds may be issued are expanded to include elementary and secondary public school facilities which are owned by private, for-profit corporations pursuant to public-private partnership agreements with a State or local educational agency. The term school facility includes school buildings and functionally related and subordinate land (including stadiums or other athletic facilities primarily used for school events)[37] and depreciable personal property used in the school facility. The school facilities for which these bonds are issued must be operated by a public educational agency as part of a system of public schools.

A public-private partnership agreement is defined as an arrangement pursuant to which the for-profit corporate party constructs, rehabilitates, refurbishes or equips a school facility for a public school agency (typically pursuant to a lease arrangement). The agreement must provide that, at the end of the contract term, ownership of the bond-financed property is transferred to the public school agency party to the agreement for no additional consideration.

Issuance of these bonds is subject to a separate annual per-State private activity bond volume limit equal to $10 per resident ($5 million, if greater) in lieu of the present-law State private activity bond volume limits. As with the present-law State private activity bond volume limits, States can decide how to allocate the bond authority to State and local government agencies. Bond authority that is unused in the year in which it arises may be carried forward for up to three years for public school projects under rules similar to the carryforward rules of the present-law private activity bond volume limits.

Effective date

The provisions are effective for bonds issued after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

G. MODIFY RULES GOVERNING TAX-EXEMPT BONDS FOR SECTION 501(C)(3) ORGANIZATIONS AS APPLIED TO ORGANIZATIONS ENGAGED IN TIMBER CONSERVATION ACTIVITIES (SEC. 423 OF THE SENATE AMENDMENT AND SEC. 145 OF THE CODE)

PRESENT LAW

Interest on State or local government bonds is tax-exempt when the proceeds of the bonds are used to finance activities carried out by or paid for by those governmental units. Interest on bonds issued by State or local governments acting as conduit borrowers for private businesses is taxable unless a specific exception is included in the Code. One such exemption allows tax-exempt bonds to be issued to finance activities of non-profit organizations described in Code section 501(c)(3) (''qualified 501(c)(3) bonds'').

Qualified 501(c)(3) bonds may be issued only to finance exempt, as opposed to unrelated business, activities of these organizations. However, if the bonds are issued to finance property which is intended to be, or is in fact, sold to a private business while the bonds are outstanding, bond interest may be taxable. An example of such an issue would be qualified 501(c)(3) bonds issued to finance purchase of land and standing timber, when the timber was to be sold.

As is true of other private activities receiving tax-exempt financing, beneficiaries of qualified 501(c)(3) bonds are restricted in the arrangements they may have with private businesses relating to control and use of bond-financed property.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment modifies the rules governing issuance of qualified 501(c)(3) bonds to permit issuance of long-term bonds for the acquisition of timber land by organizations a principal purpose of which is conservation of that land as timber land. Under these rules, the bonds will not have to be repaid (to avoid loss of tax-exemption on interest) when the timber is harvested and sold. In addition, the Senate amendment provision allows these section 501(c)(3) organizations to enter into certain otherwise prohibited timber management arrangements with private businesses without losing tax-exemption on bonds used to finance the property and timber.

Effective date.—The provision is effective for bonds issued after December 31, 2001, and before January 1, 2005.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

H. DEDUCTION FOR QUALIFIED HIGHER EDUCATION EXPENSES (SEC. 431 OF THE SENATE AMENDMENT AND NEW SEC. 222 OF THE CODE)

PRESENT LAW

Deduction for education expenses

Under present law, an individual taxpayer generally may not deduct the education and training expenses of the taxpayer or the taxpayer's dependents. However, a deduction for education expenses generally is allowed under Internal Revenue Code (''the Code'') section 162 if the education or training (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, or requirements of applicable law or regulations, imposed as a condition of continued employment (Treas. Reg. sec. 1.162–5). Education expenses are not deductible if they relate to certain minimum educational requirements or to education or training that enables a taxpayer to begin working in a new trade or business. In the case of an employee, education expenses (if not reimbursed by the employer) may be claimed as an itemized deduction only if such expenses meet the above described criteria for deductibility under section 162 and only to the extent that the expenses, along with other miscellaneous deductions, exceed two percent of the taxpayer's adjusted gross income.

HOPE and Lifetime Learning credits

HOPE credit

Under present law, individual taxpayers are allowed to claim a nonrefundable credit, the ''HOPE'' credit, against Federal income taxes of up to $1,500 per student per year for qualified tuition and related expenses paid for the first two years of the student's post secondary education in a degree or certificate program. The HOPE credit rate is 100 percent on the first $1,000 of qualified tuition and related expenses, and 50 percent on the next $1,000 of qualified tuition and related expenses.[38] The qualified tuition and related

[37] The present-law limit on the amount of the proceeds of a private activity bond issue that may be used to finance land acquisition does not apply to these bonds.

[38] Thus, an eligible student who incurs $1,000 of qualified tuition and related expenses is eligible

expenses must be incurred on behalf of the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer. The HOPE credit is available with respect to an individual student for two taxable years, provided that the student has not completed the first two years of post-secondary education before the beginning of the second taxable year.[39] The HOPE credit that a taxpayer may otherwise claim is phased-out ratably for taxpayers with modified AGI between $40,000 and $50,000 ($80,000 and $100,000 for joint returns). For taxable years beginning after 2001, the $1,500 maximum HOPE credit amount and the AGI phase-out ranges are indexed for inflation.

The HOPE credit is available for ''qualified tuition and related expenses,'' which include tuition and fees required to be paid to an eligible educational institution as a condition of enrollment or attendance of an eligible student at the institution. Charges and fees associated with meals, lodging, insurance, transportation, and similar personal, living, or family expenses are not eligible for the credit. The expenses of education involving sports, games, or hobbies are not qualified tuition and related expenses unless this education is part of the student's degree program.

Qualified tuition and related expenses generally include only out-of-pocket expenses. Qualified tuition and related expenses do not include expenses covered by employer-provided educational assistance and scholarships that are not required to be included in the gross income of either the student or the taxpayer claiming the credit. Thus, total qualified tuition and related expenses are reduced by any scholarship or fellowship grants excludable from gross income under section 117 and any other tax free educational benefits received by the student (or the taxpayer claiming the credit) during the taxable year.

Lifetime Learning credit

Individual taxpayers are allowed to claim a nonrefundable credit, the Lifetime Learning credit, against Federal income taxes equal to 20 percent of qualified tuition and related expenses incurred during the taxable year on behalf of the taxpayer, the taxpayer's spouse, or any dependents. For expenses paid after June 30, 1998, and prior to January 1, 2003, up to $5,000 of qualified tuition and related expenses per taxpayer return are eligible for the Lifetime Learning credit (i.e., the maximum credit per taxpayer return is $1,000). For expenses paid after December 31, 2002, up to $10,000 of qualified tuition and related expenses per taxpayer return will be eligible for the Lifetime Learning credit (i.e., the maximum credit per taxpayer return will be $2,000).

In contrast to the HOPE credit, a taxpayer may claim the Lifetime Learning credit for an unlimited number of taxable years. Also in contrast to the HOPE credit, the maximum amount of the Lifetime Learning credit that may be claimed on a taxpayer's return will not vary based on the number of students in the taxpayer's family—that is, the HOPE credit is computed on a per student basis, while the Lifetime Learning credit is computed on a family wide basis. The Lifetime Learning credit amount that a taxpayer may otherwise claim is phased-out ratably for taxpayers with modified AGI between $40,000 and $50,000 ($80,000 and $100,000 for joint returns).

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment permits taxpayers an above-the-line deduction for qualified higher education expenses paid by the taxpayer during a taxable year. Qualified higher education expenses are defined in the same manner as for purposes of the HOPE credit.

In 2002 and 2003, taxpayers with adjusted gross income[40] that does not exceed $65,000 ($130,000 in the case of married couples filing joint returns) are entitled to a maximum deduction of $3,000 per year. Taxpayers with adjusted gross income above these thresholds would not be entitled to a deduction. In 2004 and 2005, taxpayers with adjusted gross income that does not exceed $65,000 ($130,000 in the case of married taxpayers filing joint returns) are entitled to a maximum deduction of $5,000 and taxpayers with adjusted gross income that does not exceed $80,000 ($160,000 in the case of married taxpayers filing joint returns) are entitled to a maximum deduction of $2,000.

Taxpayers are not eligible to claim the deduction and a HOPE or Lifetime Learning Credit in the same year with respect to the same student. A taxpayer may not claim a deduction for amounts taken into account in determining the amount excludable due to a distribution (i.e., the earnings and contribution portion of a distribution) from an education IRA or the amount of interest excludable with respect to education savings bonds. A taxpayer may not claim a deduction for the amount of a distribution from a qualified tuition plan that is excludable from income; however, a taxpayer may claim a deduction for the amount of a distribution from a qualified tuition plan that is not attributable to earnings. Thus, for example, if a taxpayer receives a distribution of $100 from a qualified tuition plan which is used for tuition, $10 of which represents earnings, the taxpayer would be entitled to claim the deduction with respect to the $90 representing a return of contributions. On the other hand, if the distribution were from an education IRA, the $90 would not be eligible for the deduction.

Effective date.—The provision is effective for payments made in taxable years beginning after December 31, 2001, and before January 1, 2006.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment with the modification that the maximum deduction in 2004 and 2005 is $4,000 for taxpayers with adjusted gross income that does not exceed $65,000 ($130,000 in the case of married taxpayers filing joint returns).

I. CREDIT FOR INTEREST ON QUALIFIED HIGHER EDUCATION LOANS (SEC. 432 OF THE SENATE AMENDMENT AND NEW SEC. 25B OF THE CODE)

PRESENT LAW

An above-the-line deduction for interest paid on qualified education loans is permitted during the first 60 months in which interest payments are required. Required payments of interest generally do not include voluntary payments, such as interest payments made during a period of loan forbearance. Months during which interest payments are not required because the qualified education loan is in deferral or forbearance do not count against the 60–month period. No deduction is allowed to an individual if that individual is claimed as a dependent on another taxpayer's return for the taxable year.

The maximum allowable annual deduction is $2,500. The deduction is phased-out ratably for single taxpayers with modified adjusted gross income between $40,000 and $55,000 and for married taxpayers filing joint returns with modified adjusted gross income between $60,000 and $75,000. The income ranges will be adjusted for inflation after 2002.[41]

A qualified education loan generally is defined as any indebtedness incurred solely to pay for certain costs of attendance (including room and board) of a student (who may be the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer as of the time the indebtedness was incurred) who is enrolled in a degree program on at least a half-time basis at (1) an accredited post-secondary educational institution defined by reference to section 481 of the Higher Education Act of 1965, or (2) an institution conducting an internship or residency program leading to a degree or certificate from an institution of higher education, a hospital, or a health care facility conducting post-graduate training.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment permits taxpayers a nonrefundable personal credit for interest paid on qualified education loans during the first 60 months in which interest payments are required. The maximum annual credit available would be $500.

The credit is phased-out for single taxpayers with modified adjusted gross income between $35,000 and $45,000 and for married taxpayers filing joint returns with modified adjusted gross income between $70,000 and $90,000. These income phase-out ranges would be adjusted annually for inflation after 2009.

A taxpayer taking the credit in a taxable year for payment of interest on a qualified education loan would not be allowed a student loan interest deduction in such taxable year. Similarly, if the taxpayer took a deduction, the taxpayer would not qualify for the credit.

Effective date.—The provision is effective for taxable years beginning after December 31, 2008.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

J. DEDUCTION FOR QUALIFIED EMERGENCY RESPONSE EXPENSES OF ELIGIBLE EMERGENCY RESPONSE PROFESSIONALS (SEC. 433 OF THE SENATE AMENDMENT AND NEW SEC. 224 OF THE CODE)

PRESENT LAW

Employee business expenses are deductible only as an itemized deduction and only to the extent that the expenses, along with the taxpayer's other allowable miscellaneous itemized deductions, exceed two percent of the taxpayer's adjusted gross income. Itemized deductions may be further reduced by the overall limitation on itemized deductions, which generally applies to taxpayers with adjusted gross income in excess of $132,950 (for 2001).

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides an above-the-line deduction for qualified expenses paid

(subject to the AGI phase-out) for a $1,000 HOPE credit. If an eligible student incurs $2,000 of qualified tuition and related expenses, then he or she is eligible for a $1,500 HOPE credit.

[39] The HOPE credit may not be claimed against a taxpayer's alternative minimum tax liability.

[40] The provision contains ordering rules for use in determining adjusted gross income for purposes of the deduction.

[41] Another section of the Senate amendment makes certain modifications to present law.

or incurred during the taxable year by an eligible emergency response professional.

An eligible emergency response professional is (1) a full-time employee of a police or fire department organized and operated by a government to provide police protection or firefighting or emergency medical services within its jurisdiction, (2) a licensed emergency medical technician employed by a State or nonprofit agency to provide emergency medical services, or (3) a member of a volunteer fire department organized to provide firefighting or emergency medical services within an area that is not provided with other firefighting services. Qualified expenses means unreimbursed expenses for police and firefighter activities (as determined by the Secretary of Treasury).

No other deduction or credit is allowed with respect to the amount taken into account under this provision. A deduction is allowed for qualified expenses under the provision only to the extent the amount of such expenses exceeds the amount excludable under the provisions relating to education savings bonds, education IRAs, and qualified tuition plans.

Effective date.— The Senate amendment applies to taxable years beginning after December 31, 2001, and before January 1, 2007.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

K. ENHANCED DEDUCTION FOR CHARITABLE CONTRIBUTION OF BOOK INVENTORY FOR EDUCATIONAL PURPOSES (SEC. 434 OF THE SENATE AMENDMENT AND SEC. 170 OF THE CODE)

PRESENT LAW

In the case of a charitable contribution of inventory or other ordinary-income or short-term capital gain property, the amount of the deduction is limited to the taxpayer's basis in the property. In the case of a charitable contribution of tangible personal property, the deduction is limited to the taxpayer's basis in such property if the use by the recipient charitable organization is unrelated to the organization's tax-exempt purpose. In cases involving contributions to a private foundation (other than certain private operating foundations), the amount of the deduction is limited to the taxpayer's basis in the property.

Under present law, a taxpayer's deduction for charitable contributions of book inventory generally is limited to the taxpayer's basis (typically, cost) in the inventory. However, certain corporations may claim a deduction in excess of basis for certain charitable contributions to charitable organizations other than private non-operating foundations. This enhanced deduction is equal to the lesser of (1) basis plus one-half of the item's appreciated value (i.e., basis plus one half of fair market value minus basis) or (2) two times basis. To be eligible for an enhanced deduction, (1) the use of the property by the donee must be related to the donee's exempt purpose and be used by the donee solely for the care of the ill, the needy, or infants; (2) the property must not be transferred by the donee in exchange for money, other property, or services; and (3) the taxpayer must receive a written statement from the donee agreeing to such conditions on use of the contributed property. The taxpayer also must establish that the fair market value of the donated item exceeds basis.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that contributions of book inventory to certain educational organizations are entitled to the present-law enhanced deduction. Eligible educational organizations are (1) educational organizations that normally maintain a regular faculty and curriculum and normally have a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on; (2) charities organized primarily for purposes of supporting elementary and secondary education; and (3) charities organized primarily to make books available to the general public at no cost or to operate a literacy program. Present-law requirements relating to use of the property by the donee and provision of a written statement by the donee apply.

Effective date.—The deduction for contributions of book inventory for educational purposes applies to contributions made after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

L. DEDUCTION FOR QUALIFIED PROFESSIONAL DEVELOPMENT EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS (SEC. 442 OF THE SENATE AMENDMENT AND NEW SEC. 223 OF THE CODE)

PRESENT LAW

Deduction for education expenses

Under present law, an individual taxpayer generally may not deduct the education and training expenses of the taxpayer or the taxpayer's dependents. However, a deduction for education expenses generally is allowed under Internal Revenue Code (''the Code'') section 162 if the education or training (1) maintains or improves a skill required in a trade or business currently engaged in by the taxpayer, or (2) meets the express requirements of the taxpayer's employer, or requirements of applicable law or regulations, imposed as a condition of continued employment (Treas. Reg. sec. 1.162–5). Education expenses are not deductible if they relate to certain minimum educational requirements or to education or training that enables a taxpayer to begin working in a new trade or business. In the case of an employee, education expenses (if not reimbursed by the employer) may be claimed as an itemized deduction only if such expenses meet the above described criteria for deductibility under section 162 and only to the extent that the expenses, along with other miscellaneous deductions, exceed two percent of the taxpayer's adjusted gross income.

HOPE and Lifetime Learning credits

HOPE credit

Under present law, individual taxpayers are allowed to claim a nonrefundable credit, the ''HOPE'' credit, against Federal income taxes of up to $1,500 per student per year for qualified tuition and related expenses paid for the first two years of the student's post secondary education in a degree or certificate program. The HOPE credit rate is 100 percent on the first $1,000 of qualified tuition and related expenses, and 50 percent on the next $1,000 of qualified tuition and related expenses.[42] The qualified tuition and related expenses must be incurred on behalf of the taxpayer, the taxpayer's spouse, or a dependent of the taxpayer. The HOPE credit is available with respect to an individual student for two taxable years, provided that the student has not completed the first two years of post-secondary education before the beginning of the second taxable year.[43] The HOPE credit that a taxpayer may otherwise claim is phased-out ratably for taxpayers with modified AGI between $40,000 and $50,000 ($80,000 and $100,000 for joint returns). For taxable years beginning after 2001, the $1,500 maximum HOPE credit amount and the AGI phase-out ranges are indexed for inflation.

The HOPE credit is available for ''qualified tuition and related expenses,'' which include tuition and fees required to be paid to an eligible educational institution as a condition of enrollment or attendance of an eligible student at the institution. Charges and fees associated with meals, lodging, insurance, transportation, and similar personal, living, or family expenses are not eligible for the credit. The expenses of education involving sports, games, or hobbies are not qualified tuition and related expenses unless this education is part of the student's degree program.

Qualified tuition and related expenses generally include only out-of-pocket expenses. Qualified tuition and related expenses do not include expenses covered by employer-provided educational assistance and scholarships that are not required to be included in the gross income of either the student or the taxpayer claiming the credit. Thus, total qualified tuition and related expenses are reduced by any scholarship or fellowship grants excludable from gross income under section 117 and any other tax free educational benefits received by the student (or the taxpayer claiming the credit) during the taxable year.

Lifetime Learning credit

Individual taxpayers are allowed to claim a nonrefundable credit, the Lifetime Learning credit, against Federal income taxes equal to 20 percent of qualified tuition and related expenses incurred during the taxable year on behalf of the taxpayer, the taxpayer's spouse, or any dependents. For expenses paid after June 30, 1998, and prior to January 1, 2003, up to $5,000 of qualified tuition and related expenses per taxpayer return are eligible for the Lifetime Learning credit (i.e., the maximum credit per taxpayer return is $1,000). For expenses paid after December 31, 2002, up to $10,000 of qualified tuition and related expenses per taxpayer return will be eligible for the Lifetime Learning credit (i.e., the maximum credit per taxpayer return will be $2,000).

In contrast to the HOPE credit, a taxpayer may claim the Lifetime Learning credit for an unlimited number of taxable years. Also in contrast to the HOPE credit, the maximum amount of the Lifetime Learning credit that may be claimed on a taxpayer's return will not vary based on the number of students in the taxpayer's family—that is, the HOPE credit is computed on a per student basis, while the Lifetime Learning credit is computed on a family wide basis. The Lifetime Learning credit amount that a taxpayer may otherwise claim is phased-out ratably for taxpayers with modified AGI between $40,000 and $50,000 ($80,000 and $100,000 for joint returns).

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides an above-the-line deduction for up to $500 of qualified

[42] Thus, an eligible student who incurs $1,000 of qualified tuition and related expenses is eligible (subject to the AGI phase-out) for a $1,000 HOPE credit. If an eligible student incurs $2,000 of qualified tuition and related expenses, then he or she is eligible for a $1,500 HOPE credit.

[43] The HOPE credit may not be claimed against a taxpayer's alternative minimum tax liability.

professional development expenses paid or incurred during the taxable year. The deduction is available to kindergarten through 12th grade teachers, instructors, counselors, principals, or aides who work in an elementary or secondary school[44] for at least 900 hours during the school year.

Qualified professional development expenses are tuition, fees, books, supplies, equipment, and transportation required for the enrollment or attendance in a qualified course of instruction. A qualified course of instruction is a course which: (1) is (a) directly related to the curriculum and academic subjects in which the individual provides instruction, (b) designed to enhance the ability of the individual to understand and use State standards for the academic subjects in which the individual provides instruction, (c) 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 (d) designed to provide instruction in how to best discipline children in the classroom and identify early and appropriate interventions to help children described in (c) learn; (2) is tied to (a) challenging State or local content standards and student performance standards or (b) strategies and programs that demonstrate effectiveness in increasing student academic achievement and student performance, or substantially increasing the knowledge and teaching skills of the individual; (3) is of sufficient intensity and duration to have a positive and lasting impact on the performance of the individual in the classroom[45] (which does not include one-day or short-term workshops and conferences); and (3) is part of a program of professional development approved and certified by the appropriate local educational agency[46] as furthering the goals described in (1) and (2).

No other deduction or credit is allowed with respect to the amount taken into account under this provision. A deduction is allowed for qualified professional development expenses under the provision only to the extent the amount of such expenses exceeds the amount excludable under the provisions relating to education savings bonds, education IRAs, and qualified tuition plans.

Effective date.—The provision is effective for taxable years beginning after December 31, 2000, and expires on December 31, 2005.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

CREDIT FOR CLASSROOM MATERIALS (SEC. 443 OF THE SENATE AMENDMENT AND NEW SEC. 30B OF THE CODE)

PRESENT LAW

Unreimbursed employee business expenses are deductible only as an itemized deduction and only to the extent that the individual's total miscellaneous itemized deductions (including employee business expenses) exceed two percent of adjusted gross income.

Taxpayers who itemize deductions may claim a deduction for contributions to qualified charitable organizations. Total deductible contributions may not exceed 50 percent of adjusted gross income. Other limits apply in the case of contributions to certain organizations and certain property.

An individual's otherwise allowable itemized deductions may be further limited by the overall limitation on itemized deductions, which reduces itemized deductions for taxpayers with adjusted gross income in excess of $132,950 (for 2001).

Depending on the particular facts and circumstances, a contribution by a teacher to the school and which he or she is employed may be deductible as an unreimbursed employee business expenses or as a charitable contribution.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides a nonrefundable personal credit equal to 50 percent of the qualified elementary and secondary education expenses paid or incurred by an eligible educator during the taxable year. The maximum credit cannot exceed $250 in any year. An eligible educators are kindergarten through 12th grade teachers, instructors, counselors, principals, or aides who work in an elementary or secondary school[47] for at least 900 hours during the school year. Qualified elementary and secondary education expenses are 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.

The credit may not exceed the excess (if any) of (1) the taxpayer's regular tax for the taxable year, reduced by the sum of certain other allowable credits over (2) the taxpayer's tentative minimum tax for the taxable year.

No deduction is allowed for any expense for which a credit is allowed under the provision.

A taxpayer may elect not to have the credit apply.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001, and expires on December 31, 2005.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

V. ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAX PROVISIONS

A. PHASEOUT AND REPEAL OF ESTATE AND GENERATION-SKIPPING TRANSFER TAXES; INCREASE IN GIFT TAX UNIFIED CREDIT EFFECTIVE EXEMPTION (SECS. 101, 201, 301, AND 401–402 OF H.R. 8, SECS. 501–542 OF THE SENATE AMENDMENT, SECS. 121, 684, 1014, 1040, 1221, 2001–2210, 2501, 2502, 2503, 2505, 2511, 2601–2663, 4947, 6018, 6019, AND 7701 OF THE CODE, AND NEW SECS. 1022, 2058, 2210, 2664, AND 6716 OF THE CODE)

PRESENT LAW

Estate and gift tax rules

In general

Under present law, a gift tax is imposed on lifetime transfers and an estate tax is imposed on transfers at death. The gift tax and the estate tax are unified so that a single graduated rate schedule applies to cumulative taxable transfers made by a taxpayer during his or her lifetime and at death. The unified estate and gift tax rates begin at 18 percent on the first $10,000 of cumulative taxable transfers and reach 55 percent on cumulative taxable transfers over $3 million. In addition, a 5-percent surtax is imposed on cumulative taxable transfers between $10 million and $17,184,000, which has the effect of phasing out the benefit of the graduated rates. Thus, these estates are subject to a top marginal rate of 60 percent. Estates over $17,184,000 are subject to a flat rate of 55 percent on all amounts exceeding the unified credit effective exemption amount, as the benefit of the graduated rates has been phased out.

Gift tax annual exclusion

Donors of lifetime gifts are provided an annual exclusion of $10,000 (indexed for inflation occurring after 1997; the inflation-adjusted amount for 2001 remains at $10,000) of transfers of present interests in property to any one donee during the taxable year. If the non-donor spouse consents to split the gift with the donor spouse, then the annual exclusion is $20,000. Unlimited transfers between spouses are permitted without imposition of a gift tax.

Unified credit

A unified credit is available with respect to taxable transfers by gift and at death. The unified credit amount effectively exempts from tax transfers totaling $675,000 in 2001, $700,000 in 2002 and 2003, $850,000 in 2004, $950,000 in 2005, and $1 million in 2006 and thereafter. The benefit of the unified credit applies at the lowest estate and gift tax rates. For example, in 2001, the unified credit applies between the 18-percent and 37-percent estate and gift tax rates. Thus, in 2001, taxable transfers, after application of the unified credit, are effectively subject to estate and gift tax rates beginning at 37 percent.

Transfers to a surviving spouse

In general.—A 100-percent marital deduction generally is permitted for the value of property transferred between spouses. In addition, transfers of a ''qualified terminable interest'' also are eligible for the marital deduction. A ''qualified terminable interest'' is property: (1) which passes from the decedent, (2) in which the surviving spouse has a ''qualifying income interest for life,'' and (3) to which an election under these rules applies. A ''qualifying income interest for life'' exists if: (1) the surviving spouse is entitled to all the income from the property (payable annually or at more frequent intervals) or the right to use property during the spouse's life, and (2) no person has the power to appoint any part of the property to any person other than the surviving spouse.

Transfers to surviving spouses who are not U.S. citizens.—A marital deduction generally is denied for property passing to a surviving spouse who is not a citizen of the United States. A marital deduction is permitted, however, for property passing to a qualified domestic trust of which the noncitizen surviving spouse is a beneficiary. A qualified domestic trust is a trust that has as its trustee at least one U.S. citizen or U.S. corporation. No corpus may be distributed from a qualified domestic trust unless the U.S. trustee has the right to withhold any estate tax imposed on the distribution.

There is an estate tax imposed on (1) any distribution from a qualified domestic trust before the date of the death of the noncitizen surviving spouse and (2) the value of the

[44] Elementary and secondary schools are defined by reference to section 14101 of the Elementary and Secondary Education Act of 1965.

[45] One-day or short-term workshops and conferences do not satisfy this requirement. This requirement does not apply to an activity that is one component described in a long-term comprehensive professional development plan established by the individual and his or her supervisor based on an assessment of the needs of the individual, the individual's students, and the local educational agency involved.

[46] Local education agency is as defined in section 14101 of the Elementary and Secondary Education Act of 1965, as in effect on the date of enactment.

[47] Elementary and secondary schools are defined by reference to section 14101 of the Elementary and Secondary Education Act of 1965.

property remaining in a qualified domestic trust on the date of death of the noncitizen surviving spouse. The tax is computed as an additional estate tax on the estate of the first spouse to die.

Expenses, indebtedness, and taxes

An estate tax deduction is allowed for funeral expenses and administration expenses of an estate. An estate tax deduction also is allowed for claims against the estate and unpaid mortgages on, or any indebtedness in respect of, property for which the value of the decedent's interest therein, undiminished by the debt, is included in the value of the gross estate.

If the total amount of claims and debts against the estate exceeds the value of the property to which the claims relate, an estate tax deduction for the excess is allowed, provided such excess is paid before the due date of the estate tax return. A deduction for claims against the estate generally is permitted only if the claim is allowable by the law of the jurisdiction under which the estate is being administered.

A deduction also is allowed for the full unpaid amount of any mortgage upon, or of any other indebtedness in respect of, any property included in the gross estate (including interest which has accrued thereon to the date of the decedent's death), provided that the full value of the underlying property is included in the decedent's gross estate.

Basis of property received

In general.— Gain or loss, if any, on the disposition of the property is measured by the taxpayer's amount realized (e.g., gross proceeds received) on the disposition, less the taxpayer's basis in such property. Basis generally represents a taxpayer's investment in property with certain adjustments required after acquisition. For example, basis is increased by the cost of capital improvements made to the property and decreased by depreciation deductions taken with respect to the property.

Property received from a donor of a lifetime gift takes a carryover basis. ''Carryover basis'' means that the basis in the hands of the donee is the same as it was in the hands of the donor. The basis of property transferred by lifetime gift also is increased, but not above fair market value, by any gift tax paid by the donor. The basis of a lifetime gift, however, generally cannot exceed the property's fair market value on the date of the gift. If the basis of the property is greater than the fair market value of the property on the date of gift, then, for purposes of determining loss, the basis is the property's fair market value on the date of gift.

Property passing from a decedent's estate generally takes a stepped-up basis. ''Stepped-up basis'' for estate tax purposes means that the basis of property passing from a decedent's estate generally is the fair market value on the date of the decedent's death (or, if the alternate valuation date is elected, the earlier of six months after the decedent's death or the date the property is sold or distributed by the estate). This step up (or step down) in basis eliminates the recognition of income on any appreciation of the property that occurred prior to the decedent's death, and has the effect of eliminating the tax benefit from any unrealized loss.

Special rule for community property.—In community property states, a 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, U.S. possession, or foreign country) generally is treated as having passed from the decedent, and thus is eligible for stepped-up basis. This rule applies if at least one-half of the whole of the community interest is includible in the decedent's gross estate.

Special rules for interests in certain foreign entities.—Stepped-up basis treatment generally is denied to certain interests in foreign entities. Under present law, stock or securities in a foreign personal holding company take a carryover basis. Stock in a foreign investment company takes a stepped up basis reduced by the decedent's ratable share of the company's accumulated earnings and profits. In addition, stock in a passive foreign investment company (including those for which a mark-to-market election has been made) generally takes a carryover basis, except that a passive foreign investment company for which a decedent shareholder had made a qualified electing fund election is allowed a stepped-up basis. Stock owned by a decedent in a domestic international sales corporation (or former domestic international sales corporation) takes a stepped-up basis reduced by the amount (if any) which would have been included in gross income under section 995(c) as a dividend if the decedent had lived and sold the stock at its fair market value on the estate tax valuation date (i.e., generally the date of the decedent's death unless an alternate valuation date is elected).

Provisions affecting small and family-owned businesses and farms

Special-use valuation.—An executor can elect to value for estate tax purposes certain ''qualified real property'' used in farming or another qualifying closely-held trade or business at its current-use value, rather than its fair market value. The maximum reduction in value for such real property is $750,000 (adjusted for inflation occurring after 1997; the inflation-adjusted amount for 2001 is $800,000). Real property generally can qualify for special-use valuation if at least 50 percent of the adjusted value of the decedent's gross estate consists of a farm or closely-held business assets in the decedent's estate (including both real and personal property) and at least 25 percent of the adjusted value of the gross estate consists of farm or closely-held business property. In addition, the property must be used in a qualified use (e.g., farming) by the decedent or a member of the decedent's family for five of the eight years before the decedent's death.

If, after a special-use valuation election is made, the heir who acquired the real property ceases to use it in its qualified use within 10 years of the decedent's death, an additional estate tax is imposed in order to recapture the entire estate-tax benefit of the special-use valuation.

Family-owned business deduction.—An estate is permitted to deduct the adjusted value of a qualified-family owned business interest of the decedent, up to $675,000.[48] A qualified family-owned business interest is defined as any interest in a trade or business (regardless of the form in which it is held) with a principal place of business in the United States if the decedent's family owns at least 50 percent of the trade or business, two families own 70 percent, or three families own 90 percent, as long as the decedent's family owns at least 30 percent of the trade or business. An interest in a trade or business does not qualify if any interest in the business (or a related entity) was publicly-traded at any time within three years of the decedent's death. An interest in a trade or business also does not qualify if more than 35 percent of the adjusted ordinary gross income of the business for the year of the decedent's death was personal holding company income. In the case of a trade or business that owns an interest in another trade or business (i.e., ''tiered entities''), special look-through rules apply. The value of a trade or business qualifying as a family-owned business interest is reduced to the extent the business holds passive assets or excess cash or marketable securities.

To qualify for the exclusion, the decedent (or a member of the decedent's family) must have owned and materially participated in the trade or business for at least five of the eight years preceding the decedent's date of death. In addition, at least one qualified heir (or member of the qualified heir's family) is required to materially participate in the trade or business for at least 10 years following the decedent's death.

The qualified family-owned business rules provide a graduated recapture based on the number of years after the decedent's death in which the disqualifying event occurred. Under the provision, if the disqualifying event occurred within six years of the decedent's death, then 100 percent of the tax is recaptured. The remaining percentage of recapture based on the year after the decedent's death in which a disqualifying event occurs is as follows: the disqualifying event occurs during the seventh year after the decedent's death, 80 percent; during the eighth year after the decedent's death, 60 percent; during the ninth year after the decedent's death, 40 percent; and during the tenth year after the decedent's death, 20 percent. For purposes of the qualified family-owned business deduction, the contribution of a qualified conservation easement is not considered a disposition that would trigger recapture of estate tax.

In general, there is no requirement that the qualified heir (or members of his or her family) continue to hold or participate in the trade or business more than 10 years after the decedent's death. However, the 10–year recapture period can be extended for a period of up to two years if the qualified heir does not begin to use the property for a period of up to two years after the decedent's death.

An estate can claim the benefits of both the qualified family-owned business deduction and special-use valuation. For purposes of determining whether the value of the trade or business exceeds 50 percent of the decedent's gross estate, then the property's special-use value is used if the estate claimed special-use valuation.

State death tax credit

A credit is allowed against the Federal estate tax for any estate, inheritance, legacy, or succession taxes actually paid to any State or the District of Columbia with respect to any property included in the decedent's gross estate. The maximum amount of credit allowable for State death taxes is determined under a graduated rate table, the top rate of which is 16 percent, based on the size of the decedent's adjusted taxable estate. Most States impose a ''pick-up'' or

[48] The qualified family-owned business deduction and the unified credit effective exemption amount are coordinated. If the maximum deduction amount of $675,000 is elected, then the unified credit effective exemption amount is $625,000, for a total of $1.3 million. If the qualified family-owned business deduction is less than $675,000, then the unified credit effective exemption amount is equal to $625,000, increased by the difference between $675,000 and the amount of the qualified family-owned business deduction. However, the unified credit effective exemption amount cannot be increased above such amount in effect for the taxable year.

''soak-up'' estate tax, which serves to impose a State tax equal to the maximum Federal credit allowed.

Estate and gift taxation of nonresident noncitizens

Nonresident noncitizens are subject to gift tax with respect to certain transfers by gift of U.S.-situated property. Such property includes real estate and tangible property located within the United States. Nonresident noncitizens generally are not subject to U.S. gift tax on the transfer of intangibles, such as stock or securities, regardless of where such property is situated.

Estates of nonresident noncitizens generally are taxed at the same estate tax rates applicable to U.S. citizens, but the taxable estate includes only property situated within the United States that is owned by the decedent at death. This includes the value at death of all property, real or personal, tangible or intangible, situated in the United States. Special rules apply which treat certain property as being situated within and without the United States for these purposes.

Unless modified by a treaty, a nonresident who is not a U.S. citizen generally is allowed a unified credit of $13,000, which effectively exempts $60,000 in assets from estate tax.

Generation-skipping transfer tax

A generation-skipping transfer tax generally is imposed on transfers, either directly or through a trust or similar arrangement, to a ''skip person'' (i.e., a beneficiary in a generation more than one generation below that of the transferor). Transfers subject to the generation-skipping transfer tax include direct skips, taxable terminations, and taxable distributions. The generation-skipping transfer tax is imposed at a flat rate of 55 percent (i.e., the top estate and gift tax rate) on cumulative generation-skipping transfers in excess of $1 million (indexed for inflation occurring after 1997; the inflation-adjusted amount for 2001 is $1,060,000).

Selected income tax provisions

Transfers to certain foreign trusts and estates

A transfer (during life or at death) by a U.S. person to a foreign trust or estate generally is treated as a sale or exchange of the property for an amount equal to the fair market value of the transferred property. The amount of gain that must be recognized by the transferor is equal to the excess of the fair market value of the property transferred over the adjusted basis (for purposes of determining gain) of such property in the hands of the transferor.

Net operating loss and capital loss carryovers

Under present law, a capital loss and net operating loss from business operations sustained by a decedent during his last taxable year are deductible only on the final return filed in his or her behalf. Such losses are not deductible by his or her estate.

Transfers of property in satisfaction of a pecuniary bequest

Under present law, gain or loss is recognized on the transfer of property in satisfaction of a pecuniary bequest (i.e., a bequest of a specific dollar amount) to the extent that the fair market value of the property at the time of the transfer exceeds the basis of the property, which generally is the basis stepped up to fair market value on the date of the decedent's death.

Income tax exclusion for the gain on the sale of a principal residence

A taxpayer generally can exclude up to $250,000 ($500,000 if married filing a joint return) of gain realized on the sale or exchange of a principal residence. The exclusion is allowed each time a taxpayer sells or exchanges a principal residence that meets the eligibility requirements, but generally no more frequently than once every two years.

To be eligible, a taxpayer must have owned the residence and occupied it as a principal residence for at least two of the five years prior to the sale or exchange. A taxpayer who fails to meet these requirements by reason of a change of place of employment, health, or other unforeseen circumstances is able to exclude the fraction of the $250,000 ($500,000 if married filing a joint return) equal to the fraction of two years that these requirements are met.

Excise tax on non-exempt trusts

Under present law, non-exempt split-interest trusts are subject to certain restrictions that are applicable to private foundations if an income, estate, or gift tax charitable deduction was allowed with respect to the trust. A non-exempt split-interest trust subject to these rules would be prohibited from engaging in self-dealing, retaining any excess business holdings, and from making certain investments or taxable expenditures. Failure to comply with these restrictions would subject the trust to certain excise taxes imposed on private foundations, which include excise taxes on self-dealing, excess business holdings, investments which jeopardize charitable purposes, and certain taxable expenditures.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House, provides as follows:

Overview of H.R. 8

Beginning in 2011, the estate, gift, and generation-skipping transfers taxes are repealed. After repeal, the basis of assets received from a decedent generally will equal the basis of the decedent (i.e., carryover basis) at death. However, a decedent's estate is permitted to increase the basis of appreciated assets transferred by up to a total of $1.3 million. The basis of appreciated property transferred to a surviving spouse can be increased (i.e., stepped up) by an additional $3 million. Thus, the basis of property transferred to a surviving spouse can be increased (i.e., stepped up) by a total of $4.3 million. In no case can the basis of an asset be adjusted above its fair market value. For these purposes, the executor will determine which assets and to what extent each asset receives a basis increase. The $1.3 million and $3 million amounts are adjusted annually for inflation occurring after 2010.

In 2002, the unified credit is replaced with a unified exemption, and the 5-percent surtax (which phases out the benefit of the graduated rates) and the rates in excess of 53 percent are repealed. Beginning in 2003, the estate, gift, and generation-skipping transfer tax rates are further reduced each year until the estate, gift, and generation-skipping transfer taxes are repealed in 2011.

Phaseout and repeal of estate, gift, and generation-skipping transfer taxes

In general

In 2002, the top estate and gift tax rates above 53 percent are repealed, as is the 5-percent surtax, which phases out the benefit of the graduated rates. In 2003, all rates in excess of 50 percent are repealed. In each year 2004 through 2006, each of the rates of tax is reduced by one percentage point. In each year 2007 through 2010, each of the rates of tax is reduced by two percentage points. The generation-skipping transfer tax rate in effect for a given year is the highest estate and gift tax rate in effect for that year. The reduction in estate and gift tax rates is coordinated with the income tax rates such that the highest estate and gift tax rate (and, thus, the generation-skipping transfer tax rate) will not be reduced below the top individual rate, and the lower estate and gift tax rates will not be reduced below the lowest individual tax rate. For each year 2002 through 2010, the State death tax credit rates are reduced in proportion to the reduction in the estate and gift tax rates.

Beginning in 2011, the estate, gift, and generation-skipping transfer taxes are repealed.

Replace unified credit with unified exemption

Beginning in 2002, the unified credit is replaced with a unified exemption amount. The unified exemption amount, which will follow the dollar amounts of the present-law unified credit effective exemption amounts, will be determined as follows: in 2002 and 2003, $700,000; in 2004, $850,000; in 2005, $950,000; and in 2006 and thereafter (until repeal in 2011), $1 million. For decedents who are not residents and not citizens of the United States, the exemption is $60,000.

Basis of property acquired from a decedent

In general

Beginning in 2011, after the estate, gift, and generation-skipping transfer taxes have been repealed, the present-law rules providing for a fair market value basis for property acquired from a decedent are repealed. Instead, a modified carryover basis regime generally takes effect. Recipients of property transferred at the decedent's death will receive a basis equal the lesser of the adjusted basis of the decedent or the fair market value of the property on the date of the decedent's death.

The modified carryover basis rules apply to property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent, property passing from the decedent to the extent such property passed without consideration, and certain other property to which the present law rules apply.[49]

Property acquired from a decedent is treated as if the property had been acquired by gift. Thus, the character of gain on the sale of property received from a decedent's estate is carried over to the heir. For example, real estate that has been depreciated and would be subject to recapture if sold by the decedent will be subject to recapture if sold by the heir.

Property to which the modified carryover basis rules apply

The modified carryover basis rules apply to property acquired from the decedent. Property acquired from the decedent is (1) property acquired by bequest, devise, or inheritance, (2) property acquired by the decedent's estate from the decedent, (3) property transferred by the decedent during his or her lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust,[50] (4) property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change to the enjoyment thereof through the exercise of a power to alter,

[49] Sec. 1014(b)(2) and (3).

[50] This is the same property the basis of which is stepped up to date of death fair market value under present law sec. 1014(b)(2).

amend, or terminate the trust,[51] (5) property passing from the decedent by reason of the decedent's death to the extent such property passed without consideration (e.g., property held as joint tenants with right of survivorship or as tenants by the entireties), and (6) the surviving spouse's one-half share of certain community property held by the decedent and the surviving spouse as community property.

Basis increase for certain property

Amount of basis increase.—The bill allows an executor to increase (i.e., step up) the basis in assets owned by the decedent and acquired by the beneficiaries at death. Under this rule, each decedent's estate generally is permitted to increase (i.e., step up) the basis of assets transferred by up to a total of $1.3 million. The $1.3 million is increased by the amount of unused capital losses, net operating losses, and certain ''built-in'' losses of the decedent. In addition, the basis of property transferred to a surviving spouse can be increased by an additional $3 million. Thus, the basis of property transferred to surviving spouses can be increased by a total of $4.3 million. Nonresidents who are not U.S. citizens will be allowed to increase the basis of property by up to $60,000. The $60,000, $1.3 million, and $3 million amounts are adjusted annually for inflation occurring after 2010.

Property eligible for basis increase.—In general, the basis of property may be increased above the decedent's adjusted basis in that property only if the property is owned, or is treated as owned, by the decedent at the time of the decedent's death. In the case of property held as joint tenants or tenants by the entireties with the surviving spouse, one-half of the property is treated having been owned by the decedent and is thus eligible for the basis increase. In the case of property held jointly with a person other than the surviving spouse, the portion of the property attributable to the decedent's consideration furnished is treated as having been owned by the decedent and will be eligible for a basis increase. The decedent also is treated as the owner of property (which will be eligible for a basis increase) if the property was transferred by the decedent during his lifetime to a revocable trust that pays all of its income during the decedent's life to the decedent or at the direction of the decedent. The decedent also is treated as having owned the surviving spouse's one-half share of community property (which will be eligible for a basis increase) if at least one-half of the property was owned by, and acquired from, the decedent.[52] The decedent shall not, however, be treated as owning any property solely by reason of holding a power of appointment with respect to such property.

Property not eligible for a basis increase includes: (1) property that was acquired by the decedent by gift (other than from his or her spouse) during the three-year period ending on the date of the decedent's death; (2) property that constitutes a right to receive income in respect of a decedent; (3) stock or securities of a foreign personal holding company; (4) stock of a domestic international sales corporation (or former domestic international sales corporation); (5) stock of a foreign investment company; and (6) stock of a passive foreign investment company (except for which a decedent shareholder had made a qualified electing fund election).

Rules applicable to basis increase.—Basis increase will be allocable on an asset-by-asset basis (e.g., basis increase can be allocated to a share of stock or a block of stock). However, in no case can the basis of an asset be adjusted above its fair market value. If the amount of basis increase is less than the fair market value of assets whose bases are eligible to be increased under these rules, the executor will determine which assets and to what extent each asset receives a basis increase.

Reporting requirements

Lifetime gifts

A donor is required to report to the Internal Revenue Service (''IRS'') the basis and character of any non-cash property transferred by gift with a value in excess of $25,000 (except for gifts to charitable organizations). The donor is required to report to the IRS:

The name and taxpayer identification number of the donee,

An accurate description of the property,

The adjusted basis of the property in the hands of the donor at the time of gift,

The donor's holding period for such property,

Sufficient information to determine whether any gain on the sale of the property would be treated as ordinary income,

And any other information as the Treasury Secretary may prescribe.

Similar information (including the name, address, and phone number of the person making the return) is required to be provided to recipients of such property.

Transfers at death

For transfers at death of non-cash assets in excess of $1.3 million and for appreciated property the value of which exceeds $25,000 received by a decedent within three years of death, the executor of the estate (or the trustee of a revocable trust) would report to the IRS:

The name and taxpayer identification number of the recipient of the property,

An accurate description of the property,

The adjusted basis of the property in the hands of the decedent and its fair market value at the time of death,

The decedent's holding period for the property,

Sufficient information to determine whether any gain on the sale of the property would be treated as ordinary income,

The amount of basis increase allocated to the property, and

Any other information as the Treasury Secretary may prescribe.

Penalties for failure to file required information

Any donor required to report the basis and character of any non-cash property with a value in excess of $25,000 who fails to do so is liable for a penalty of $500 for each failure to report such information to the IRS and $50 for each failure to report such information to a beneficiary.

Any person required to report to the IRS transfers at death of non-cash assets in excess of $1.3 million in value who fails to do so is liable for a penalty of $10,000 for the failure to report such information. Any person required to report to the IRS the receipt by a decedent of appreciated property valued in excess of $25,000 within three years of death who fails to do so is liable for a penalty of $500 for the failure to report such information to the IRS. There also is a penalty of $50 for each failure to report such information to a beneficiary.

No penalty is imposed with respect to any failure that is due to reasonable cause. If any failure to report to the IRS or a beneficiary under the bill is due to intentional disregard of the rules, then the penalty is five percent of the fair market value of the property for which reporting was required, determined at the date of the decedent's death (for property passing at death) or determined at the time of gift (for a lifetime gift).

Certain tax benefits extending past the date for repeal of the estate tax

Prior to repeal of the estate tax, many estates may have claimed certain estate tax benefits which, upon certain events, may trigger a recapture tax. Because repeal of the estate tax is effective for decedents dying after December 31, 2010, these estate tax recapture provisions will continue to apply to estates of decedents dying before January 1, 2011.

Qualified conservation easements

A donor may have retained a development right in the conveyance of a conservation easement that qualified for the estate tax exclusion. Those with an interest in the land may later execute an agreement to extinguish the right. If an agreement to extinguish development rights is not entered into within the earlier of (1) two years after the date of the decedent's death or (2) the date of the sale of such land subject to the conservation easement, then those with an interest in the land are personally liable for an additional tax. This provision is retained after repeal of the estate tax, which will ensure that those persons with an interest in the land who fail to execute the agreement remain liable for any additional tax which may be due after repeal.

Special-use valuation

Property may have qualified for special-use valuation prior to repeal of the estate tax. If such property ceases to qualify for special-use valuation, for example, because an heir ceases to use the property in its qualified use within 10 years of the decedent's death, then the estate tax benefit is required to be recaptured. The recapture provision is retained after repeal of the estate tax, which will ensure that those estates that claimed this benefit prior to repeal of the estate tax will be subject to recapture if a disqualifying event occurs after repeal.

Qualified family-owned business deduction

Property may have qualified for the family-owned business deduction prior to repeal of the estate tax. If such property ceases to qualify for the family-owned business deduction, for example, because an heir ceases to use the property in its qualified use within 10 years of the decedent's death, then the estate-tax benefit is required to be recaptured. The recapture provision is retained after repeal of the estate tax, which will ensure that those estates that claimed this benefit prior to repeal of the estate tax would be subject to recapture if a disqualifying event occurs after repeal.

Installment payment of estate tax for estates with an interest in a closely-held business

The present-law installment payment rules are retained so that those estates that entered into an installment payment arrangement prior to repeal of the estate tax will continue to make their payments past the date for repeal.

If more than 50 percent of the value of the closely-held business is distributed, sold, exchanged, or otherwise disposed of, the unpaid portion of the tax payable in installments must be paid upon notice and demand from

[51] This is the same property the basis of which is stepped up to date of death fair market value under present law sec. 1014(b)(3).

[52] Thus, similar to the present law rule in sec. 1014(b)(6), both the decedent's and the surviving spouse's share of community property could be eligible for a basis increase.

the Treasury Secretary. This rule is retained after repeal of the estate tax, which will ensure that such dispositions that occur after repeal of the estate tax will continue to subject the estate to the unpaid portion of the tax upon notice and demand.

Transfers to foreign trusts, estates, and nonresidents who are not U.S. citizens

The present-law rule providing that transfers by a U.S. person to a foreign trust or estate generally is treated as a sale or exchange is expanded. Under the bill, transfers by a U.S. person to a nonresident who is not a U.S. citizen is treated as a sale or exchange of the property for an amount equal to the fair market value of the transferred property. The amount of gain that must be recognized by the transferor is equal to the excess of the fair market value of the property transferred over the adjusted basis of such property in the hands of the transferor.

Transfers of property in satisfaction of a pecuniary bequest

Under the bill, gain or loss on the transfer of property in satisfaction of a pecuniary bequest is recognized only to the extent that the fair market value of the property at the time of the transfer exceeds the fair market value of the property on the date of the decedent's death (not the property's carryover basis).

Transfer of property subject to a liability

The bill clarifies that gain is not recognized at the time of death when the estate or heir acquires from the decedent property subject to a liability that is greater than the decedent's basis in the property. Similarly, no gain is recognized by the estate on the distribution of such property to a beneficiary of the estate by reason of the liability.

Income tax exclusion for the gain on the sale of a principal residence

The income tax exclusion of up to $250,000 of gain on the sale of a principal residence is extended to estates and heirs. Under the bill, if the decedent's estate or an heir sells the decedent's principal residence, $250,000 of gain can be excluded on the sale of the residence, provided the decedent used the property as a principal residence for two or more years during the five-year period prior to the sale. In addition, if an heir occupies the property as a principal residence, the decedent's period of ownership and occupancy of the property as a principal residence can be added to the heir's subsequent ownership and occupancy in determining whether the property was owned and occupied for two years as a principal residence.

Excise tax on nonexempt trusts

Under the bill, split-interest trusts are subject to certain restrictions that are applicable to private foundations if an income tax charitable deduction, including an income tax charitable deduction by an estate or trust, was allowed with respect to transfers to the trust.

Anti-abuse rules

The Treasury Secretary is given authority to treat a transfer that purports to be a gift as having never been transferred, if, in connection with such transfer, such treatment is appropriate to prevent income tax avoidance and (1) the transferor (or any person related to or designated by the transferor or such person) has received anything of value in connection with the transfer from the transferee directly or indirectly or (2) there is an understanding or expectation that the transferor (or any person related to or designated by the transferor or such person) will receive anything of value in connection with the transfer from the transferee directly or indirectly.

Study mandated by the bill

The bill requires the Treasury Secretary to conduct a study of opportunities for avoidance of the income tax, if any, and potential increases in income tax revenues by reason of enactment of the bill. The results of such study are required to be submitted to the House Committee on Ways and Means and the Senate Committee on Finance no later than December 31, 2002.

Interaction of the bill with death tax treaties

The Committee expects that, where applicable, references in U.S. tax treaties to the unified credit under section 2010 (as in effect prior to January 1, 2002) will be construed as applying, in a similar manner, to the unified exemption amount (as in effect for decedents dying and gifts made after December 31, 2001).[53]

Effective date

The unified credit is replaced with a unified exemption, the 5-percent surtax is repealed, and the rates in excess of 53 percent are repealed for estates of decedents dying and gifts and generation-skipping transfers made after December 31, 2001. The estate and gift tax rates in excess of 50 percent are repealed for estates of decedents dying and gifts and generation-skipping transfers made after December 31, 2002.

The additional reductions in estate and gift tax rates and of the State death tax credit occur for decedents dying and gifts and generation-skipping transfers made in 2004 through 2010.

The estate, gift, and generation-skipping transfer taxes are repealed and the carryover basis regime takes effect for estates of decedents dying and gifts and generation-skipping transfers made after December 31, 2010.

The provisions relating to purported gifts and recognition of gain on transfers to nonresidents who are not U.S. citizens are effective for transfers made after December 31, 2010.

SENATE AMENDMENT

The Senate amendment is similar to the provision in H.R. 8; however, under the Senate amendment, the gift tax will not be repealed.

The Senate amendment also includes the following modifications:

Phaseout and repeal of estate and generation-skipping transfer taxes; modifications to gift tax

The Senate amendment provides that the unified credit effective exemption amount will be increased and the estate and gift tax rates will be reduced over time. The unified credit effective exemption amount (for estate and gift tax purposes) will be increased to $1 million in 2002. For gift tax purposes, the unified credit effective exemption amount will remain at $1 million in 2002 and thereafter. For estate tax purposes, the unified credit effective exemption amount and generation-skipping transfer tax exemption will increase over time.

TABLE 18.—UNIFIED CREDIT EXEMPTION AMOUNTS AND HIGHEST ESTATE AND GIFT TAX RATES

Calendar year	Estate and GST tax deathtime transfer exemption	Highest estate and gift tax rates
2002	$1 million	50%
2003	$1 million	49%
2004	$2 million	48%
2005	$3 million	47%
2006	$3 million	46%
2007	$3 million	45%
2008	$3 million	45%
2009	$3.5 million	45%
2010	$4 million	45%
2011	N/A (taxes repealed)	40% (gift tax only)

Under the Senate amendment, except as provided in regulations, a transfer to a trust will be treated as a taxable gift beginning in 2011, unless the trust is treated as wholly owned by the donor or the donor's spouse under the grantor trust provisions of the Code.

After repeal of the estate tax, the modified carryover basis rules provided in the House bill also apply under the Senate amendment.

Reduction in State death tax credit; deduction for State death taxes paid

The Senate amendment provides that, from 2002 through 2004, the top State death tax credit rate is decreased from 16 percent as follows: to 8 percent in 2002, to 7.2 percent in 2003, and to 7.04 percent in 2004. In 2005, after the state death tax credit is repealed, there will be a deduction for death taxes (e.g., any estate, inheritance, legacy, or succession taxes) actually paid to any State or the District of Columbia, in respect of property included in the gross estate of the decedent. Such State taxes must have been paid and claimed before the later of: (1) four years after the filing of the estate tax return; or (2) (a) 60 days after a decision of the U.S. Tax Court determining the estate tax liability becomes final, (b) the expiration of the period of extension to pay estate taxes over time under section 6166, or (c) the expiration of the period of limitations in which to file a claim for refund or 60 days after a decision of a court in which such refund suit has been filed becomes final.

Reporting requirements

In general

For transfers at death, the Senate amendment contains reporting requirements identical to those provided in the House bill. For transfers during life, the Senate amendment provides that a donor is required to provide to recipients of property by gift the information relating to the property (e.g., the fair market value and basis of property) that was reported on the donor's gift tax return with respect to such property.

Penalties for failure to comply with the reporting requirements

Any donor required to provide to recipients of property by gift the information relating to the property that was reported on the donor's gift tax return (e.g., the fair market value and basis of property) with respect to such property who fails to do so is liable for a penalty of $50 for each failure to report such information to a donee.

Any person required to report to the IRS transfers at death of non-cash assets in excess of $1.3 million in value who fails to do so is liable for a penalty of $10,000 for the failure to report such information. Any person required to report to the IRS the receipt by a decedent of appreciated property acquired by the decedent within three years of death

[53] See, e.g., Article 3, Protocol Amending the Convention Between the United States of America and the Federal Republic of Germany for the Avoidance of Double Taxation with Respect to Taxes on Estates, Inheritances, and Gifts (Senate Treaty Doc. 106–13, September 21, 1999.) Under the protocol, a pro rata unified credit is provided to the estate of an individual domiciled in Germany (who is not a U.S. citizen) for purposes of computing U.S. estate tax. Such an individual domiciled in Germany is entitled to a credit against U.S. estate tax based on the extent to which the assets of the estate are situated in the United States.

for which a gift tax return was required to have been filed by the donor who fails to do so is liable for a penalty of $500 for the failure to report such information to the IRS. There also is a penalty of $50 for each failure to report such information to a beneficiary.

No penalty is imposed with respect to any failure that is due to reasonable cause. If any failure to report to the IRS or a beneficiary under the bill is due to intentional disregard of the rules, then the penalty is five percent of the fair market value of the property for which reporting was required, determined at the date of the decedent's death (for property passing at death) or determined at the time of gift (for a lifetime gift).

Certain tax benefits extending past the date for repeal of the estate tax

As under the House bill, there will continue to be (1) the additional estate tax for those with a retained development right with respect to property for which a conservation easement was claimed, (2) the additional estate tax imposed under the special-use valuation rules, (3) the additional tax imposed under the qualified family-owned business deduction rules, and (4) acceleration of tax under the installment payment of estate tax provisions.

In addition, under the Senate amendment, there will continue to be an estate tax imposed on (1) any distribution prior to January 1, 2022, from a qualified domestic trust before the date of the death of the noncitizen surviving spouse and (2) the value of the property remaining in a qualified domestic trust on the date of death of the noncitizen surviving spouse if such surviving spouse dies before January 1, 2011.

Effective date

The estate and gift rate reductions, increases in the estate tax unified credit exemption equivalent amounts and generation-skipping transfer tax exemption amount, and reductions in and repeal of the state death tax credit are phased-in over time, beginning with estates of decedents dying and gifts and generation-skipping transfers made after December 31, 2001. The repeal of the qualified family-owned business deduction is effective for estates of decedents dying after December 31, 2003.

The estate and generation-skipping transfer taxes are repealed, and the carryover basis regime takes effect for estates of decedents dying and generation-skipping transfers made after December 31, 2010. The provisions relating to recognition of gain on transfers to nonresident noncitizens are effective for transfers made after December 31, 2010.

The top gift tax rate will be 40 percent, and transfers to trusts generally will be treated as a taxable gift unless the trust is treated as wholly owned by the donor or the donor's spouse, effective for gifts made after December 31, 2010.

An estate tax on distributions made from a qualified domestic trust before the date of the death of the surviving spouse will no longer apply for distributions made after December 31, 2021. An estate tax on the value of property remaining in a qualified domestic trust on the date of death of the surviving spouse will no longer apply after December 31, 2010.

CONFERENCE AGREEMENT

Overview

The conference agreement follows the Senate amendment with modifications. Under the conference agreement, the estate, gift, and generation-skipping transfer taxes are reduced between 2002 and 2009, and the estate and generation-skipping transfer taxes are repealed in 2010.

Phaseout and repeal of estate and generation-skipping transfer taxes

In general

Under the conference agreement, in 2002, the 5-percent surtax (which phases out the benefit of the graduated rates) and the rates in excess of 50 percent are repealed. In addition, in 2002, the unified credit effective exemption amount (for both estate and gift tax purposes) is increased to $1 million. In 2003, the estate and gift tax rates in excess of 49 percent are repealed. In 2004, the estate and gift tax rates in excess of 48 percent are repealed, and the unified credit effective exemption amount for estate tax purposes is increased to $1.5 million. (The unified credit effective exemption amount for gift tax purposes remains at $1 million as increased in 2002.) In addition, in 2004, the family-owned business deduction is repealed. In 2005, the estate and gift tax rates in excess of 47 percent are repealed. In 2006, the estate and gift tax rates in excess of 46 percent are repealed, and the unified credit effective exemption amount for estate tax purposes is increased to $2 million. In 2007, the estate and gift tax rates in excess of 45 percent are repealed. In 2009, the unified credit effective exemption amount is increased to $3.5 million. In 2010, the estate and generation-skipping transfer taxes are repealed.

From 2002 through 2009, the estate and gift tax rates and unified credit effective exemption amount for estate tax purposes are as follows:

Calendar year	Estate and GST tax deathtime transfer exemption	Highest estate and gift tax rates
2002	$1 million	50%
2003	$1 million	49%
2004	$1.5 million	48%
2005	$1.5 million	47%
2006	$2 million	46%
2007	$2 million	45%
2008	$2 million	45%
2009	$3.5 million	45%
2010	N/A (taxes repealed)	top individual rate under the bill (gift tax only)

The generation-skipping transfer tax exemption for a given year (prior to repeal) is equal to the unified credit effective exemption amount for estate tax purposes. In addition, as under present law, the generation-skipping transfer tax rate for a given year will be the highest estate and gift tax rate in effect for such year.

Repeal of estate and generation-skipping transfer taxes; modifications to gift tax

In 2010, the estate and generation-skipping transfer taxes are repealed. Also beginning in 2010, the top gift tax rate will be the top individual income tax rate as provided under the bill, and, except as provided in regulations, a transfer to trust will be treated as a taxable gift, unless the trust is treated as wholly owned by the donor or the donor's spouse under the grantor trust provisions of the Code.

Reduction in State death tax credit; deduction for State death taxes paid

Under the conference agreement, from 2002 through 2004, the State death tax credit allowable under present law is reduced as follows: in 2002, the State death tax credit is reduced by 25 percent (from present law amounts); in 2003, the State death tax credit is reduced by 50 percent (from present law amounts); and in 2004, the State death tax credit is reduced by 75 percent (from present law amounts). In 2005, the State death tax credit is repealed, after which there will be a deduction for death taxes (e.g., any estate, inheritance, legacy, or succession taxes) actually paid to any State or the District of Columbia, in respect of property included in the gross estate of the decedent. Such State taxes must have been paid and claimed before the later of: (1) four years after the filing of the estate tax return; or (2) (a) 60 days after a decision of the U.S. Tax Court determining the estate tax liability becomes final, (b) the expiration of the period of extension to pay estate taxes over time under section 6166, or (c) the expiration of the period of limitations in which to file a claim for refund or 60 days after a decision of a court in which such refund suit has become final.

Basis of property acquired from a decedent

The conference agreement includes the rules regarding the determination of basis of property acquired from a decedent after repeal of the estate tax included in H.R. 8 and the Senate amendment; however, these rules will be in effect beginning in 2010 (i.e., when the estate tax is repealed under the conference agreement).

Reporting requirements

The conference agreement follows the Senate amendment.

Certain tax benefits extending past the date for repeal of the estate tax

The conference agreement follows the Senate amendment, with a modification regarding property in a qualified domestic trust. There will continue to be an estate tax imposed on (1) any distribution prior to January 1, 2021, from a qualified domestic trust before the date of the death of the noncitizen surviving spouse and (2) the value of the property remaining in a qualified domestic trust on the date of death of the noncitizen surviving spouse if such surviving spouse dies before January 1, 2010.

Transfers to foreign trusts, foreign estates, and nonresidents who are not U.S. citizens

The conference agreement follows H.R. 8 and the Senate amendment, with a modification. Under the conference agreement, beginning in 2010, only a transfer by a U.S. person's estate (i.e., by a U.S. person at death) to a nonresident who is not a U.S. citizen is treated as a sale or exchange of the property for an amount equal to the fair market value of the transferred property. The amount of gain that must be recognized by the transferor is equal to the excess of the fair market value of the property transferred over the adjusted basis of such property in the hands of the transferor.

Transfers of property in satisfaction of a pecuniary bequest

The conference agreement follows H.R. 8 and the Senate amendment.

Transfer of property subject to a liability

The conference agreement follows H.R. 8 and the Senate amendment.

Income tax exclusion for the gain on the sale of a principal residence

The conference agreement follows H.R. 8 and the Senate amendment, with a modification. Under the conference agreement, the income tax exclusion for the gain on the sale of a principal residence applies to property sold by a trust that was a qualified revocable trust under section 645 of the Code immediately prior to the decedent's death. The decedent's period of occupancy of the property as a principal residence can be added to an heir's subsequent ownership and occupancy in determining whether the property was owned and occupied for two years as a principal residence, regardless of whether the

residence was owned by such trust during the decedent's occupancy.

Excise tax on non-exempt trusts

The conference agreement follows H.R. 8 and the Senate amendment.

Effective date

The estate and gift rate reductions, increases in the estate tax unified credit exemption equivalent amounts and generation-skipping transfer tax exemption amount, and reductions in and repeal of the state death tax credit are phased-in over time, beginning with estates of decedents dying and gifts and generation-skipping transfers after December 31, 2001. The repeal of the qualified family-owned business deduction is effective for estates of decedents dying after December 31, 2003.

The estate and generation-skipping transfer taxes are repealed, and the carryover basis regime takes effect for estates of decedents dying and generation-skipping transfers after December 31, 2009. The provisions relating to recognition of gain on transfers by the estate of a U.S. person (i.e., at death) to nonresidents who are not U.S. citizens is effective for transfers made after December 31, 2009.

The top gift tax rate will be the top individual income tax rate as provided in the bill, and transfers to trusts generally will be treated as a taxable gift unless the trust is treated as wholly owned by the donor or the donor's spouse, effective for gifts made after December 31, 2009.

An estate tax on distributions made from a qualified domestic trust before the date of the death of the surviving spouse will no longer apply for distributions made after December 31, 2020. An estate tax on the value of property remaining in a qualified domestic trust on the date of death of the surviving spouse will no longer apply after December 31, 2009.

B. EXPAND ESTATE TAX RULE FOR CONSERVATION EASEMENTS (SEC. 501 OF H.R. 8, SEC. 551 OF THE SENATE AMENDMENT, AND SEC. 2031 OF THE CODE)

PRESENT LAW

In general

An executor can elect to exclude from the taxable estate 40 percent of the value of any land subject to a qualified conservation easement, up to a maximum exclusion of $100,000 in 1998, $200,000 in 1999, $300,000 in 2000, $400,000 in 2001, and $500,000 in 2002 and thereafter (sec. 2031(c)). The exclusion percentage is reduced by 2 percentage points for each percentage point (or fraction thereof) by which the value of the qualified conservation easement is less than 30 percent of the value of the land (determined without regard to the value of such easement and reduced by the value of any retained development right).

A qualified conservation easement is one that meets the following requirements: (1) The land is located within 25 miles of a metropolitan area (as defined by the Office of Management and Budget) or a national park or wilderness area, or within 10 miles of an Urban National Forest (as designated by the Forest Service of the U.S. Department of Agriculture); (2) the land has been owned by the decedent or a member of the decedent's family at all times during the three-year period ending on the date of the decedent's death; and (3) a qualified conservation contribution (within the meaning of sec. 170(h)) of a qualified real property interest (as generally defined in sec. 170(h)(2)(C)) was granted by the decedent or a member of his or her family. For purposes of the provision, preservation of a historically important land area or a certified historic structure does not qualify as a conservation purpose.

In order to qualify for the exclusion, a qualifying easement must have been granted by the decedent, a member of the decedent's family, the executor of the decedent's estate, or the trustee of a trust holding the land, no later than the date of the election. To the extent that the value of such land is excluded from the taxable estate, the basis of such land acquired at death is a carryover basis (i.e., the basis is not stepped-up to its fair market value at death). Property financed with acquisition indebtedness is eligible for this provision only to the extent of the net equity in the property.

Retained development rights

The exclusion for land subject to a conservation easement does not apply to any development right retained by the donor in the conveyance of the conservation easement. An example of such a development right would be the right to extract minerals from the land. If such development rights exist, then the value of the conservation easement must be reduced by the value of any retained development right.

If the donor or holders of the development rights agree in writing to extinguish the development rights in the land, then the value of the easement need not be reduced by the development rights. In such case, those persons with an interest in the land must execute the agreement no later than the earlier of (1) two years after the date of the decedent's death or (2) the date of the sale of such land subject to the conservation easement. If such agreement is not entered into within this time, then those with an interest in the land are personally liable for an additional tax, which is the amount of tax which would have been due on the retained development rights subject to the termination agreement.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House expands the availability of qualified conservation easements by modifying the distance requirements. Under the bill, the distance within which the land must be situated from a metropolitan area, national park, or wilderness area is increased from 25 to 50 miles, and the distance from which the land must be situated from an Urban National Forest is increased from 10 to 25 miles. The bill also clarifies that the date for determining easement compliance is the date on which the donation was made.

Effective date.—The provisions are effective for estates of decedents dying after December 31, 2000.

SENATE AMENDMENT

The Senate amendment expands availability of qualified conservation easements by eliminating the requirement that the land be located within a certain distance from a metropolitan area, national park, wilderness area, or Urban National Forest. Thus, under the Senate amendment, a qualified conservation easement may be claimed with respect to any land that is located in the United States or its possessions. The Senate amendment also clarifies that the date for determining easement compliance is the date on which the donation was made.

Effective date.—The provisions are effective for estates of decedents dying after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

C. MODIFY GENERATION-SKIPPING TRANSFER TAX RULES

1. Deemed allocation of the generation-skipping transfer tax exemption to lifetime transfers to trusts that are not direct skips (sec. 601 of H.R. 8, sec. 561 of the Senate amendment, and sec. 2632 of the Code)

PRESENT LAW

A generation-skipping transfer tax generally is imposed on transfers, either directly or through a trust or similar arrangement, to a ''skip person'' (i.e., a beneficiary in a generation more than one generation below that of the transferor). Transfers subject to the generation-skipping transfer tax include direct skips, taxable terminations, and taxable distributions. An exemption of $1 million (indexed beginning in 1999; the inflation-adjusted amount for 2001 is $1,060,000) is provided for each person making generation-skipping transfers. The exemption can be allocated by a transferor (or his or her executor) to transferred property.

A direct skip is any transfer subject to estate or gift tax of an interest in property to a skip person. A skip person may be a natural person or certain trusts. All persons assigned to the second or more remote generation below the transferor are skip persons (e.g., grandchildren and great-grandchildren). Trusts are skip persons if (1) all interests in the trust are held by skip persons, or (2) no person holds an interest in the trust and at no time after the transfer may a distribution (including distributions and terminations) be made to a non-skip person.

A taxable termination is a termination (by death, lapse of time, release of power, or otherwise) of an interest in property held in trust unless, immediately after such termination, a non-skip person has an interest in the property, or unless at no time after the termination may a distribution (including a distribution upon termination) be made from the trust to a skip person. A taxable distribution is a distribution from a trust to a skip person (other than a taxable termination or direct skip).

The tax rate on generation-skipping transfers is a flat rate of tax equal to the maximum estate and gift tax rate in effect at the time of the transfer (55 percent under present law) multiplied by the ''inclusion ratio.'' The inclusion ratio with respect to any property transferred in a generation-skipping transfer indicates the amount of ''generation-skipping transfer tax exemption'' allocated to a trust. The allocation of generation-skipping transfer tax exemption reduces the 55-percent tax rate on a generation-skipping transfer.

If an individual makes a direct skip during his or her lifetime, any unused generation-skipping transfer tax exemption is automatically allocated to a direct skip to the extent necessary to make the inclusion ratio for such property equal to zero. An individual can elect out of the automatic allocation for lifetime direct skips.

For lifetime transfers made to a trust that are not direct skips, the transferor must allocate generation-skipping transfer tax exemption—the allocation is not automatic. If generation-skipping transfer tax exemption is allocated on a timely-filed gift tax return, then the portion of the trust which is exempt from generation-skipping transfer tax is based on the value of the property at the time of the transfer. If, however, the allocation is not made on a timely-filed gift tax return, then the portion of the trust which is exempt from generation-skipping transfer tax is based on the value of the property at

the time the allocation of generation-skipping transfer tax exemption was made.

Treas. Reg. sec. 26.2632–1(d) further provides that any unused generation-skipping transfer tax exemption, which has not been allocated to transfers made during an individual's life, is automatically allocated on the due date for filing the decedent's estate tax return. Unused generation-skipping transfer tax exemption is allocated pro rata on the basis of the value of the property as finally determined for estate tax purposes, first to direct skips treated as occurring at the transferor's death. The balance, if any, of unused generation-skipping transfer tax exemption is allocated pro rata, on the basis of the estate tax value of the nonexempt portion of the trust property (or in the case of trusts that are not included in the gross estate, on the basis of the date of death value of the trust) to trusts with respect to which a taxable termination may occur or from which a taxable distribution may be made.

HOUSE BILL

No provision. However, H.R. 8, as passed by the house provides that generation-skipping transfer tax exemption will be automatically allocated to transfers made during life that are ''indirect skips.'' An indirect skip is any transfer of property (that is not a direct skip) subject to the gift tax that is made to a generation-skipping transfer trust.

A generation-skipping transfer trust is defined as a trust that could have a generation-skipping transfer with respect to the transferor (e.g., a taxable termination or taxable distribution), unless:

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 (a) before the date that the individual attains age 46, (b) 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 (c) upon the occurrence of an event that, in accordance with regulations prescribed by the Treasury Secretary, may reasonably be expected to occur before the date that such individual attains age 46;

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;

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 (1) or (2), 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;

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;

The trust is a charitable lead annuity trust or a charitable remainder annuity trust or a charitable unitrust; or

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.

If any individual makes an indirect skip during the individual's lifetime, then any unused portion of such individual's generation-skipping transfer tax exemption is allocated to the property transferred to the extent necessary to produce the lowest possible inclusion ratio for such property.

An individual can elect not to have the automatic allocation rules apply to an indirect skip, and such elections will be deemed 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 or on such later date or dates as may be prescribed by the Treasury Secretary. An individual can elect not to have the automatic allocation rules apply to any or all transfers made by such individual to a particular trust and can elect to treat any trust as a generation-skipping transfer trust with respect to any or all transfers made by the individual to such trust, and such election can be made on a timely-filed gift tax return for the calendar year for which the election is to become effective.

Effective date.—The provision applies to transfers subject to estate or gift tax made after December 31, 2000, and to estate tax inclusion periods ending after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the provision in H.R. 8.

CONFERENCE AGREEMENT

The conference agreement follows H.R. 8 and the Senate amendment.

2. Retroactive allocation of the generation-skipping transfer tax exemption (sec. 601 of H.R. 8, sec. 561 of the Senate amendment, and sec. 2632 of the Code)

PRESENT LAW

A taxable termination is a termination (by death, lapse of time, release of power, or otherwise) of an interest in property held in trust unless, immediately after such termination, a non-skip person has an interest in the property, or unless at no time after the termination may a distribution (including a distribution upon termination) be made from the trust to a skip person. A taxable distribution is a distribution from a trust to a skip person (other than a taxable termination or direct skip). If a transferor allocates generation-skipping transfer tax exemption to a trust prior to the taxable termination or taxable distribution, generation-skipping transfer tax may be avoided.

A transferor likely will not allocate generation-skipping transfer tax exemption to a trust that the transferor expects will benefit only non-skip persons. However, if a taxable termination occurs because, for example, the transferor's child unexpectedly dies such that the trust terminates in favor of the transferor's grandchild, and generation-skipping transfer tax exemption had not been allocated to the trust, then generation-skipping transfer tax would be due even if the transferor had unused generation-skipping transfer tax exemption.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House, provided that generation-skipping transfer tax exemption can be allocated retroactively when there is an unnatural order of death. If a lineal descendant of the transferor predeceases the transferor, then the transferor can allocate any unused generation-skipping transfer exemption to any previous transfer or transfers to the trust on a chronological basis. The provision allows a transferor to retroactively allocate generation-skipping transfer exemption to a trust where a beneficiary (a) is a non-skip person, (b) is a lineal descendant of the transferor's grandparent or a grandparent of the transferor's spouse, (c) is a generation younger than the generation of the transferor, and (d) dies before the transferor. Exemption is allocated under this rule retroactively, and the applicable fraction and inclusion ratio would be determined based on the value of the property on the date that the property was transferred to trust.

Effective date.—The provision applies to deaths of non-skip persons occurring after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the provision in H.R. 8.

CONFERENCE AGREEMENT

The conference agreement follows H.R. 8 and the Senate amendment.

3. Severing of trusts holding property having an inclusion ratio of greater than zero (sec. 602 of H.R. 8, sec. 562 of the Senate amendment, and sec. 2642 of the Code)

PRESENT LAW

A generation-skipping transfer tax generally is imposed on transfers, either directly or through a trust or similar arrangement, to a ''skip person'' (i.e., a beneficiary in a generation more than one generation below that of the transferor). Transfers subject to the generation-skipping transfer tax include direct skips, taxable terminations, and taxable distributions. An exemption of $1 million (indexed beginning in 1999; the inflation-adjusted amount for 2001 is $1,060,000) is provided for each person making generation-skipping transfers. The exemption can be allocated by a transferor (or his or her executor) to transferred property.

If the value of transferred property exceeds the amount of the generation-skipping transfer tax exemption allocated to that property, then the generation-skipping transfer tax generally is determined by multiplying a flat tax rate equal to the highest estate tax rate (which is currently 55 percent) by the ''inclusion ratio'' and the value of the taxable property at the time of the taxable event. The ''inclusion ratio'' is the number one minus the ''applicable fraction.'' The applicable fraction is a fraction calculated by dividing the amount of the generation-skipping transfer tax exemption allocated to the property by the value of the property.

Under Treas. Reg. 26.2654–1(b), a trust may be severed into two or more trusts (e.g., one with an inclusion ratio of zero and one with an inclusion ratio of one) only if (1) the trust is severed according to a direction in the governing instrument or (2) the trust is severed pursuant to the trustee's discretionary powers, but only if certain other conditions are satisfied (e.g., the severance occurs or a reformation proceeding begins before the estate tax return is due). Under current Treasury regulations, however, a trustee cannot establish inclusion ratios of zero and one by severing a trust that is subject to the generation-skipping transfer tax after the trust has been created.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House, provides that a trust can be severed in a ''qualified severance.'' A qualified severance is defined as the division of a single trust and the creation of two or more trusts if (1) the single trust was divided on a fractional basis, and (2) 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. If a trust has an inclusion ratio of greater than zero and less than one, 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 one. Under the provision, a trustee may elect to sever a trust in a qualified severance at any time.

Effective date.—The provision is effective for severances of trusts occurring after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the provision in H.R. 8.

CONFERENCE AGREEMENT

The conference agreement follows the provision in H.R. 8 and the Senate amendment.

4. Modification of certain valuation rules (sec. 603 of H.R. 8, sec. 563 of the Senate amendment, and sec. 2642 of the Code)

PRESENT LAW

Under present law, the inclusion ratio is determined using gift tax values for allocations of generation-skipping transfer tax exemption made on timely filed gift tax returns. The inclusion ratio generally is determined using estate tax values for allocations of generation-skipping transfer tax exemption made to transfers at death. Treas. Reg. 26.2642–5(b) provides that, with respect to taxable terminations and taxable distributions, the inclusion ratio becomes final on the later of the period of assessment with respect to the first transfer using the inclusion ratio or the period for assessing the estate tax with respect to the transferor's estate.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House, provides that in connection with timely and automatic allocations of generation-skipping transfer tax exemption, the value of the property for purposes of determining the inclusion ratio shall be its finally determined gift tax value or estate tax value depending on the circumstances of the transfer. In the case of a generation-skipping transfer tax exemption allocation deemed to be made at the conclusion of an estate tax inclusion period, the value for purposes of determining the inclusion ratio shall be its value at that time.

Effective date.—The provision is effective for transfers subject to estate or gift tax made after December 31, 2000.

SENATE AMENDMENT

The Senate amendment is the same as the provision in H.R. 8.

CONFERENCE AGREEMENT

The conference agreement follows H.R. 8 and the Senate amendment.

5. Relief from late elections (sec. 604 of H.R. 8, sec. 564 of the Senate amendment, and sec. 2642 of the Code)

PRESENT LAW

Under present law, an election to allocate generation-skipping transfer tax exemption to a specific transfer may be made at any time up to the time for filing the transferor's estate tax return. If an allocation is made on a gift tax return filed timely with respect to the transfer to trust, then the value on the date of transfer to the trust is used for determining generation-skipping transfer tax exemption allocation. However, if the allocation relating to a specific transfer is not made on a timely-filed gift tax return, then the value on the date of allocation must be used. There is no statutory provision allowing relief for an inadvertent failure to make an election on a timely-filed gift tax return to allocate generation-skipping transfer tax exemption.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House, provides that the Treasury Secretary is authorized and directed to grant extensions of time to make the election to allocate generation-skipping transfer tax exemption and to grant exceptions to the time requirement, without regard to whether any period of limitations has expired. If such relief is granted, then the gift tax or estate tax value of the transfer to trust would be used for determining generation-skipping transfer tax exemption allocation.

In determining whether to grant relief for late elections, the Treasury Secretary is directed to consider all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Treasury Secretary deems relevant. For purposes of determining whether to grant relief, the time for making the allocation (or election) is treated as if not expressly prescribed by statute.

Effective date.—The provision applies to requests pending on, or filed after, December 31, 2000. No inference is intended with respect to the availability of relief from late elections prior to the effective date of the provision.

SENATE AMENDMENT

The Senate amendment is the same as the provision in H.R. 8.

CONFERENCE AGREEMENT

The conference agreement follows the provision in H.R. 8 and the Senate amendment.

6. Substantial compliance (sec. 604 of the House bill, sec. 564 of the Senate amendment, and sec. 2642 of the Code)

PRESENT LAW

Under present law, there is no statutory rule which provides that substantial compliance with the statutory and regulatory requirements for allocating generation-skipping transfer tax exemption will suffice to establish that generation-skipping transfer tax exemption was allocated to a particular transfer or trust.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House, provides that substantial compliance with the statutory and regulatory requirements for allocating generation-skipping transfer tax exemption will suffice to establish that generation-skipping transfer tax exemption was allocated to a particular transfer or a particular trust. If a taxpayer demonstrates substantial compliance, then so much of the transferor's unused generation-skipping transfer tax exemption will be allocated to the extent it produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances will be considered, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Treasury Secretary deems appropriate.

Effective date.—The provision applies to transfers subject to estate or gift tax made after December 31, 2000. No inference is intended with respect to the availability of a rule of substantial compliance prior to the effective date of the provision.

SENATE AMENDMENT

The Senate amendment is the same as the provision in H.R. 8.

CONFERENCE AGREEMENT

The conference agreement follows H.R. 8 and the Senate amendment.

D. EXPAND AND MODIFY AVAILABILITY OF INSTALLMENT PAYMENT OF ESTATE TAX FOR CLOSELY-HELD BUSINESSES (SEC. 701 OF H.R. 8, SECS. 571 AND 572 OF THE SENATE AMENDMENT, AND SEC. 6166 OF THE CODE)

PRESENT LAW

Under present law, the estate tax generally is due within nine months of a decedent's death. However, an executor generally may elect to pay estate tax attributable to an interest in a closely-held business in two or more installments (but no more than 10). An estate is eligible for payment of estate tax in installments if the value of the decedent's interest in a closely-held business exceeds 35 percent of the decedent's adjusted gross estate (i.e., the gross estate less certain deductions). If the election is made, the estate may defer payment of principal and pay only interest for the first five years, followed by up to 10 annual installments of principal and interest. This provision effectively extends the time for paying estate tax by 14 years from the original due date of the estate tax.[54] A special two-percent interest rate applies to the amount of deferred estate tax attributable to the first $1 million (adjusted annually for inflation occurring after 1998; the inflation-adjusted amount for 2001 is $1,060,000) in taxable value of a closely-held business. The interest rate applicable to the amount of estate tax attributable to the taxable value of the closely-held business in excess of $1 million is equal to 45 percent of the rate applicable to underpayments of tax under section 6621 (i.e., 45 percent of the Federal short-term rate plus 3 percentage points). Interest paid on deferred estate taxes is not deductible for estate or income tax purposes.

For purposes of these rules, an interest in a closely-held business is: (1) an interest as a proprietor in a sole proprietorship, (2) an interest as a partner in a partnership carrying on a trade or business if 20 percent or more of the total capital interest of such partnership is included in the decedent's gross estate or the partnership had 15 or fewer partners, and (3) stock in a corporation carrying on a trade or business if 20 percent or more of the value of the voting stock of the corporation is included in the decedent's gross estate or such corporation had 15 or fewer shareholders. The decedent may own the interest directly or, in certain cases, ownership may be indirect, through a holding company. If ownership is through a holding company, the stock must be non-readily tradable. If stock in a holding company is treated as business company stock for purposes of the installment payment provisions, the five-year deferral for principal and the 2-percent interest rate do not apply. The value of any interest in a closely-held business does not include the value of that portion of such interest attributable to passive assets held by such business.

[54] For example, assume estate tax is due in 2001. If interest only is paid each year for the first five years (2001 through 2005), and if 10 installments of both principal and interest are paid for the 10 years thereafter (2006 through 2015), then payment of estate tax would be extended by 14 years from the original due date of 2001.

HOUSE BILL

No provision. However, H.R. 8, as passed by the House, expands the definition of a closely-held business for purposes of installment payment of estate tax. The bill increases from 15 to 45 the number of partners in a partnership and shareholders in a corporation that is considered a closely-held business in which a decedent held an interest, and thus will qualify the estate for installment payment of estate tax.

Effective date.—The provision is effective for decedents dying after December 31, 2001.

SENATE AMENDMENT

The Senate amendment expands availability of the installment payment provisions by providing that an estate of a decedent with an interest in a qualifying lending and financing business is eligible for installment payment of the estate tax. The bill also provides that an estate with an interest in a qualifying lending and financing business that claims installment payment of estate tax must make installment payments of estate tax (which will include both principal and interest) relating to the interest in a qualifying lending and financing business over five years.

The Senate amendment also clarifies that the installment payment provisions require that only the stock of holding companies, not that of operating subsidiaries, must be non-readily tradable in order to qualify for installment payment of the estate tax. The bill also provides that an estate with a qualifying property interest held through holding companies that claims installment payment of estate tax must make all installment payments of estate tax (which will include both principal and interest) relating to a qualifying property interest held through holding companies over five years.

Effective date.—The provision is effective for decedents dying after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement includes the provision in H.R. 8 and the provisions in the Senate amendment.

No inference is intended as to whether one or more of the specified activities of a qualified lending and financing business would be a trade or business eligible for installment payment of estate tax under present law.

VI. PENSION AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS[55]

A. INDIVIDUAL RETIREMENT ARRANGEMENTS (''IRAs'') (SEC. 101 OF THE HOUSE BILL, SECS. 601–603 OF THE SENATE AMENDMENT AND SECS. 219, 408, AND 408A OF THE CODE)

PRESENT LAW

In general

There are two general types of individual retirement arrangements (''IRAs'') under present law: traditional IRAs, to which both deductible and nondeductible contributions may be made, and Roth IRAs. The Federal income tax rules regarding each type of IRA (and IRA contribution) differ.

Traditional IRAs

Under present law, an individual may make deductible contributions to an IRA up to the lesser of $2,000 or the individual's compensation if neither the individual nor the individual's spouse is an active participant in an employer-sponsored retirement plan. In the case of a married couple, deductible IRA contributions of up to $2,000 can be made for each spouse (including, for example, a homemaker who does not work outside the home), if the combined compensation of both spouses is at least equal to the contributed amount. If the individual (or the individual's spouse) is an active participant in an employer-sponsored retirement plan, the $2,000 deduction limit is phased out for taxpayers with adjusted gross income (''AGI'') over certain levels for the taxable year.

The AGI phase-out limits for taxpayers who are active participants in employer-sponsored plans are as follows.

Single Taxpayers

Taxable years beginning in:	*Phase-out range*
2001	$33,000–43,000
2002	34,000–44,000
2003	40,000–50,000
2004	45,000–55,000
2005 and thereafter	50,000–60,000

Joint Returns

Taxable years beginning in:	*Phase-out range*
2001	$53,000–63,000
2002	54,000–64,000
2003	60,000–70,000
2004	65,000–75,000
2005	70,000–80,000
2006	75,000–85,000
2007 and thereafter	80,000–100,000

The AGI phase-out range for married taxpayers filing a separate return is $0 to $10,000.

If the individual is not an active participant in an employer-sponsored retirement plan, but the individual's spouse is, the $2,000 deduction limit is phased out for taxpayers with AGI between $150,000 and $160,000.

To the extent an individual cannot or does not make deductible contributions to an IRA or contributions to a Roth IRA, the individual may make nondeductible contributions to a traditional IRA.

Amounts held in a traditional IRA are includible in income when withdrawn (except to the extent the withdrawal is a return of nondeductible contributions). Includible amounts withdrawn prior to attainment of age 59½ are subject to an additional 10-percent early withdrawal tax, unless the withdrawal is due to death or disability, is made in the form of certain periodic payments, is used to pay medical expenses in excess of 7.5 percent of AGI, is used to purchase health insurance of an unemployed individual, is used for education expenses, or is used for first-time homebuyer expenses of up to $10,000.

Roth IRAs

Individuals with AGI below certain levels may make nondeductible contributions to a Roth IRA. The maximum annual contribution that may be made to a Roth IRA is the lesser of $2,000 or the individual's compensation for the year. The contribution limit is reduced to the extent an individual makes contributions to any other IRA for the same taxable year. As under the rules relating to IRAs generally, a contribution of up to $2,000 for each spouse may be made to a Roth IRA provided the combined compensation of the spouses is at least equal to the contributed amount. The maximum annual contribution that can be made to a Roth IRA is phased out for single individuals with AGI between $95,000 and $110,000 and for joint filers with AGI between $150,000 and $160,000.

Taxpayers with modified AGI of $100,000 or less generally may convert a traditional IRA into a Roth IRA. The amount converted is includible in income as if a withdrawal had been made, except that the 10-percent early withdrawal tax does not apply and, if the conversion occurred in 1998, the income inclusion may be spread ratably over four years. Married taxpayers who file separate returns cannot convert a traditional IRA into a Roth IRA.

Amounts held in a Roth IRA that are withdrawn as a qualified distribution are not includible in income, or subject to the additional 10-percent tax on early withdrawals. A qualified distribution is a distribution that (1) is made after the five-taxable year period beginning with the first taxable year for which the individual made a contribution to a Roth IRA, and (2) which is made after attainment of age 59½, on account of death or disability, or is made for first-time homebuyer expenses of up to $10,000.

Distributions from a Roth IRA that are not qualified distributions are includible in income to the extent attributable to earnings, and subject to the 10-percent early withdrawal tax (unless an exception applies).[56] The same exceptions to the early withdrawal tax that apply to IRAs apply to Roth IRAs.

Taxation of charitable contributions

Generally, a taxpayer who itemizes deductions may deduct cash contributions to charity, as well as the fair market value of contributions of property. The amount of the deduction otherwise allowable for the taxable year with respect to a charitable contribution may be reduced, depending on the type of property contributed, the type of charitable organization to which the property is contributed, and the income of the taxpayer.

For donations of cash by individuals, total deductible contributions to public charities may not exceed 50 percent of a taxpayer's adjusted gross income (''AGI'') for a taxable year. To the extent a taxpayer has not exceeded the 50-percent limitation, contributions of cash to private foundations and certain other nonprofit organizations and contributions of capital gain property to public charities generally may be deducted up to 30 percent of the taxpayer's AGI. If a taxpayer makes a contribution in one year that exceeds the applicable 50-percent or 30-percent limitation, the excess amount of the contribution may be carried over and deducted during the next five taxable years.

In addition to the percentage limitations imposed specifically on charitable contributions, present law imposes a reduction on most itemized deductions, including charitable contribution deductions, for taxpayers with adjusted gross income in excess of a threshold amount, which is adjusted annually for inflation. The threshold amount for 2001 is $132,950 ($66,475 for married individuals filing separate returns). For those deductions that are subject to the limit, the total amount of itemized deductions is reduced by three percent of AGI over the threshold amount, but not by more than 80 percent of itemized deductions subject to the limit. The effect of this reduction may be to limit a taxpayer's ability to deduct some of his or her charitable contributions.

HOUSE BILL

Increase in annual contribution limits

The House bill increases the maximum annual dollar contribution limit for IRA contributions from $2,000 to $3,000 in 2002, $4,000

[55] The provisions of the bill as passed by the House did not contain provisions relating to pensions and individual retirement arrangements. Provisions described under the House bill refer to the provisions of H.R. 10, the ''Comprehensive Retirement Security and Pension Reform Act of 2001,'' as passed by the House.

[56] Early distribution of converted amounts may also accelerate income inclusion of converted amounts that are taxable under the four-year rule applicable to 1998 conversions.

in 2003, and $5,000 in 2004. The limit is indexed in $500 increments in 2005 and thereafter.

Additional catch-up contributions

The House bill accelerates the increase of the IRA maximum contribution limit for individuals who have attained age 50 before the end of the taxable year. The maximum dollar contribution limit (before application of the AGI phase-out limits) for such an individual is increased to $5,000 in 2002 and 2003. In 2004 and thereafter, the general limit applies to all individuals.

Deemed IRAs under qualified plans

No provision.

Tax-free IRA withdrawals for charitable purposes

No provision.

Effective date

The provision is effective for taxable years beginning after December 31, 2001.

SENATE AMENDMENT

Increase in annual contribution limits

The Senate amendment increases the maximum annual dollar contribution limit for IRA contributions from $2,000 to $2,500 for 2002 through 2005, $3,000 for 2006 and 2007, $3,500 for 2008 and 2009, $4,000 for 2010, and $5,000 for 2011. After 2011, the limit is adjusted annually for inflation in $500 increments.

Additional catch-up contributions

The Senate amendment provides that individuals who have attained age 50 may make additional catch-up IRA contributions. The otherwise maximum contribution limit (before application of the AGI phase-out limits) for an individual who has attained age 50 before the end of the taxable year is increased by $500 for 2002 through 2005, $1,000 for 2006 through 2009, $1,500 for 2010, and $2,000 for 2011 and thereafter.

Deemed IRAs under employer plans

The Senate amendment provides that, if an eligible retirement plan permits employees to make voluntary employee contributions to a separate account or annuity that (1) is established under the plan, and (2) meets the requirements applicable to either traditional IRAs or Roth IRAs, then the separate account or annuity is deemed a traditional IRA or a Roth IRA, as applicable, for all purposes of the Code. For example, the reporting requirements applicable to IRAs apply. The deemed IRA, and contributions thereto, are not subject to the Code rules pertaining to the eligible retirement plan. In addition, the deemed IRA, and contributions thereto, are not taken into account in applying such rules to any other contributions under the plan. The deemed IRA, and contributions thereto, are subject to the exclusive benefit and fiduciary rules of ERISA to the extent otherwise applicable to the plan, and are not subject to the ERISA reporting and disclosure, participation, vesting, funding, and enforcement requirements applicable to the eligible retirement plan.[57] An eligible retirement plan is a qualified plan (sec. 401(a)), tax-sheltered annuity (sec. 403(b)), or a governmental section 457 plan.

Tax-free IRA withdrawals for charitable purposes

The Senate amendment provides an exclusion from gross income for qualified charitable distributions from an IRA: (1) to a charitable organization (as described in sec. 170(c)) to which deductible contributions may be made; (2) to a charitable remainder annuity trust or charitable remainder unitrust; (3) to a pooled income fund (as defined in sec. 642(c)(5)); or (4) for the issuance of a charitable gift annuity. The exclusion applies with respect to distributions described in (2), (3), or (4) only if no person holds an income interest in the trust, fund, or annuity attributable to such distributions other than the IRA owner, his or her spouse, or a charitable organization.

In determining the character of distributions from a charitable remainder annuity trust or a charitable remainder unitrust to which a qualified charitable distribution from an IRA is made, the charitable remainder trust is required to treat as ordinary income the portion of the distribution from the IRA to the trust which would have been includible in income but for the Senate amendment, and as corpus any remaining portion of the distribution. Similarly, in determining the amount includible in gross income by reason of a payment from a charitable gift annuity purchased with a qualified charitable distribution from an IRA, the taxpayer is not permitted to treat the portion of the distribution from the IRA that would have been taxable but for the Senate amendment and that is used to purchase the annuity as an investment in the annuity contract.

A qualified charitable distribution is any distribution from an IRA that is made after age 70½, that qualifies as a charitable contribution (within the meaning of sec. 170(c)), and that is made directly to the charitable organization or to a charitable remainder annuity trust, charitable remainder unitrust, pooled income fund, or charitable gift annuity (as described above).[58] A taxpayer is not permitted to claim a charitable contribution deduction for amounts transferred from his or her IRA to a charity or to a trust, fund, or annuity that, because of the Senate amendment, are excluded from the taxpayer's income. Conversely, if the amounts transferred are otherwise nontaxable, e.g., a qualified distribution from a Roth IRA, the regularly applicable deduction rules apply.

Effective date

The Senate amendment is generally effective for taxable years beginning after December 31, 2001. The provision relating to deemed IRAs under employer plans is effective for plan years beginning after December 31, 2002. The provision relating to tax-free IRA withdrawals for charitable purposes is effective for taxable years beginning after December 31, 2009.

CONFERENCE AGREEMENT

Increase in annual contribution limits

The conference agreement increases the maximum annual dollar contribution limit for IRA contributions from $2,000 to $3,000 for 2002 through 2004, $4,000 for 2005 through 2007, and $5,000 for 2008. After 2008, the limit is adjusted annually for inflation in $500 increments.

Additional catch-up contributions

The conference agreement provides that individuals who have attained age 50 may make additional catch-up IRA contributions. The otherwise maximum contribution limit (before application of the AGI phase-out limits) for an individual who has attained age 50 before the end of the taxable year is increased by $500 for 2002 through 2005, and $1,000 for 2006 and thereafter.

Deemed IRAs under employer plans

The conference agreement follows the Senate amendment.

Tax-free IRA withdrawals for charitable purposes

The conference agreement does not include the Senate amendment.

Effective date

The conference agreement is generally effective for taxable years beginning after December 31, 2001. The provision relating to deemed IRAs under employer plans is effective for plan years beginning after December 31, 2002.

B. PENSION PROVISIONS

1. Expanding Coverage

(a) Increase in benefit and contribution limits (secs. 201 and 209 of the House bill, sec. 611 of the Senate amendment, and secs. 401(a)(17), 401(c)(2), 402(g), 408(p), 415 and 457 of the Code)

PRESENT LAW

In general

Present law imposes limits on contributions and benefits under qualified plans (sec. 415), the amount of compensation that may be taken into account under a plan for determining benefits (sec. 401(a)(17)), the amount of elective deferrals that an individual may make to a salary reduction plan or tax sheltered annuity (sec. 402(g)), and deferrals under an eligible deferred compensation plan of a tax-exempt organization or a State or local government (sec. 457).

Limitations on contributions and benefits

Under present law, the limits on contributions and benefits under qualified plans are based on the type of plan. Under a defined contribution plan, the qualification rules limit the annual additions to the plan with respect to each plan participant to the lesser of (1) 25 percent of compensation or (2) $35,000 (for 2001). Annual additions are the sum of employer contributions, employee contributions, and forfeitures with respect to an individual under all defined contribution plans of the same employer. The $35,000 limit is indexed for cost-of-living adjustments in $5,000 increments.

Under a defined benefit plan, the maximum annual benefit payable at retirement is generally the lesser of (1) 100 percent of average compensation, or (2) $140,000 (for 2001). The dollar limit is adjusted for cost-of-living increases in $5,000 increments.

Under present law, in general, the dollar limit on annual benefits is reduced if benefits under the plan begin before the social security retirement age (currently, age 65) and increased if benefits begin after social security retirement age.

Compensation limitation

Under present law, the annual compensation of each participant that may be taken into account for purposes of determining contributions and benefits under a plan, applying the deduction rules, and for nondiscrimination testing purposes is limited to $170,000 (for 2001). The compensation limit is indexed for cost-of-living adjustments in $10,000 increments.

In general, contributions to qualified plans and IRAs are based on compensation. For a self-employed individual, compensation generally means net earnings subject to self-employment taxes (''SECA taxes''). Members of

[57] The Senate amendment does not specify the treatment of deemed IRAs for purposes other than the Code and ERISA.

[58] It is intended that, in the case of transfer to a trust, fund, or annuity, the full amount distributed from an IRA will meet the definition of a qualified charitable distribution if the charitable organization's interest in the distribution would qualify as a charitable contribution under section 170.

certain religious faiths may elect to be exempt from SECA taxes on religious grounds. Because the net earnings of such individuals are not subject to SECA taxes, these individuals are considered to have no compensation on which to base contributions to a retirement plan. Under an exception to this rule, net earnings of such individuals are treated as compensation for purposes of making contributions to an IRA.

Elective deferral limitations

Under present law, under certain salary reduction arrangements, an employee may elect to have the employer make payments as contributions to a plan on behalf of the employee, or to the employee directly in cash. Contributions made at the election of the employee are called elective deferrals.

The maximum annual amount of elective deferrals that an individual may make to a qualified cash or deferred arrangement (a ''section 401(k) plan''), a tax-sheltered annuity (''section 403(b) annuity'') or a salary reduction simplified employee pension plan (''SEP'') is $10,500 (for 2001). The maximum annual amount of elective deferrals that an individual may make to a SIMPLE plan is $6,500 (for 2001). These limits are indexed for inflation in $500 increments.

Section 457 plans

The maximum annual deferral under a deferred compensation plan of a State or local government or a tax-exempt organization (a ''section 457 plan'') is the lesser of (1) $8,500 (for 2001) or (2) 33⅓ percent of compensation. The $8,500 dollar limit is increased for inflation in $500 increments. Under a special catch-up rule, the section 457 plan may provide that, for one or more of the participant's last three years before retirement, the otherwise applicable limit is increased to the lesser of (1) $15,000 or (2) the sum of the otherwise applicable limit for the year plus the amount by which the limit applicable in preceding years of participation exceeded the deferrals for that year.

HOUSE BILL

Limits on contributions and benefits

The House bill increases the $35,000 limit on annual additions to a defined contribution plan to $40,000. This amount is indexed in $1,000 increments.[59]

The House bill increases the $140,000 annual benefit limit under a defined benefit plan to $160,000. The dollar limit is reduced for benefit commencement before age 62 and increased for benefit commencement after age 65.[60] In adopting rules regarding the application of the increase in the defined benefit plan limits under the House bill, it is intended that the Secretary will apply rules similar to those adopted in Notice 99–44 regarding benefit increases due to the repeal of the combined plan limit under former section 415(e). Thus, for example, a defined benefit plan could provide for benefit increases to reflect the provisions of the House bill for a current or former employee who has commenced benefits under the plan prior to the effective date of the bill if the employee or former employee has an accrued benefit under the plan (other than an accrued benefit resulting from a benefit increase solely as a result of the increases in the section 415 limits under the bill). As under the notice, the maximum amount of permitted increase is generally the amount that could have been provided had the provisions of the House bill been in effect at the time of the commencement of benefit. In no case may benefits reflect increases that could not be paid prior to the effective date because of the limits in effect under present law. In addition, in no case may plan amendments providing increased benefits under the relevant provision of the House bill be effective prior to the effective date of the House bill.

Compensation limitation

The House bill increases the limit on compensation that may be taken into account under a plan to $200,000. This amount is indexed in $5,000 increments. The House bill also amends the definition of compensation for purposes of all qualified plans and IRAs (including SIMPLE arrangements) to include an individual's net earnings that would be subject to SECA taxes but for the fact that the individual is covered by a religious exemption.

Elective deferral limitations

The House bill increases the dollar limit on annual elective deferrals under section 401(k) plans, section 403(b) annuities and salary reduction SEPs to $11,000 in 2002. In 2003 and thereafter, the limits are increased in $1,000 annual increments until the limits reach $15,000 in 2006, with indexing in $500 increments thereafter. The House bill increases the maximum annual elective deferrals that may be made to a SIMPLE plan to $7,000 in 2002. In 2003 and thereafter, the SIMPLE plan deferral limit is increased in $1,000 annual increments until the limit reaches $10,000 in 2005. Beginning after 2005, the $10,000 dollar limit is indexed in $500 increments.

Section 457 plans

The House bill increases the dollar limit on deferrals under a section 457 plan to conform to the elective deferral limitation. Thus, the limit is $11,000 in 2002, and is increased in $1,000 annual increments thereafter until the limit reaches $15,000 in 2006. The limit is indexed thereafter in $500 increments. The limit is twice the otherwise applicable dollar limit in the three years prior to retirement.[61]

Effective date

The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

Limits on contributions and benefits

The Senate amendment provides faster annual adjusting for inflation of the $35,000 limit on annual additions to a defined contribution plan. Under the Senate amendment this limit amount is adjusted annually for inflation in $1,000 increments.[62]

The Senate amendment increases the $140,000 annual benefit limit under a defined benefit plan to $150,000 for 2002 through 2004 and to $160,000 for 2005 and thereafter. The dollar limit is reduced for benefit commencement before age 62 and increased for benefit commencement after age 65.

Compensation limitation

The Senate amendment increases the limit on compensation that may be taken into account under a plan to $180,000 for 2002, $190,000 for 2003, and $200,000 for 2004 and 2005. After 2005, this amount is adjusted annually for inflation in $5,000 increments.

Elective deferral limitations

In 2002, the Senate amendment increases the dollar limit on annual elective deferrals under section 401(k) plans, section 403(b) annuities, and salary reduction SEPs to $11,000. In 2003 and thereafter, the limits increase in $500 annual increments until the limits reach $15,000 in 2010, with annual adjustments for inflation in $500 increments thereafter. The Senate amendment increases the maximum annual elective deferrals that may be made to a SIMPLE plan to $7,000 for 2002 and 2003, $8,000 for 2004 and 2005, $9,000 for 2006 and 2007, and $10,000 for 2008. After 2008, the $10,000 dollar limit is adjusted annually for inflation in $500 increments.

Section 457 plans

The dollar limit on deferrals under a section 457 plan is increased to $9,000 in 2002, and is increased in $500 annual increments thereafter until the limit reaches $11,000 in 2006. Beginning in 2007, the limit is increased in $1,000 annual increments until it reaches $15,000 in 2010. After 2010, the limit is adjusted annually for inflation thereafter in $500 increments. The limit is twice the otherwise applicable dollar limit in the three years prior to retirement.[63]

EFFECTIVE DATE

The Senate amendment is effective for years beginning after December 31, 2001.

CONFERENCE AGREEMENT

Limits on contributions and benefits

The conference agreement follows the House bill.

Compensation limitation

The conference agreement follows the House bill.

Elective deferral limitations

The conference agreement follows the House bill.

Section 457 plans

The conference agreement follows the House bill.

Effective date

The conference agreement generally is effective for years beginning after December 31, 2001. The provisions relating to defined benefit plans are effective for years ending after December 31, 2001.

(b) Plan loans for S corporation shareholders, partners, and sole proprietors (sec. 202 of the House bill, sec. 612 of the Senate amendment, and sec. 4975 of the Code)

PRESENT LAW

The Internal Revenue Code prohibits certain transactions (''prohibited transactions'') between a qualified plan and a disqualified person in order to prevent persons with a close relationship to the qualified plan from using that relationship to the detriment of plan participants and beneficiaries.[64] Certain types of transactions are exempted from the prohibited transaction rules, including loans from the plan to plan participants, if certain requirements are satisfied. In addition, the Secretary of Labor can grant an administrative exemption from the prohibited transaction rules if the Secretary finds the exemption is administratively feasible, in the interest of the plan

[59] The 25 percent of compensation limitation is increased to 100 percent of compensation under another provision of the House bill.

[60] Another provision of the House bill modifies the defined benefit pension plan limits for multiemployer plans.

[61] Another provision of the House bill increases the 33⅓ percentage of compensation limit to 100 percent.

[62] The 25 percent of compensation limitation is increased to 100 percent of compensation under another provision of the Senate amendment.

[63] Another provision increases the 33⅓ percentage of compensation limit to 100 percent.

[64] Title I of the Employee Retirement Income Security Act of 1974, as amended (''ERISA''), also contains prohibited transaction rules. The Code and ERISA provisions are substantially similar, although not identical.

and plan participants and beneficiaries, and protective of the rights of participants and beneficiaries of the plan. Pursuant to this exemption process, the Secretary of Labor grants exemptions both with respect to specific transactions and classes of transactions.

The statutory exemptions to the prohibited transaction rules do not apply to certain transactions in which the plan makes a loan to an owner-employee.[65] Loans to participants other than owner-employees are permitted if loans are available to all participants on a reasonably equivalent basis, are not made available to highly compensated employees in an amount greater than made available to other employees, are made in accordance with specific provisions in the plan, bear a reasonable rate of interest, and are adequately secured. In addition, the Code places limits on the amount of loans and repayment terms.

For purposes of the prohibited transaction rules, an owner-employee means (1) a sole proprietor, (2) a partner who owns more than 10 percent of either the capital interest or the profits interest in the partnership, (3) an employee or officer of a Subchapter S corporation who owns more than five percent of the outstanding stock of the corporation, and (4) the owner of an individual retirement arrangement (''IRA''). The term owner-employee also includes certain family members of an owner-employee and certain corporations owned by an owner-employee.

Under the Internal Revenue Code, a two-tier excise tax is imposed on disqualified persons who engage in a prohibited transaction. The first level tax is equal to 15 percent of the amount involved in the transaction. The second level tax is imposed if the prohibited transaction is not corrected within a certain period, and is equal to 100 percent of the amount involved.

HOUSE BILL

The House bill generally eliminates the special present-law rules relating to plan loans made to an owner-employee (other than the owner of an IRA). Thus, the general statutory exemption applies to such transactions. Present law continues to apply with respect to IRAs.

Effective date.—The House bill is effective with respect to years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment. The conferees intend that the Secretary of the Treasury and the Secretary of Labor will waive any penalty or excise tax in situations where a loan made prior to the effective date of the provision was exempt when initially made (treating any refinancing as a new loan) and the loan would have been exempt throughout the period of the loan if the provision had been in effect during the period of the loan.

(c) Modification of top-heavy rules (sec. 203 of the House bill, sec. 613 of the Senate amendment, and sec. 416 of the Code)

PRESENT LAW

In general

Under present law, additional qualification requirements apply to plans that primarily benefit an employer's key employees (''top-heavy plans''). These additional requirements provide (1) more rapid vesting for plan participants who are nonkey employees and (2) minimum nonintegrated employer contributions or benefits for plan participants who are non-key employees.

Definition of top-heavy plan

A defined benefit plan is a top-heavy plan if more than 60 percent of the cumulative accrued benefits under the plan are for key employees. A defined contribution plan is top heavy if the sum of the account balances of key employees is more than 60 percent of the total account balances under the plan. For each plan year, the determination of top-heavy status generally is made as of the last day of the preceding plan year (''the determination date'').

For purposes of determining whether a plan is a top-heavy plan, benefits derived both from employer and employee contributions, including employee elective contributions, are taken into account. In addition, the accrued benefit of a participant in a defined benefit plan and the account balance of a participant in a defined contribution plan includes any amount distributed within the five-year period ending on the determination date.

An individual's accrued benefit or account balance is not taken into account in determining whether a plan is top-heavy if the individual has not performed services for the employer during the five-year period ending on the determination date.

In some cases, two or more plans of a single employer must be aggregated for purposes of determining whether the group of plans is top-heavy. The following plans must be aggregated: (1) plans which cover a key employee (including collectively bargained plans); and (2) any plan upon which a plan covering a key employee depends for purposes of satisfying the Code's nondiscrimination rules. The employer may be required to include terminated plans in the required aggregation group. In some circumstances, an employer may elect to aggregate plans for purposes of determining whether they are top heavy.

SIMPLE plans are not subject to the top-heavy rules.

Definition of key employee

A key employee is an employee who, during the plan year that ends on the determination date or any of the four preceding plan years, is (1) an officer earning over one-half of the defined benefit plan dollar limitation of section 415 ($70,000 for 2001), (2) a five-percent owner of the employer, (3) a one-percent owner of the employer earning over $150,000, or (4) one of the 10 employees earning more than the defined contribution plan dollar limit ($35,000 for 2001) with the largest ownership interests in the employer. A family ownership attribution rule applies to the determination of one-percent owner status, five-percent owner status, and largest ownership interest. Under this attribution rule, an individual is treated as owning stock owned by the individual's spouse, children, grandchildren, or parents.

Minimum benefit for non-key employees

A minimum benefit generally must be provided to all non-key employees in a top-heavy plan. In general, a top-heavy defined benefit plan must provide a minimum benefit equal to the lesser of (1) two percent of compensation multiplied by the employee's years of service, or (2) 20 percent of compensation. A top-heavy defined contribution plan must provide a minimum annual contribution equal to the lesser of (1) three percent of compensation, or (2) the percentage of compensation at which contributions were made for key employees (including employee elective contributions made by key employees and employer matching contributions).

For purposes of the minimum benefit rules, only benefits derived from employer contributions (other than amounts employees have elected to defer) to the plan are taken into account, and an employee's social security benefits are disregarded (i.e., the minimum benefit is nonintegrated). Employer matching contributions may be used to satisfy the minimum contribution requirement; however, in such a case the contributions are not treated as matching contributions for purposes of applying the special nondiscrimination requirements applicable to employee elective contributions and matching contributions under sections 401(k) and (m). Thus, such contributions would have to meet the general nondiscrimination test of section 401(a)(4).[66]

Top-heavy vesting

Benefits under a top-heavy plan must vest at least as rapidly as under one of the following schedules: (1) three-year cliff vesting, which provides for 100 percent vesting after three years of service; and (2) two-six year graduated vesting, which provides for 20 percent vesting after two years of service, and 20 percent more each year thereafter so that a participant is fully vested after six years of service.[67]

Qualified cash or deferred arrangements

Under a qualified cash or deferred arrangement (a ''section 401(k) plan''), an employee may elect to have the employer make payments as contributions to a qualified plan on behalf of the employee, or to the employee directly in cash. Contributions made at the election of the employee are called elective deferrals. A special nondiscrimination test applies to elective deferrals under cash or deferred arrangements, which compares the elective deferrals of highly compensated employees with elective deferrals of nonhighly compensated employees. (This test is called the actual deferral percentage test or the ''ADP'' test). Employer matching contributions under qualified defined contribution plans are also subject to a similar nondiscrimination test. (This test is called the actual contribution percentage test or the ''ACP'' test.)

Under a design-based safe harbor, a cash or deferred arrangement is deemed to satisfy the ADP test if the plan satisfies one of two contribution requirements and satisfies a notice requirement. A plan satisfies the contribution requirement under the safe harbor rule for qualified cash or deferred arrangements if the employer either (1) satisfies a matching contribution requirement or (2) makes a nonelective contribution to a defined contribution plan of at least three percent of an employee's compensation on behalf of each nonhighly compensated employee who is eligible to participate in the arrangement without regard to the permitted disparity rules (sec. 401(1)). A plan satisfies the matching contribution requirement if, under the arrangement: (1) the employer makes a matching contribution on behalf of each nonhighly compensated employee that is equal to (a) 100 percent of the

[65] Certain transactions involving a plan and S corporation shareholders are permitted.

[66] Treas. Reg. sec. 1.416–1 Q&A M–19.

[67] Benefits under a plan that is not top heavy must vest at least as rapidly as under one of the following schedules: (1) five-year cliff vesting; and (2) three-seven year graded vesting, which provides for 20 percent vesting after three years and 20 percent more each year thereafter so that a participant is fully vested after seven years of service.

employee's elective deferrals up to three percent of compensation and (b) 50 percent of the employee's elective deferrals from three to five percent of compensation; and (2), the rate of match with respect to any elective contribution for highly compensated employees is not greater than the rate of match for nonhighly compensated employees. Matching contributions that satisfy the design-based safe harbor for cash or deferred arrangements are deemed to satisfy the ACP test. Certain additional matching contributions are also deemed to satisfy the ACP test.

HOUSE BILL

Definition of top-heavy plan

The House bill provides that a plan consisting of a cash-or-deferred arrangement that satisfies the design-based safe harbor for such plans and matching contributions that satisfy the safe harbor rule for such contributions is not a top-heavy plan. Matching or nonelective contributions provided under such a plan may be taken into account in satisfying the minimum contribution requirements applicable to top-heavy plans.[68]

In determining whether a plan is top-heavy, distributions during the year ending on the date the top-heavy determination is being made are taken into account. The present-law five-year rule applies with respect to in-service distributions. Similarly, the House bill provides that an individual's accrued benefit or account balance is not taken into account if the individual has not performed services for the employer during the one-year period ending on the date the top-heavy determination is being made.

Definition of key employee

The House bill (1) provides that an employee is not considered a key employee by reason of officer status unless the employee earns more than $150,000 and (2) repeals the top-10 owner key employee category. The House bill repeals the four-year lookback rule for determining key employee status and provides that an employee is a key employee only if he or she is a key employee during the preceding plan year.

Thus, under the House bill, an employee is considered a key employee if, during the prior year, the employee was (1) an officer with compensation in excess of $150,000, (2) a five-percent owner, or (3) a one-percent owner with compensation in excess of $150,000. The present-law limits on the number of officers treated as key employees under (1) continue to apply.

The family ownership attribution rule no longer applies in determining whether an individual is a five-percent owner of the employer for purposes of the top-heavy rules only. The family ownership attribution rule continues to apply to other provisions that cross reference the top-heavy rules, such as the definition of highly compensated employee and the definition of one-percent owner under the top-heavy rules.

Minimum benefit for nonkey employees

Under the House bill, matching contributions are taken into account in determining whether the minimum benefit requirement has been satisfied.[69]

The House bill provides that, in determining the minimum benefit required under a defined benefit plan, a year of service does not include any year in which no key employee or former key employee benefits under the plan (as determined under sec. 410).

Effective date

The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modifications.

Under the Senate amendment, an employee is considered a key employee if, during the prior year, the employee was (1) an officer with compensation in excess of $85,000 (for 2001), (2) a five-percent owner, or (3) a one-percent owner with compensation in excess of $150,000. The present-law limits on the number of officers treated as key employees under (1) continue to apply. An employee who was not an employee in the preceding plan year, or who was an employee only for part of the year, is treated as a key employee if it can be reasonably anticipated that the employee will meet the definition of a key employee for the current plan year.

Under the Senate amendment, the family ownership attribution rule continues to apply in determining whether an individual is a five-percent owner of the employer for purposes of the top-heavy rules. In addition, the Senate amendment does not provide that a plan consisting of a cash-or-deferred arrangement that satisfies the design-based safe harbor for such plans and matching contributions that satisfy the safe harbor rule for such contributions is not a top-heavy plan.

Effective date.—The Senate amendment is effective for years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modifications.

Under the conference agreement, an employee is considered a key employee if, during the prior year, the employee was (1) an officer with compensation in excess of $130,000 (adjusted for inflation in $5,000 increments), (2) a five-percent owner, or (3) a one-percent owner with compensation in excess of $150,000. The present-law limits on the number of officers treated as key employees under (1) continue to apply.

Under the conference agreement, the family ownership attribution rule continues to apply in determining whether an individual is a five-percent owner of the employer for purposes of the top-heavy rules.

Effective date.—The conference agreement is effective for years beginning after December 31, 2001.

(d) Elective deferrals not taken into account for purposes of deduction limits (sec. 204 of the House bill, sec. 614 of the Senate amendment, and sec. 404 of the Code)

PRESENT LAW

Employer contributions to one or more qualified retirement plans are deductible subject to certain limits. In general, the deduction limit depends on the kind of plan.

In the case of a defined benefit pension plan or a money purchase pension plan, the employer generally may deduct the amount necessary to satisfy the minimum funding cost of the plan for the year. If a defined benefit pension plan has more than 100 participants, the maximum amount deductible is at least equal to the plan's unfunded current liabilities.

In the case of a profit-sharing or stock bonus plan, the employer generally may deduct an amount equal to 15 percent of compensation of the employees covered by the plan for the year.

If an employer sponsors both a defined benefit pension plan and a defined contribution plan that covers some of the same employees (or a money purchase pension plan and another kind of defined contribution plan), the total deduction for all plans for a plan year generally is limited to the greater of (1) 25 percent of compensation or (2) the contribution necessary to meet the minimum funding requirements of the defined benefit pension plan for the year (or the amount of the plan's unfunded current liabilities, in the case of a plan with more than 100 participants).

For purposes of the deduction limits, employee elective deferral contributions to a section 401(k) plan are treated as employer contributions and, thus, are subject to the generally applicable deduction limits.

Subject to certain exceptions, nondeductible contributions are subject to a 10-percent excise tax.

HOUSE BILL

Under the House bill, elective deferral contributions are not subject to the deduction limits, and the application of a deduction limitation to any other employer contribution to a qualified retirement plan does not take into account elective deferral contributions.

Effective date.—The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification.

Under the Senate amendment, the applicable percentage of elective deferral contributions is not subject to the deduction limits, and the application of a deduction limitation to any other employer contribution to a qualified retirement plan does not take into account the applicable percentage of elective deferral contributions. The applicable percentage is 25 percent for 2002 through 2010, and 100 percent for 2011 and thereafter.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

(e) Repeal of coordination requirements for deferred compensation plans of state and local governments and tax-exempt organizations (sec. 205 of the House bill, sec. 615 of the Senate amendment, and sec. 457 of the Code)

PRESENT LAW

Compensation deferred under an eligible deferred compensation plan of a tax-exempt or State and local government employer (a ''section 457 plan'') is not includible in gross income until paid or made available. In general, the maximum permitted annual deferral under such a plan is the lesser of (1) $8,500 (in 2001) or (2) 33⅓ percent of compensation. The $8,500 limit is increased for inflation in $500 increments. Under a special catch-up rule, a section 457 plan may provide that, for one or more of the participant's last three years before retirement, the otherwise applicable limit is increased to the lesser of (1) $15,000 or (2) the sum of the otherwise applicable limit for the year plus the amount by which the limit applicable in preceding years of participation exceeded the deferrals for that year.

[68] This provision is not intended to preclude the use of nonelective contributions that are used to satisfy the safe harbor rules from being used to satisfy other qualified retirement plan nondiscrimination rules, including those involving cross-testing.

[69] Thus, this provision overrides the provision in Treasury regulations that, if matching contributions are used to satisfy the minimum benefit requirement, then they are not treated as matching contributions for purposes of the section 401(m) nondiscrimination rules.

The $8,500 limit (as modified under the catch-up rule), applies to all deferrals under all section 457 plans in which the individual participates. In addition, in applying the $8,500 limit, contributions under a tax-sheltered annuity (''section 403(b) annuity''), elective deferrals under a qualified cash or deferred arrangement (''section 401(k) plan''), salary reduction contributions under a simplified employee pension plan (''SEP''), and contributions under a SIMPLE plan are taken into account. Further, the amount deferred under a section 457 plan is taken into account in applying a special catch-up rule for section 403(b) annuities.

HOUSE BILL

The House bill repeals the rules coordinating the section 457 dollar limit with contributions under other types of plans.[70]

Effective date.—The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(f) Eliminate IRS user fees for certain determination letter requests regarding employer plans (sec. 206 of the House bill and sec. 621 of the Senate amendment)

PRESENT LAW

An employer that maintains a retirement plan for the benefit of its employees may request from the IRS a determination as to whether the form of the plan satisfies the requirements applicable to tax-qualified plans (sec. 401(a)). In order to obtain from the IRS a determination letter on the qualified status of the plan, the employer must pay a user fee. The Secretary determines the user fee applicable for various types of requests, subject to statutory minimum requirements for average fees based on the category of the request. The user fee may range from $125 to $1,250, depending upon the scope of the request and the type and format of the plan.[71]

Present law provides that plans that do not meet the qualification requirements will be treated as meeting such requirements if appropriate retroactive plan amendments are made during the remedial amendment period. In general, the remedial amendment period ends on the due date for the employer's tax return (including extensions) for the taxable year in which the event giving rise to the disqualifying provision occurred (e.g., a plan amendment or a change in the law). The Secretary may provide for general extensions of the remedial amendment period or for extensions in certain cases. For example, the remedial amendment period with respect to amendments relating to the qualification requirements affected by the General Agreements on Tariffs and Trade, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, and the Internal Revenue Service Restructuring and Reform Act of 1998 generally ends the last day of the first plan year beginning on or after January 1, 2001.[72]

HOUSE BILL

A small employer (100 or fewer employees) is not required to pay a user fee for a determination letter request with respect to the qualified status of a retirement plan that the employer maintains if the request is made before the later of (1) the last day of the fifth plan year of the plan or (2) the end of any applicable remedial amendment period with respect to the plan that begins before the end of the fifth plan year of the plan. In addition, determination letter requests for which user fees are not required under the House bill are not taken into account in determining average user fees. The House bill applies only to requests by employers for determination letters concerning the qualified retirement plans they maintain. Therefore, a sponsor of a prototype plan is required to pay a user fee for a request for a notification letter, opinion letter, or similar ruling. A small employer that adopts a prototype plan, however, is not required to pay a user fee for a determination letter request with respect to the employer's plan.

Effective date.—The House bill is effective for determination letter requests made after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modifications. An eligible employer is not required to pay a user fee for a ruling letter, opinion letter, determination letter, or similar request with respect to the qualified status of a new retirement plan that the employer maintains and with respect to which the employer has not previously made a request. An employer is eligible under the Senate amendment if (1) the employer has no more than 100 employees, (2) the employer has at least one nonhighly compensated employee who is participating in the plan, and (3) during the three-taxable year period immediately preceding the taxable year in which the request is made, neither the employer nor a related employer established or maintained a qualified plan with respect to which contributions were made or benefits were accrued for substantially the same employees covered under the plan with respect to which the request is made.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modification. An employer is eligible under the conference agreement if the employer has no more than 100 employees and has at least one nonhighly compensated employee who is participating in the plan.

(g) Deduction limits (sec. 207 of the House bill, sec. 616 of the Senate amendment, and sec. 404 of the Code)

PRESENT LAW

Employer contributions to one or more qualified retirement plans are deductible subject to certain limits. In general, the deduction limit depends on the kind of plan. Subject to certain exceptions, nondeductible contributions are subject to a 10-percent excise tax.

In the case of a defined benefit pension plan or a money purchase pension plan, the employer generally may deduct the amount necessary to satisfy the minimum funding cost of the plan for the year. If a defined benefit pension plan has more than 100 participants, the maximum amount deductible is at least equal to the plan's unfunded current liabilities.

In some cases, the amount of deductible contributions is limited by compensation. In the case of a profit-sharing or stock bonus plan, the employer generally may deduct an amount equal to 15 percent of compensation of the employees covered by the plan for the year.

If an employer sponsors both a defined benefit pension plan and a defined contribution plan that covers some of the same employees (or a money purchase pension plan and another kind of defined contribution plan), the total deduction for all plans for a plan year generally is limited to the greater of (1) 25 percent of compensation or (2) the contribution necessary to meet the minimum funding requirements of the defined benefit pension plan for the year (or the amount of the plan's unfunded current liabilities, in the case of a plan with more than 100 participants).

In the case of an employee stock ownership plan (''ESOP''), principal payments on a loan used to acquire qualifying employer securities are deductible up to 25 percent of compensation.

For purposes of the deduction limits, employee elective deferral contributions to a qualified cash or deferred arrangement (''section 401(k) plan'') are treated as employer contributions and, thus, are subject to the generally applicable deduction limits.[73]

For purposes of the deduction limits, compensation means the compensation otherwise paid or accrued during the taxable year to the beneficiaries under the plan, and the beneficiaries under a profit-sharing or stock bonus plan are the employees who benefit under the plan with respect to the employer's contribution.[74] An employee who is eligible to make elective deferrals under a section 401(k) plan is treated as benefitting under the arrangement even if the employee elects not to defer.[75]

For purposes of the deduction rules, compensation generally includes only taxable compensation, and thus does not include salary reduction amounts, such as elective deferrals under a section 401(k) plan or a tax-sheltered annuity (''section 403(b) annuity''), elective contributions under a deferred compensation plan of a tax-exempt organization or a State or local government (''section 457 plan''), and salary reduction contributions under a section 125 cafeteria plan. For purposes of the contribution limits under section 415, compensation does include such salary reduction amounts.

HOUSE BILL

Under the House bill, the definition of compensation for purposes of the deduction rules includes salary reduction amounts treated as compensation under section 415. In addition, the annual limitation on the amount of deductible contributions to a profit-sharing or stock bonus plan is increased from 15 percent to 20 percent of compensation of the employees covered by the plan for the year.

Effective date.—The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

Under the Senate amendment, the definition of compensation for purposes of the deduction rules includes salary reduction

[70] The limits on deferrals under a section 457 plan are modified under other provisions of the House bill.

[71] Authorization for the user fees was originally enacted in section 10511 of the Revenue Act of 1987 (Pub. L. No. 100–203, December 22, 1987). The authorization was extended through September 30, 2003, by Public Law Number 104–117 (An Act to provide that members of the Armed Forces performing services for the peacekeeping efforts in Bosnia and Herzegovina, Croatia, and Macedonia shall be entitled to tax benefits in the same manner as if such services were performed in a combat zone, and for other purposes (March 20, 1996)).

[72] Rev. Proc. 2000–27, 2000–26 I.R.B. 1272.

[73] Another provision of the House bill provides that elective deferrals are not subject to the deduction limits.

[74] Rev. Rul. 65–295, 1965–2 C.B. 148.

[75] Treas. Reg. sec. 1.410(b)-3.

amounts treated as compensation under section 415. In addition, the annual limitation on the amount of deductible contributions to a profit-sharing or stock bonus plan is increased from 15 percent to 25 percent of compensation of the employees covered by the plan for the year. Also, except to the extent provided in regulations, a money purchase pension plan is treated like a profit-sharing or stock bonus plan for purposes of the deduction rules.

Effective date.—The Senate amendment is effective for years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

(h) Option to treat elective deferrals as after-tax contributions (sec. 208 of the bill, sec. 617 of the Senate amendment, and new sec. 402A of the Code)

PRESENT LAW

A qualified cash or deferred arrangement (''section 401(k) plan'') or a tax-sheltered annuity (''section 403(b) annuity'') may permit a participant to elect to have the employer make payments as contributions to the plan or to the participant directly in cash. Contributions made to the plan at the election of a participant are elective deferrals. Elective deferrals must be nonforfeitable and are subject to an annual dollar limitation (sec. 402(g)) and distribution restrictions. In addition, elective deferrals under a section 401(k) plan are subject to special nondiscrimination rules. Elective deferrals (and earnings attributable thereto) are not includible in a participant's gross income until distributed from the plan.

Elective deferrals for a taxable year that exceed the annual dollar limitation (''excess deferrals'') are includible in gross income for the taxable year. If an employee makes elective deferrals under a plan (or plans) of a single employer that exceed the annual dollar limitation (''excess deferrals''), then the plan may provide for the distribution of the excess deferrals, with earnings thereon. If the excess deferrals are made to more than one plan of unrelated employers, then the plan may permit the individual to allocate excess deferrals among the various plans, no later than the March 1 (April 15 under the applicable regulations) following the end of the taxable year. If excess deferrals are distributed not later than April 15 following the end of the taxable year, along with earnings attributable to the excess deferrals, then the excess deferrals are not again includible in income when distributed. The earnings are includible in income in the year distributed. If excess deferrals (and income thereon) are not distributed by the applicable April 15, then the excess deferrals (and income thereon) are includible in income when received by the participant. Thus, excess deferrals that are not distributed by the applicable April 15th are taxable both in the taxable year when the deferral was made and in the year the participant receives a distribution of the excess deferral.

Individuals with adjusted gross income below certain levels generally may make nondeductible contributions to a Roth IRA and may convert a deductible or nondeductible IRA into a Roth IRA. Amounts held in a Roth IRA that are withdrawn as a qualified distribution are not includible in income, nor subject to the additional 10-percent tax on early withdrawals. A qualified distribution is a distribution that (1) is made after the five-taxable year period beginning with the first taxable year for which the individual made a contribution to a Roth IRA, and (2) is made after attainment of age 59½, is made on account of death or disability, or is a qualified special purpose distribution (i.e., for first-time homebuyer expenses of up to $10,000). A distribution from a Roth IRA that is not a qualified distribution is includible in income to the extent attributable to earnings, and is subject to the 10-percent tax on early withdrawals (unless an exception applies).[76]

HOUSE BILL

A section 401(k) plan or a section 403(b) annuity is permitted to include a ''qualified plus contribution program'' that permits a participant to elect to have all or a portion of the participant's elective deferrals under the plan treated as designated plus contributions. Designated plus contributions are elective deferrals that the participant designates (at such time and in such manner as the Secretary may prescribe)[77] as not excludable from the participant's gross income.

The annual dollar limitation on a participant's designated plus contributions is the section 402(g) annual limitation on elective deferrals, reduced by the participant's elective deferrals that the participant does not designate as designated plus contributions. Designated plus contributions are treated as any other elective deferral for purposes of nonforfeitability requirements and distribution restrictions.[78] Under a section 401(k) plan, designated plus contributions also are treated as any other elective deferral for purposes of the special nondiscrimination requirements.[79]

The plan is required to establish a separate account, and maintain separate recordkeeping, for a participant's designated plus contributions (and earnings allocable thereto). A qualified distribution from a participant's designated plus contributions account is not includible in the participant's gross income. A qualified distribution is a distribution that is made after the end of a specified nonexclusion period and that is (1) made on or after the date on which the participant attains age 59½, (2) made to a beneficiary (or to the estate of the participant) on or after the death of the participant, or (3) attributable to the participant's being disabled.[80] The nonexclusion period is the five-year-taxable period beginning with the earlier of (1) the first taxable year for which the participant made a designated plus contribution to any designated plus contribution account established for the participant under the plan, or (2) if the participant has made a rollover contribution to the designated plus contribution account that is the source of the distribution from a designated plus contribution account established for the participant under another plan, the first taxable year for which the participant made a designated plus contribution to the previously established account.

A distribution from a designated plus contributions account that is a corrective distribution of an elective deferral (and income allocable thereto) that exceeds the section 402(g) annual limit on elective deferrals or a corrective distribution of an excess contribution under the special nondiscrimination rules (pursuant to sec. 401(k)(8) (and income allocable thereto) is not a qualified distribution. In addition, the treatment of excess designated plus contributions is similar to the treatment of excess deferrals attributable to non-designated plus contributions. If excess designated plus contributions (including earnings thereon) are distributed no later than the April 15th following the taxable year, then the designated plus contributions is not includible in gross income as a result of the distribution, because such contributions are includible in gross income when made. Earnings on such excess designated plus contributions are treated the same as earnings on excess deferrals distributed no later than April 15th, i.e., they are includible in income when distributed. If excess designated plus contributions are not distributed no later than the applicable April 15th, then such contributions (and earnings thereon) are taxable when distributed. Thus, as is the case with excess elective deferrals that are not distributed by the applicable April 15th, the contributions are includible in income in the year when made and again when distributed from the plan. Earnings on such contributions are taxable when received.

A participant is permitted to roll over a distribution from a designated plus contributions account only to another designated plus contributions account or a Roth IRA of the participant.

The Secretary of the Treasury is directed to require the plan administrator of each section 401(k) plan or section 403(b) annuity that permits participants to make designated plus contributions to make such returns and reports regarding designated plus contributions to the Secretary, plan participants and beneficiaries, and other persons that the Secretary may designate.

Effective date.—The House bill is effective for taxable years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, except that the Senate amendment refers to designated plus contributions as ''Roth contributions.''

Effective date.—The Senate amendment is effective for taxable years beginning after December 31, 2003.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with a modification of the effective date.

Effective date.—The conference agreement is effective for taxable years beginning after December 31, 2005.

[76] Early distributions of converted amounts may also accelerate income inclusion of converted amounts that are taxable under the four-year rule applicable to 1998 conversions.

[77] It is intended that the Secretary will generally not permit retroactive designations of elective deferrals as designated plus contributions.

[78] Similarly, designated plus contributions to a section 403(b) annuity are treated the same as other salary reduction contributions to the annuity (except that designated plus contributions are includible in income).

[79] It is intended that the Secretary provide ordering rules regarding the return of excess contributions under the special nondiscrimination rules (pursuant to sec. 401(k)(8)) in the event a participant makes both regular elective deferrals and designated plus contributions. It is intended that such rules will generally permit a plan to allow participants to designate which contributions are returned first or to permit the plan to specify which contributions are returned first. It is also intended that the Secretary will provide ordering rules to determine the extent to which a distribution consists of excess Roth contributions.

[80] A qualified special purpose distribution, as defined under the rules relating to Roth IRAs, does not qualify as a tax-free distribution from a designated plus contributions account.

(i) Certain nonresident aliens excluded in applying minimum coverage requirements (sec. 210 of the House bill, sec. 622 of the Senate amendment, and secs. 410(b)(3) and 861(a)(3) of the Code)

PRESENT LAW

Under the minimum coverage requirements (sec. 410(b)), a qualified plan must benefit a minimum number of the employer's nonhighly compensated employees. In applying the minimum coverage requirements, employees who are nonresident aliens are disregarded if they have no earned income from sources within the United States (''U.S. source income'').

Generally, compensation for services performed in the United States is treated as U.S. source income. Under a special rule, compensation is not treated as U.S. source income if the compensation is paid for labor or services performed by a nonresident alien in connection with the individual's temporary presence in the United States as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States. However, this special rule does not apply for purposes of qualified retirement plans (including the minimum coverage and nondiscrimination requirements applicable to such plans), employer-provided group-term life insurance, or employer-provided accident and health plans. As a result, such compensation is treated as U.S. source income for purposes of such plans, including the application of the qualified retirement plan minimum coverage and nondiscrimination requirements. As a result, such nonresident aliens must be taken into account in determining whether the plan satisfies the minimum coverage requirements.

HOUSE BILL

For purposes of the application of the minimum coverage requirements (sec. 410(b)), compensation is not treated as U.S. source income if the compensation is paid for labor or services performed by a nonresident alien in connection with the individual's temporary presence in the United States as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States. As a result, such nonresident aliens are excluded from consideration in the application of the minimum coverage requirements.

Effective date.—The House bill is effective with respect to plan years beginning after December 31, 2001.

SENATE AMENDMENT

Under the Senate amendment, the special rule relating to compensation paid for labor or services performed by a nonresident alien in connection with the individual's temporary presence in the United States as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States compensation is extended in order to apply for purposes of qualified retirement plans, employer-provided group-term life insurance, and employer-provided accident and health plans. Therefore, such compensation is not treated as U.S. source income for any purpose under such plans, including the application of the qualified retirement plan minimum coverage and nondiscrimination requirements.

Effective date.—The Senate amendment is effective with respect to plan years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

(j) Nonrefundable credit to certain individuals for elective deferrals and IRA contributions (sec. 618 of the Senate amendment and new sec. 25B of the Code)

PRESENT LAW

Present law provides favorable tax treatment for a variety of retirement savings vehicles, including employer-sponsored retirement plans and individual retirement arrangements (''IRAs'').

Several different types of tax-favored employer-sponsored retirement plans exist, such as section 401(a) qualified plans (including plans with a section 401(k) qualified cash-or-deferred arrangement), section 403(a) qualified annuity plans, section 403(b) annuities, section 408(k) simplified employee pensions (''SEPs''), section 408(p) SIMPLE retirement accounts, and section 457(b) eligible deferred compensation plans. In general, an employer and, in certain cases, employees, contribute to the plan. Taxation of the contributions and earnings thereon is generally deferred until benefits are distributed from the plan to participants or their beneficiaries.[81] Contributions and benefits under tax-favored employer-sponsored retirement plans are subject to specific limitations.

Coverage and nondiscrimination rules also generally apply to tax-favored employer-sponsored retirement plans to ensure that plans do not disproportionately cover higher-paid employees and that benefits provided to moderate- and lower-paid employees are generally proportional to those provided to higher-paid employees.

IRAs include both traditional IRAs and Roth IRAs. In general, an individual makes contributions to an IRA, and investment earnings on those contributions accumulate on a tax-deferred basis. Total annual IRA contributions per individual are limited to $2,000 (or the compensation of the individual or the individual's spouse, if smaller). Contributions to a traditional IRA may be deducted from gross income if an individual's adjusted gross income (''AGI'') is below certain levels or the individual is not an active participant in certain employer-sponsored retirement plans. Contributions to a Roth IRA are not deductible from gross income, regardless of adjusted gross income. A distribution from a traditional IRA is includible in the individual's gross income except to the extent of individual contributions made on a nondeductible basis. A qualified distribution from a Roth IRA is excludable from gross income.

Taxable distributions made from employer retirement plans and IRAs before the employee or individual has reached age 59½ are subject to a 10-percent additional tax, unless an exception applies.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides a temporary nonrefundable tax credit for contributions made by eligible taxpayers to a qualified plan. The maximum annual contribution eligible for the credit is $2,000. The credit rate depends on the adjusted gross income (''AGI'') of the taxpayer. Only joint returns with AGI of $50,000 or less, head of household returns of $37,500 or less, and single returns of $25,000 or less are eligible for the credit. The AGI limits applicable to single taxpayers apply to married taxpayers filing separate returns. The credit is in addition to any deduction or exclusion that would otherwise apply with respect to the contribution. The credit offsets minimum tax liability as well as regular tax liability. The credit is available to individuals who are 18 or over, other than individuals who are full-time students or claimed as a dependent on another taxpayer's return.

The credit is available with respect to elective contributions to a section 401(k) plan, section 403(b) annuity, or eligible deferred compensation arrangement of a State or local government (a ''sec. 457 plan''), SIMPLE, or SEP, contributions to a traditional or Roth IRA, and voluntary after-tax employee contributions to a qualified retirement plan. The present-law rules governing such contributions continue to apply.

The amount of any contribution eligible for the credit is reduced by taxable distributions received by the taxpayer and his or her spouse from any savings arrangement described above or any other qualified retirement plan during the taxable year for which the credit is claimed, the two taxable years prior to the year the credit is claimed, and during the period after the end of the taxable year and prior to the due date for filing the taxpayer's return for the year. In the case of a distribution from a Roth IRA, this rule applies to any such distributions, whether or not taxable.

The credit rates based on AGI are as follows.

Joint filers	Heads of households	All other filers	Credit rate
$0-$30,000	$0-$22,500	$0-$15,000	50 percent
$30,000-$32,500	$22,500-$24,375	$15,000-$16,250	20 percent
$32,500-$50,000	$24,375-$37,500	$16,250-$25,000	10 percent
Over $50,000	Over $37,500	Over $25,000	0 percent

The Senate amendment directs the Secretary of the Treasury to report annually to the Senate Finance Committee and the House Committee on Ways and Means regarding the number of individuals who claim the credit.

Effective date.—The Senate amendment is effective for taxable years beginning after December 31, 2001, and before January 1, 2007.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

(k) Small business tax credit for qualified retirement plan contributions (sec. 619 of the Senate amendment and new sec. 45E of the Code)

PRESENT LAW

The timing of an employer's deduction for compensation paid to an employee generally corresponds to the employee's recognition of the compensation. However, an employer that contributes to a qualified retirement plan is entitled to a deduction (within certain limits) for the employer's contribution to the plan on behalf of an employee even though the employee does not recognize income with respect to the contribution until the amount is distributed to the employee.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides a nonrefundable income tax credit for small employers equal to 50 percent of certain qualifying employer contributions made to qualified retirement plans on behalf of nonhighly compensated employees. The credit is not

[81] In the case of after-tax employee contributions, only earnings are taxed upon withdrawal.

available with respect to contributions to a SIMPLE IRA or SEP. For purposes of the Senate amendment, a small employer means an employer with no more than 20 employees who received at least $5,000 of earnings in the preceding year. A nonhighly compensated employee is defined as an employee who neither (1) was a five-percent owner of the employer at any time during the current year or the preceding year, or (2) for the preceding year, had compensation in excess of $80,000 (adjusted annually for inflation, this amount is $85,000 for 2001).[82] The credit is available for the first three plan years of the plan.[83]

The Senate amendment requires a small employer to make nonelective contributions equal to at least one percent of compensation to qualify for the credit. The credit applies to both qualifying nonelective employer contributions and qualifying employer matching contributions, but only up to a total of three percent of the nonhighly compensated employee's compensation. The credit is available for 50 percent of qualifying benefit accruals under a nonintegrated defined benefit plan if the benefits are equivalent, as defined in regulations, to a three-percent nonelective contribution to a defined contribution plan.

To qualify for the credit, the nonelective and matching contributions to a defined contribution plan and the benefit accruals under a defined benefit plan are required to vest at least as rapidly as under either a three-year cliff vesting schedule or a graded schedule that provides 20-percent vesting per year for the first five years. In order to qualify for the credit, contributions to plans other than pension plans must be subject to the same distribution restrictions that apply to qualified nonelective employer contributions to a section 401(k) plan, i.e., distribution only upon separation from service, death, disability, attainment of age 59½, plan termination without a successor plan, or acquisition of a subsidiary or substantially all the assets of a trade or business that employs the participant.[84] Qualifying contributions to pension plans are subject to the distribution restrictions applicable to such plans.

A defined contribution plan to which the small employer makes the qualifying contributions (and any plan aggregated with that plan for nondiscrimination testing purposes) is required to allocate any nonelective employer contributions proportionally to participants' compensation from the employer (or on a flat-dollar basis) and, accordingly, without the use of permitted disparity or cross-testing. An equivalent requirement must be met with respect to a defined benefit plan.

Forfeited nonvested qualifying contributions or accruals for which the credit was claimed generally result in recapture of the credit at a rate of 35 percent. However, recapture does not apply to the extent that forfeitures of contributions are reallocated to nonhighly compensated employees or applied to future contributions on behalf of nonhighly compensated employees. The Secretary of the Treasury is authorized to issue administrative guidance, including de minimis rules, to simplify or facilitate claiming and recapturing the credit.

The credit is a general business credit.[85] The 50 percent of qualifying contributions that are effectively offset by the tax credit are not deductible; the other 50 percent of the qualifying contributions (and other contributions) are deductible to the extent permitted under present law.

Effective date.—The Senate amendment is effective with respect to contributions paid or incurred in taxable years beginning after December 31, 2002.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment.

(l) Small business tax credit for new retirement plan expenses (sec. 620 of the Senate amendment and new sec. 45E of the Code)

PRESENT LAW

The costs incurred by an employer related to the establishment and maintenance of a retirement plan (e.g., payroll system changes, investment vehicle set-up fees, consulting fees) generally are deductible by the employer as ordinary and necessary expenses in carrying on a trade or business.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides a nonrefundable income tax credit for 50 percent of the administrative and retirement-education expenses for any small business that adopts a new qualified defined benefit or defined contribution plan (including a section 401(k) plan), SIMPLE plan, or simplified employee pension (''SEP''). The credit applies to 50 percent of the first $1,000 in administrative and retirement-education expenses for the plan for each of the first three years of the plan.

The credit is available to an employer that did not employ, in the preceding year, more than 100 employees with compensation in excess of $5,000. In order for an employer to be eligible for the credit, the plan must cover at least one nonhighly compensated employee. In addition, if the credit is for the cost of a payroll deduction IRA arrangement, the arrangement must be made available to all employees of the employer who have worked with the employer for at least three months.

The credit is a general business credit.[86] The 50 percent of qualifying expenses that are effectively offset by the tax credit are not deductible; the other 50 percent of the qualifying expenses (and other expenses) are deductible to the extent permitted under present law.

Effective date.—The Senate amendment is effective with respect to costs paid or incurred in taxable years beginning after December 31, 2001, with respect to plans established after such date.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

2. Enhancing Fairness for Women

(a) Additional salary reduction catch-up contributions (sec. 301 of the House bill, sec. 631 of the Senate amendment, and sec. 414 of the Code)

PRESENT LAW

Elective deferral limitations

Under present law, under certain salary reduction arrangements, an employee may elect to have the employer make payments as contributions to a plan on behalf of the employee, or to the employee directly in cash. Contributions made at the election of the employee are called elective deferrals.

The maximum annual amount of elective deferrals that an individual may make to a qualified cash or deferred arrangement (a ''401(k) plan''), a tax-sheltered annuity (''section 403(b) annuity'') or a salary reduction simplified employee pension plan (''SEP'') is $10,500 (for 2001). The maximum annual amount of elective deferrals that an individual may make to a SIMPLE plan is $6,500 (for 2001). These limits are indexed for inflation in $500 increments.

Section 457 plans

The maximum annual deferral under a deferred compensation plan of a State or local government or a tax-exempt organization (a ''section 457 plan'') is the lesser of (1) $8,500 (for 2001) or (2) 33⅓ percent of compensation. The $8,500 dollar limit is increased for inflation in $500 increments. Under a special catch-up rule, the section 457 plan may provide that, for one or more of the participant's last three years before retirement, the otherwise applicable limit is increased to the lesser of (1) $15,000 or (2) the sum of the otherwise applicable limit for the year plus the amount by which the limit applicable in preceding years of participation exceeded the deferrals for that year.

HOUSE BILL

The House bill provides that the otherwise applicable dollar limit on elective deferrals under a section 401(k) plan, section 403(b) annuity, SEP, or SIMPLE, or deferrals under a section 457 plan are increased for individuals who have attained age 50 by the end of the year.[87] Additional contributions are permitted by an individual who has attained age 50 before the end of the plan year and with respect to whom no other elective deferrals may otherwise be made to the plan for the year because of the application of any limitation of the Code (e.g., the annual limit on elective deferrals) or of the plan. Under the House bill, the additional amount of elective contributions that are permitted to be made by an eligible individual participating in such a plan is the lesser of (1) $5,000, or (2) the participant's compensation for the year reduced by any other elective deferrals of the participant for the year. This $5,000 amount is indexed for inflation in $500 increments in 2007 and thereafter.[88]

Catch-up contributions made under the House bill are not subject to any other contribution limits and are not taken into account in applying other contribution limits. Such contributions are subject to applicable

[82] The top paid group election, which under present law permits an employer to classify an employee as a nonhighly compensated employee if the employee had compensation in excess of $80,000 (adjusted annually for inflation) during the preceding year but was not among the top 20 percent of employees of the employer when ranked on the basis of compensation paid to employees during the preceding year, is not taken into account in determining nonhighly compensated employees for purposes of the Senate amendment.

[83] The credit only applies if the employer has not had another qualified retirement plan in the prior three taxable years with respect to which contributions or accruals were made for substantially the same employees. It is intended that a plan will be for substantially the same employees if half or more of the employees for whom contributions or accruals are made under the new plan are employees for whom contributions or accruals were made under a prior plan.

[84] The rules relating to distribution upon separation from service are modified under another provision of the Senate amendment.

[85] The credit cannot be carried back to years before the effective date.

[86] The credit cannot be carried back to years before the effective date.

[87] Another provision of the House bill increases the dollar limit on elective deferrals under such arrangements.

[88] In the case of a section 457 plans, this catch-up rule does not apply during the participant's last three years before retirement (in those years, the regularly applicable dollar limit is doubled).

nondiscrimination rules. Although catch-up contributions are subject to applicable nondiscrimination rules, a plan does not fail to meet the applicable nondiscrimination requirements under section 401(a)(4) with respect to benefits, rights, and features if the plan allows all eligible individuals participating in the plan to make the same election with respect to catch-up contributions. For purposes of this rule, all plans of related employers are treated as a single plan.

An employer is permitted to make matching contributions with respect to catch-up contributions. Any such matching contributions are subject to the normally applicable rules.

Effective date.—The House bill is effective for taxable years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment provides that the otherwise applicable dollar limit on elective deferrals under a section 401(k) plan, section 403(b) annuity, SEP, or SIMPLE, or deferrals under a section 457 plan is increased for individuals who have attained age 50 by the end of the year.[89] Additional contributions could be made by an individual who has attained age 50 before the end of the plan year and with respect to whom no other elective deferrals may otherwise be made to the plan for the year because of the application of any limitation of the Code (e.g., the annual limit on elective deferrals) or of the plan. Under the Senate amendment, the additional amount of elective contributions that could be made by an eligible individual participating in such a plan is the lesser of (1) the applicable dollar amount or (2) the participant's compensation for the year reduced by any other elective deferrals of the participant for the year.[90] The applicable dollar amount is $500 for 2002 through 2004, $1,000 for 2005 and 2006, $2,000 for 2007, $3,000 for 2008, $4,000 for 2009, and $7,500 for 2010 and thereafter.

Catch-up contributions made under the Senate amendment are not subject to any other contribution limits and are not taken into account in applying other contribution limits. In addition, such contributions are not subject to applicable nondiscrimination rules.[91]

An employer is permitted to make matching contributions with respect to catch-up contributions. Any such matching contributions are subject to the normally applicable rules.

The following examples illustrate the application of the Senate amendment, after the catch-up is fully phased-in.

Example 1: Employee A is a highly compensated employee who is over 50 and who participates in a section 401(k) plan sponsored by A's employer. The maximum annual deferral limit (without regard to the provision) is $15,000. After application of the special nondiscrimination rules applicable to section 401(k) plans, the maximum elective deferral A may make for the year is $8,000. Under the provision, A is able to make additional catch-up salary reduction contributions of $7,500.

Example 2: Employee B, who is over 50, is a participant in a section 401(k) plan. B's compensation for the year is $30,000. The maximum annual deferral limit (without regard to the provision) is $15,000. Under the terms of the plan, the maximum permitted deferral is 10 percent of compensation or, in B's case, $3,000. Under the provision, B can contribute up to $10,500 for the year ($3,000 under the normal operation of the plan, and an additional $7,500 under the provision).

Effective date.—The Senate amendment is effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement provides that the otherwise applicable dollar limit on elective deferrals under a section 401(k) plan, section 403(b) annuity, SEP, or SIMPLE, or deferrals under a section 457 plan is increased for individuals who have attained age 50 by the end of the year.[92] The catch-up contribution provision does not apply to after-tax employee contributions. Additional contributions may be made by an individual who has attained age 50 before the end of the plan year and with respect to whom no other elective deferrals may otherwise be made to the plan for the year because of the application of any limitation of the Code (e.g., the annual limit on elective deferrals) or of the plan. Under the conference agreement, the additional amount of elective contributions that may be made by an eligible individual participating in such a plan is the lesser of (1) the applicable dollar amount or (2) the participant's compensation for the year reduced by any other elective deferrals of the participant for the year.[93] The applicable dollar amount under a section 401(k) plan, section 403(b) annuity, SEP, or section 457 plan is $1,000 for 2002, $2,000 for 2003, $3,000 for 2004, $4,000 for 2005, and $5,000 for 2006 and thereafter. The applicable dollar amount under a SIMPLE is $500 for 2002, $1,000 for 2003, $1,500 for 2004, $2,000 for 2005, and $2,500 for 2006 and thereafter. The $5,000 and $2,500 amounts are adjusted for inflation in $500 increments in 2007 and thereafter.[94]

Catch-up contributions made under the conference agreement are not subject to any other contribution limits and are not taken into account in applying other contribution limits. In addition, such contributions are not subject to applicable nondiscrimination rules. However, a plan fails to meet the applicable nondiscrimination requirements under section 401(a)(4) with respect to benefits, rights, and features unless the plan allows all eligible individuals participating in the plan to make the same election with respect to catch-up contributions. For purposes of this rule, all plans of related employers are treated as a single plan.

An employer is permitted to make matching contributions with respect to catch-up contributions. Any such matching contributions are subject to the normally applicable rules.

The following examples illustrate the application of the conference agreement, after the catch-up is fully phased-in.

Example 1: Employee A is a highly compensated employee who is over 50 and who participates in a section 401(k) plan sponsored by A's employer. The maximum annual deferral limit (without regard to the provision) is $15,000. After application of the special nondiscrimination rules applicable to section 401(k) plans, the maximum elective deferral A may make for the year is $8,000. Under the provision, A is able to make additional catch-up salary reduction contributions of $5,000.

Example 2: Employee B, who is over 50, is a participant in a section 401(k) plan. B's compensation for the year is $30,000. The maximum annual deferral limit (without regard to the provision) is $15,000. Under the terms of the plan, the maximum permitted deferral is 10 percent of compensation or, in B's case, $3,000. Under the provision, B can contribute up to $8,000 for the year ($3,000 under the normal operation of the plan, and an additional $5,000 under the provision).

Effective date.—The Senate amendment is effective for taxable years beginning after December 31, 2001.

(b) Equitable treatment for contributions of employees to defined contribution plans (sec. 302 of the House bill, sec. 632 of the Senate amendment, and secs. 403(b), 415, and 457 of the Code)

PRESENT LAW

Present law imposes limits on the contributions that may be made to tax-favored retirement plans.

Defined contribution plans

In the case of a tax-qualified defined contribution plan, the limit on annual additions that can be made to the plan on behalf of an employee is the lesser of $35,000 (for 2001) or 25 percent of the employee's compensation (sec. 415(c)). Annual additions include employer contributions, including contributions made at the election of the employee (i.e., employee elective deferrals), after-tax employee contributions, and any forfeitures allocated to the employee. For this purpose, compensation means taxable compensation of the employee, plus elective deferrals, and similar salary reduction contributions. A separate limit applies to benefits under a defined benefit plan.

For years before January 1, 2000, an overall limit applied if an employee was a participant in both a defined contribution plan and a defined benefit plan of the same employer.

Tax-sheltered annuities

In the case of a tax-sheltered annuity (a ''section 403(b) annuity''), the annual contribution generally cannot exceed the lesser of the exclusion allowance or the section 415(c) defined contribution limit. The exclusion allowance for a year is equal to 20 percent of the employee's includible compensation, multiplied by the employee's years of service, minus excludable contributions for prior years under qualified plans, tax-sheltered annuities or section 457 plans of the employer.

In addition to this general rule, employees of nonprofit educational institutions, hospitals, home health service agencies, health and welfare service agencies, and churches may elect application of one of several special rules that increase the amount of the otherwise permitted contributions. The election of a special rule is irrevocable; an employee may not elect to have more than one special rule apply.

Under one special rule, in the year the employee separates from service, the employee may elect to contribute up to the exclusion allowance, without regard to the 25 percent of compensation limit under section 415. Under this rule, the exclusion allowance is determined by taking into account no more than 10 years of service.

[89] Another provision of the Senate amendment increases the dollar limit on elective deferrals under such arrangements.

[90] In the case of a section 457 plan, this catch-up rule does not apply during the participant's last three years before retirement (in those years, the regularly applicable dollar limit is doubled).

[91] Another provision increases the dollar limit on elective deferrals under such arrangements.

[92] Another provision of the conference agreement increases the dollar limit on elective deferrals under such arrangements.

[93] In the case of a section 457 plan, this catch-up rule does not apply during the participant's last three years before retirement (in those years, the regularly applicable dollar limit is doubled).

[94] In the case of a section 457 plans, this catch-up rule does not apply during the participant's last three years before retirement (in those years, the regularly applicable dollar limit is doubled).

Under a second special rule, the employee may contribute up to the lesser of: (1) the exclusion allowance; (2) 25 percent of the participant's includible compensation; or (3) $15,000.

Under a third special rule, the employee may elect to contribute up to the section 415(c) limit, without regard to the exclusion allowance. If this option is elected, then contributions to other plans of the employer are also taken into account in applying the limit.

For purposes of determining the contribution limits applicable to section 403(b) annuities, includible compensation means the amount of compensation received from the employer for the most recent period which may be counted as a year of service under the exclusion allowance. In addition, includible compensation includes elective deferrals and similar salary reduction amounts.

Treasury regulations include provisions regarding application of the exclusion allowance in cases where the employee participates in a section 403(b) annuity and a defined benefit plan. The Taxpayer Relief Act of 1997 directed the Secretary of the Treasury to revise these regulations, effective for years beginning after December 31, 1999, to reflect the repeal of the overall limit on contributions and benefits.

Section 457 plans

Compensation deferred under an eligible deferred compensation plan of a tax-exempt or State and local governmental employer (a ''section 457 plan'') is not includible in gross income until paid or made available. In general, the maximum permitted annual deferral under such a plan is the lesser of (1) $8,500 (in 2001) or (2) 33–1/3 percent of compensation. The $8,500 limit is increased for inflation in $500 increments.

HOUSE BILL

Increase in defined contribution plan limit

The House bill increases the 25 percent of compensation limitation on annual additions under a defined contribution plan[95] to 100 percent.[96]

Conforming limits on tax-sheltered annuities

The House bill repeals the exclusion allowance applicable to contributions to tax-sheltered annuities. Thus, such annuities are subject to the limits applicable to tax-qualified plans.

The House bill also directs the Secretary of the Treasury to revise the regulations relating to the exclusion allowance under section 403(b)(2) to render void the requirement that contributions to a defined benefit plan be treated as previously excluded amounts for purposes of the exclusion allowance. For taxable years beginning after December 31, 1999, the regulatory provisions regarding the exclusion allowance are to be applied as if the requirement that contributions to a defined benefit plan be treated as previously excluded amounts for purposes of the exclusion allowance were void.

Section 457 plans

The House bill increases the 33–1/3 percent of compensation limitation on deferrals under a section 457 plan to 100 percent of compensation.

Effective date

The House bill generally is effective for years beginning after December 31, 2001. The provision regarding the regulations under section 403(b)(2) is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modifications.

The Senate amendment increases the 25 percent of compensation limitation on annual additions under a defined contribution plan to 50 percent for 2002 through 2010, and 100 percent for 2011 and thereafter.[97] The Senate amendment increases the 33–1/3 percent of compensation limitation on deferrals under a section 457 plan to 50 percent for 2002 through 2010, and 100 percent for 2011 and thereafter.

With respect to the direction to the Secretary of the Treasury to revise the regulations relating to the exclusion allowance under section 403(b)(2) to render void the requirement that contributions to a defined benefit plan be treated as previously excluded amounts for purposes of the exclusion allowance, the regulatory provisions regarding the exclusion allowance are to be applied as if the requirement that contributions to a defined benefit plan be treated as previously excluded amounts for purposes of the exclusion allowance were void for taxable years beginning after December 31, 2000.

Effective date.—The Senate amendment generally is effective for years beginning after December 31, 2001. The provision regarding the regulations under section 403(b)(2) is effective on the date of enactment. The provision regarding the repeal of the exclusion allowance applicable to tax-sheltered annuities is effective for years beginning after December 31, 2010.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modifications.

With respect to the increase in the defined contribution plan limit, the conferees intend that the Secretary of the Treasury will use the Secretary's existing authority to address situations where qualified nonelective contributions are targeted to certain participants with lower compensation in order to increase the average deferral percentage of nonhighly compensated employees.

For taxable years beginning after December 31, 1999, a plan may disregard the requirement that contributions to a defined benefit plan be treated as previously excluded amounts for purposes of the exclusion allowance.

(c) Faster vesting of employer matching contributions (sec. 303 of the House bill, sec. 633 of the Senate amendment, and sec. 411 of the Code)

PRESENT LAW

Under present law, a plan is not a qualified plan unless a participant's employer-provided benefit vests at least as rapidly as under one of two alternative minimum vesting schedules. A plan satisfies the first schedule if a participant acquires a nonforfeitable right to 100 percent of the participant's accrued benefit derived from employer contributions upon the completion of five years of service. A plan satisfies the second schedule if a participant has a nonforfeitable right to at least 20 percent of the participant's accrued benefit derived from employer contributions after three years of service, 40 percent after four years of service, 60 percent after five years of service, 80 percent after six years of service, and 100 percent after seven years of service.[98]

HOUSE BILL

The House bill applies faster vesting schedules to employer matching contributions. Under the House bill, employer matching contributions are required to vest at least as rapidly as under one of the following two alternative minimum vesting schedules. A plan satisfies the first schedule if a participant acquires a nonforfeitable right to 100 percent of employer matching contributions upon the completion of three years of service. A plan satisfies the second schedule if a participant has a nonforfeitable right to 20 percent of employer matching contributions for each year of service beginning with the participant's second year of service and ending with 100 percent after six years of service.

Effective date.—The House bill is effective for contributions for plan years beginning after December 31, 2001, with a delayed effective date for plans maintained pursuant to a collective bargaining agreement. The House bill does not apply to any employee until the employee has an hour of service after the effective date. In applying the new vesting schedule, service before the effective date is taken into account.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(d) Modifications to minimum distribution rules (sec. 304 of the House bill, sec. 634 of the Senate amendment, and sec. 401(a)(9) of the Code)

PRESENT LAW

In general

Minimum distribution rules apply to all types of tax-favored retirement vehicles, including qualified plans, individual retirement arrangements (''IRAs''), tax-sheltered annuities (''section 403(b) annuities''), and eligible deferred compensation plans of tax-exempt and State and local government employers (''section 457 plans''). In general, under these rules, distribution of minimum benefits must begin no later than the required beginning date. Minimum distribution rules also apply to benefits payable with respect to a plan participant who has died. Failure to comply with the minimum distribution rules results in an excise tax imposed on the individual plan participant equal to 50 percent of the required minimum distribution not distributed for the year. The excise tax may be waived if the individual establishes to the satisfaction of the Commissioner that the shortfall in the amount distributed was due to reasonable error and reasonable steps are being taken to remedy the shortfall. Under certain circumstances following the death of a participant, the excise tax is automatically waived under proposed Treasury regulations.

Distributions prior to the death of the individual

In the case of distributions prior to the death of the plan participant, the minimum distribution rules are satisfied if either (1) the participant's entire interest in the plan is distributed by the required beginning date, or (2) the participant's interest in the plan is to be distributed (in accordance with regulations), beginning not later than the required beginning date, over a permissible period. The permissible periods are (1) the life of the participant, (2) the lives of the participant and a designated beneficiary, (3) the life expectancy of the participant, or (4) the joint

[95] Another provision of the House bill increases the defined contribution plan dollar limit.

[96] The House bill preserves the present-law deduction rules for money purchase pension plans. Thus, for purposes of such rules, the limitation on the amount the employer generally may deduct is an amount equal to 25 percent of compensation of the employees covered by the plan for the year.

[97] Another provision of the Senate amendment increases the defined contribution plan dollar limit.

[98] The minimum vesting requirements are also contained in Title I of ERISA.

life and last survivor expectancy of the participant and a designated beneficiary. In calculating minimum required distributions, life expectancies of the participant and the participant's spouse may be recomputed annually.

In the case of qualified plans, tax-sheltered annuities, and section 457 plans, the required beginning date is the April 1 of the calendar year following the later of (1) the calendar year in which the employee attains age 70½ or (2) the calendar year in which the employee retires. However, in the case of a five-percent owner of the employer, distributions are required to begin no later than the April 1 of the calendar year following the year in which the five-percent owner attains age 70½. If commencement of benefits is delayed beyond age 70½ from a defined benefit plan, then the accrued benefit of the employee must be actuarially increased to take into account the period after age 70½ in which the employee was not receiving benefits under the plan.[99] In the case of distributions from an IRA other than a Roth IRA, the required beginning date is the April 1 of the calendar year following the calendar year in which the IRA owner attains age 70½. The pre-death minimum distribution rules do not apply to Roth IRAs.

In general, under the proposed Treasury regulations, in order to satisfy the minimum distribution rules, annuity payments under a defined benefit plan must be paid in periodic payments made at intervals not longer than one year over a permissible period, and must be nonincreasing, or increase only as a result of the following: (1) cost-of-living adjustments; (2) cash refunds of employee contributions; (3) benefit increases under the plan; or (4) an adjustment due to death of the employee's beneficiary. In the case of a defined contribution plan, the minimum required distribution is determined by dividing the employee's benefit by an amount from the uniform table provided in the proposed regulations.

Distributions after the death of the plan participant

The minimum distribution rules also apply to distributions to beneficiaries of deceased participants. In general, if the participant dies after minimum distributions have begun, the remaining interest must be distributed at least as rapidly as under the minimum distribution method being used as of the date of death. If the participant dies before minimum distributions have begun, then the entire remaining interest must generally be distributed within five years of the participant's death. The five-year rule does not apply if distributions begin within one year of the participant's death and are payable over the life of a designated beneficiary or over the life expectancy of a designated beneficiary. A surviving spouse beneficiary is not required to begin distribution until the date the deceased participant would have attained age 70½.

HOUSE BILL

Modification of post-death distribution rules

The House bill applies the present-law rules applicable if the participant dies before distribution of minimum benefits has begun to all post-death distributions. Thus, in general, if the employee dies before his or her entire interest has been distributed, distribution of the remaining interest is required to be made within five years of the date of death, or begin within one year of the date of death and paid over the life or life expectancy of a designated beneficiary. In the case of a surviving spouse, distributions are not required to begin until April 1 of the calendar year following the calendar year in which the surviving spouse attains age 70½. The House bill includes a transition rule with respect to the provision providing that the required beginning date in the case of a surviving spouse is no earlier than the April 1 of the calendar year following the calendar year in which the surviving spouse attains age 70½. In the case of an individual who died before the date of enactment and prior to his or her required beginning date and whose beneficiary is the surviving spouse, minimum distributions to the surviving spouse are not required to begin earlier than the date distributions would have been required to begin under present law.

Reduction in excise tax

The House bill reduces the excise tax on failures to satisfy the minimum distribution rules to 10 percent of the amount that was required to be distributed but was not distributed.

Treasury regulations

The Treasury is directed to revise the life expectancy tables under the applicable regulations to reflect current life expectancy.

Effective date

In general, the House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification. The Senate amendment does not modify the excise tax on failures to satisfy the minimum distribution rules.

CONFERENCE AGREEMENT

The conference agreement directs the Treasury to revise the life expectancy tables under the applicable regulations to reflect current life expectancy.

Effective date.—The conference agreement is effective on the date of enactment.

(e) Clarification of tax treatment of division of section 457 plan benefits upon divorce (sec. 305 of the House bill, sec. 635 of the Senate amendment, and secs. 414(p) and 457 of the Code)

PRESENT LAW

Under present law, benefits provided under a qualified retirement plan for a participant may not be assigned or alienated to creditors of the participant, except in very limited circumstances. One exception to the prohibition on assignment or alienation rule is a qualified domestic relations order (''QDRO''). A QDRO is a domestic relations order that creates or recognizes a right of an alternate payee to any plan benefit payable with respect to a participant, and that meets certain procedural requirements.

Under present law, a distribution from a governmental plan or a church plan is treated as made pursuant to a QDRO if it is made pursuant to a domestic relations order that creates or recognizes a right of an alternate payee to any plan benefit payable with respect to a participant. Such distributions are not required to meet the procedural requirements that apply with respect to distributions from qualified plans.

Under present law, amounts distributed from a qualified plan generally are taxable to the participant in the year of distribution. However, if amounts are distributed to the spouse (or former spouse) of the participant by reason of a QDRO, the benefits are taxable to the spouse (or former spouse). Amounts distributed pursuant to a QDRO to an alternate payee other than the spouse (or former spouse) are taxable to the plan participant.

Section 457 of the Internal Revenue Code provides rules for deferral of compensation by an individual participating in an eligible deferred compensation plan (''section 457 plan'') of a tax-exempt or State and local government employer. The QDRO rules do not apply to section 457 plans.

HOUSE BILL

The House bill applies the taxation rules for qualified plan distributions pursuant to a QDRO to distributions made pursuant to a domestic relations order from a section 457 plan. In addition, a section 457 plan does not violate the restrictions on distributions from such plans due to payments to an alternate payee under a QDRO. The special rule applicable to governmental plans and church plans applies for purposes of determining whether a distribution is pursuant to a QDRO.

Effective date.—The House bill is effective for transfers, distributions, and payments made after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with a modification of the effective date.

Effective date.—The provision of the Senate amendment relating to tax treatment of distributions made pursuant to a domestic relations order from a section 457 plan is effective for transfers, distributions, and payments made after December 31, 2001. The provisions of the Senate amendment relating to the waiver of restrictions on distributions and the application of the special rule for determining whether a distribution is pursuant to a QDRO are effective on January 1, 2002, except that in the case of a domestic relations order entered before January 1, 2002, the plan administrator (1) is required to treat such order as a QDRO if the administrator is paying benefits pursuant to such order on January 1, 2002, and (2) is permitted to treat any other such order entered before January 1, 2002, as a QDRO even if such order does not meet the relevant requirements of the provision.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

(f) Provisions relating to hardship withdrawals (sec. 306 of the House bill, sec. 636 of the Senate amendment, and sec. 401(k) and 402 of the Code)

PRESENT LAW

Elective deferrals under a qualified cash or deferred arrangement (a ''section 401(k) plan'') may not be distributable prior to the occurrence of one or more specified events. One event upon which distribution is permitted is the financial hardship of the employee. Applicable Treasury regulations[100] provide that a distribution is made on account of hardship only if the distribution is made on account of an immediate and heavy financial need of the employee and is necessary to satisfy the heavy need.

The Treasury regulations provide a safe harbor under which a distribution may be deemed necessary to satisfy an immediate and heavy financial need. One requirement of this safe harbor is that the employee be prohibited from making elective contributions and employee contributions to the plan and

[99] State and local government plans and church plans are not required to actuarially increase benefits that begin after age 70½.

[100] Treas. Reg. sec. 1.401(k)–1.

all other plans maintained by the employer for at least 12 months after receipt of the hardship distribution.

Under present law, hardship withdrawals of elective deferrals from a qualified cash or deferred arrangement (or 403(b) annuity) are not eligible rollover distributions. Other types of hardship distributions, e.g., employer matching contributions distributed on account of hardship, are eligible rollover distributions. Different withholding rules apply to distributions that are eligible rollover distributions and to distributions that are not eligible rollover distributions. Eligible rollover distributions that are not directly rolled over are subject to withholding at a flat rate of 20-percent. Distributions that are not eligible rollover distributions are subject to elective withholding. Periodic distributions are subject to withholding as if the distribution were wages; nonperiodic distributions are subject to withholding at a rate of 10 percent. In either case, the individual may elect not to have withholding apply.

HOUSE BILL

The Secretary of the Treasury is directed to revise the applicable regulations to reduce from 12 months to six months the period during which an employee must be prohibited from making elective contributions and employee contributions in order for a distribution to be deemed necessary to satisfy an immediate and heavy financial need. The revised regulations are to be effective for years beginning after December 31, 2001.

In addition, any distribution made upon hardship of an employee is not an eligible rollover distribution. Thus, such distributions may not be rolled over, and are subject to the withholding rules applicable to distributions that are not eligible rollover distributions. The House bill does not modify the rules under which hardship distributions may be made. For example, as under present law, hardship distributions of qualified employer matching contributions are only permitted under the rules applicable to elective deferrals.

The House bill is intended to clarify that all assets distributed as a hardship withdrawal, including assets attributable to employee elective deferrals and those attributable to employer matching or nonelective contributions, are ineligible for rollover. This rule is intended to apply to all hardship distributions from any tax qualified plan, including those made pursuant to standards set forth in section 401(k)(2)(B)(i)(IV) (which are applicable to section 401(k) plans and section 403(b) annuities) and to those treated as hardship distributions under any profit-sharing plan (whether or not in accordance with the standards set forth in section 401(k)(2)(B)(i)(IV)). For this purpose, a distribution that could be made either under the hardship provisions of a plan or under other provisions of the plan (such as provisions permitting in-service withdrawal of assets attributable to employer matching or nonelective contributions after a fixed period of years) could be treated as made upon hardship of the employee if the plan treats it that way. For example, if a plan makes an in-service distribution that consists of assets attributable to both elective deferrals (in circumstances where those assets could be distributed only upon hardship) and employer matching or nonelective contributions (which could be distributed in nonhardship circumstances under the plan), the plan is permitted to treat the distribution in its entirety as made upon hardship of the employee.

Effective date.—The provision of the House bill directing the Secretary to revise the rules relating to safe harbor hardship distributions is effective on the date of enactment. The provision that hardship distributions are not eligible rollover distributions is effective for distributions made after December 31, 2001. The Secretary has the authority to issue transitional guidance with respect to the provision that hardship distributions are not eligible rollover distributions to provide sufficient time for plans to implement the new rule.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(g) Pension coverage for domestic and similar workers (sec. 307 of the House bill, sec. 637 of the Senate amendment, and sec. 4972(c)(6) of the Code)

PRESENT LAW

Under present law, within limits, employers may make deductible contributions to qualified retirement plans for employees. Subject to certain exceptions, a 10-percent excise tax applies to nondeductible contributions to such plans.

Employers of household workers may establish a pension plan for their employees. Contributions to such plans are not deductible because they are not made in connection with a trade or business of the employer.

HOUSE BILL

The 10-percent excise tax on nondeductible contributions does not apply to contributions to a SIMPLE plan or a SIMPLE IRA that are nondeductible solely because the contributions are not a trade or business expense under section 162 because they are not made in connection with a trade or business of the employer. Thus, for example, employers of household workers are able to make contributions to such plans without imposition of the excise tax. As under present law, the contributions are not deductible. The present-law rules applicable to such plans, e.g., contribution limits and nondiscrimination rules, continue to apply. The House bill does not apply with respect to contributions on behalf of the individual and members of his or her family.

No inference is intended with respect to the application of the excise tax under present law to contributions that are not deductible because they are not made in connection with a trade or business of the employer.

As under present law, a plan covering domestic workers is not qualified unless the coverage rules are satisfied by aggregating all employees of family members taken into account under the attribution rules in section 414(c), but disregarding employees employed by a controlled group of corporations or a trade or business.

It is intended that the House bill is restricted to contributions made by employers of household workers with respect to whom all applicable employment taxes have been and are being paid.

Effective date.—The House bill is effective for taxable years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification. The legislative history of the Senate amendment does not include a statement of intention that the Senate amendment is restricted to contributions made by employers of household workers with respect to whom all applicable employment taxes have been and are being paid.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

3. Increasing Portability for Participants

(a) Rollovers of retirement plan and IRA distributions (secs. 401–403 and 409 of the House bill, secs. 641–643 and 649 of the Senate amendment, and secs. 401, 402, 403(b), 408, 457, and 3405 of the Code)

PRESENT LAW

In general

Present law permits the rollover of funds from a tax-favored retirement plan to another tax-favored retirement plan. The rules that apply depend on the type of plan involved. Similarly, the rules regarding the tax treatment of amounts that are not rolled over depend on the type of plan involved.

Distributions from qualified plans

Under present law, an ''eligible rollover distribution'' from a tax-qualified employer-sponsored retirement plan may be rolled over tax free to a traditional individual retirement arrangement (''IRA'')[101] or another qualified plan.[102] An ''eligible rollover distribution'' means any distribution to an employee of all or any portion of the balance to the credit of the employee in a qualified plan, except the term does not include (1) any distribution which is one of a series of substantially equal periodic payments made (a) for the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and the employee's designated beneficiary, or (b) for a specified period of 10 years or more, (2) any distribution to the extent such distribution is required under the minimum distribution rules, and (3) certain hardship distributions. The maximum amount that can be rolled over is the amount of the distribution includible in income, i.e., after-tax employee contributions cannot be rolled over. Qualified plans are not required to accept rollovers.

Distributions from tax-sheltered annuities

Eligible rollover distributions from a tax-sheltered annuity (''section 403(b) annuity'') may be rolled over into an IRA or another section 403(b) annuity. Distributions from a section 403(b) annuity cannot be rolled over into a tax-qualified plan. Section 403(b) annuities are not required to accept rollovers.

IRA distributions

Distributions from a traditional IRA, other than minimum required distributions, can be rolled over into another IRA. In general, distributions from an IRA cannot be rolled over into a qualified plan or section 403(b) annuity. An exception to this rule applies in the case of so-called ''conduit IRAs.'' Under the conduit IRA rule, amounts can be rolled from a qualified plan into an IRA and then subsequently rolled back to another qualified plan if the amounts in the IRA are attributable solely to rollovers from a qualified plan. Similarly, an amount may be rolled over from a section 403(b) annuity to an IRA and subsequently rolled back into a section 403(b) annuity if the amounts in the

[101] A ''traditional'' IRA refers to IRAs other than Roth IRAs or SIMPLE IRAs. All references to IRAs refer only to traditional IRAs.

[102] An eligible rollover distribution may either be rolled over by the distributee within 60 days of the date of the distribution or, as described below, directly rolled over by the distributing plan.

IRA are attributable solely to rollovers from a section 403(b) annuity.

Distributions from section 457 plans

A ''section 457 plan'' is an eligible deferred compensation plan of a State or local government or tax-exempt employer that meets certain requirements. In some cases, different rules apply under section 457 to governmental plans and plans of tax-exempt employers. For example, governmental section 457 plans are like qualified plans in that plan assets are required to be held in a trust for the exclusive benefit of plan participants and beneficiaries. In contrast, benefits under a section 457 plan of a tax-exempt employer are unfunded, like nonqualified deferred compensation plans of private employers.

Section 457 benefits can be transferred to another section 457 plan. Distributions from a section 457 plan cannot be rolled over to another section 457 plan, a qualified plan, a section 403(b) annuity, or an IRA.

Rollovers by surviving spouses

A surviving spouse that receives an eligible rollover distribution may roll over the distribution into an IRA, but not a qualified plan or section 403(b) annuity.

Direct rollovers and withholding requirements

Qualified plans and section 403(b) annuities are required to provide that a plan participant has the right to elect that an eligible rollover distribution be directly rolled over to another eligible retirement plan. If the plan participant does not elect the direct rollover option, then withholding is required on the distribution at a 20-percent rate.[103]

Notice of eligible rollover distribution

The plan administrator of a qualified plan or a section 403(b) annuity is required to provide a written explanation of rollover rules to individuals who receive a distribution eligible for rollover. In general, the notice is to be provided within a reasonable period of time before making the distribution and is to include an explanation of (1) the provisions under which the individual may have the distribution directly rolled over to another eligible retirement plan, (2) the provision that requires withholding if the distribution is not directly rolled over, (3) the provision under which the distribution may be rolled over within 60 days of receipt, and (4) if applicable, certain other rules that may apply to the distribution. The Treasury Department has provided more specific guidance regarding timing and content of the notice.

Taxation of distributions

As is the case with the rollover rules, different rules regarding taxation of benefits apply to different types of tax-favored arrangements. In general, distributions from a qualified plan, section 403(b) annuity, or IRA are includible in income in the year received. In certain cases, distributions from qualified plans are eligible for capital gains treatment and averaging. These rules do not apply to distributions from another type of plan. Distributions from a qualified plan, IRA, and section 403(b) annuity generally are subject to an additional 10-percent early withdrawal tax if made before age 59½. There are a number of exceptions to the early withdrawal tax. Some of the exceptions apply to all three types of plans, and others apply only to certain types of plans. For example, the 10-percent early withdrawal tax does not apply to IRA distributions for educational expenses, but does apply to similar distributions from qualified plans and section 403(b) annuities. Benefits under a section 457 plan are generally includible in income when paid or made available. The 10-percent early withdrawal tax does not apply to section 457 plans.

HOUSE BILL

In general

The House bill provides that eligible rollover distributions from qualified retirement plans, section 403(b) annuities, and governmental section 457 plans generally could be rolled over to any of such plans or arrangements.[104] Similarly, distributions from an IRA generally are permitted to be rolled over into a qualified plan, section 403(b) annuity, or governmental section 457 plan. The direct rollover and withholding rules are extended to distributions from a governmental section 457 plan, and such plans are required to provide the written notification regarding eligible rollover distributions.[105] The rollover notice (with respect to all plans) is required to include a description of the provisions under which distributions from the plan to which the distribution is rolled over may be subject to restrictions and tax consequences different than those applicable to distributions from the distributing plan. Qualified plans, section 403(b) annuities, and section 457 plans would not be required to accept rollovers.

Some special rules apply in certain cases. A distribution from a qualified plan is not eligible for capital gains or averaging treatment if there was a rollover to the plan that would not have been permitted under present law. Thus, in order to preserve capital gains and averaging treatment for a qualified plan distribution that is rolled over, the rollover would have to be made to a ''conduit IRA'' as under present law, and then rolled back into a qualified plan. Amounts distributed from a section 457 plan are subject to the early withdrawal tax to the extent the distribution consists of amounts attributable to rollovers from another type of plan. Section 457 plans are required to separately account for such amounts.

Rollover of after-tax contributions

The House bill provides that employee after-tax contributions may be rolled over into another qualified plan or a traditional IRA. In the case of a rollover from a qualified plan to another qualified plan, the rollover is permitted to be accomplished only through a direct rollover. In addition, a qualified plan is not permitted to accept rollovers of after-tax contributions unless the plan provides separate accounting for such contributions (and earnings thereon). After-tax contributions (including nondeductible contributions to an IRA) are not permitted to be rolled over from an IRA into a qualified plan, tax-sheltered annuity, or section 457 plan.

In the case of a distribution from a traditional IRA that is rolled over into an eligible rollover plan that is not an IRA, the distribution is attributed first to amounts other than after-tax contributions.

Expansion of spousal rollovers

The House bill provides that surviving spouses may roll over distributions to a qualified plan, section 403(b) annuity, or governmental section 457 plan in which the surviving spouse participates.

Treasury regulations

The Secretary is directed to prescribe rules necessary to carry out the House bill. Such rules may include, for example, reporting requirements and mechanisms to address mistakes relating to rollovers. It is anticipated that the IRS will develop forms to assist individuals who roll over after-tax contributions to an IRA in keeping track of such contributions. Such forms could, for example, expand Form 8606—Nondeductible IRAs, to include information regarding after-tax contributions.

Effective date

The House bill is effective for distributions made after December 31, 2001. It is intended that the Secretary will revise the safe harbor rollover notice that plans may use to satisfy the rollover requirements. No penalty is imposed on a plan for a failure to provide the information required under the House bill with respect to any distribution made before the date that is 90 days after the date the Secretary issues a new safe harbor rollover notice, if the plan administrator makes a reasonable attempt to comply with such notice requirement. For example, the House bill requires that the rollover notice include a description 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 the distribution. A plan is treated as making a reasonable good faith effort to comply with this requirement if the notice states that distributions from the plan to which the rollover is made may be subject to different restrictions and tax consequences than those that apply to distributions from the plan from which the rollover is made.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification. The Senate amendment does not include a provision for relief from the imposition of a penalty for failure to provide the information required under the Senate amendment.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modification. Hardship distributions from governmental section 457 plans are not considered eligible rollover distributions.

(b) Waiver of 60-day rule (sec. 404 of the House bill, sec. 644 of the Senate amendment, and secs. 402 and 408 of the Code)

PRESENT LAW

Under present law, amounts received from an IRA or qualified plan may be rolled over tax free if the rollover is made within 60 days of the date of the distribution. The Secretary does not have the authority to waive the 60-day requirement, except during military service in a combat zone or by reason of a Presidentially declared disaster. The Secretary has issued regulations postponing the 60-day rule in such cases.

HOUSE BILL

The House bill provides that the Secretary may waive the 60-day rollover period if the

[103] Distributions from qualified plans and section 403(b) annuities that are not eligible rollover distributions are subject to elective withholding. Periodic distributions are subject to withholding as if the distribution were wages; nonperiodic distributions are subject to withholding at a rate of 10 percent. In either case, the individual may elect not to have withholding apply.

[104] Hardship distributions from governmental section 457 plans would be considered eligible rollover distributions.

[105] The elective withholding rules applicable to distributions from qualified plans and section 403(b) annuities that are not eligible rollover distributions are also extended to distributions from governmental section 457 plans. Thus, periodic distributions from governmental section 457 plans that are not eligible rollover distributions are subject to withholding as if the distribution were wages and nonperiodic distributions from such plans that are not eligible rollover distributions are subject to withholding at a 10-percent rate. In either case, the individual may elect not to have withholding apply.

failure to waive such requirement would be against equity or good conscience, including cases of casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement. For example, the Secretary may issue guidance that includes objective standards for a waiver of the 60-day rollover period, such as waiving the rule due to military service in a combat zone or during a Presidentially declared disaster (both of which are provided for under present law), or for a period during which the participant has received payment in the form of a check, but has not cashed the check, or for errors committed by a financial institution.

Effective date.—The House bill applies to distributions made after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement provides that the Secretary may waive the 60-day rollover period if the failure to waive such requirement would be against equity or good conscience, including cases of casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement. For example, the Secretary may issue guidance that includes objective standards for a waiver of the 60-day rollover period, such as waiving the rule due to military service in a combat zone or during a Presidentially declared disaster (both of which are provided for under present law), or for a period during which the participant has received payment in the form of a check, but has not cashed the check, or for errors committed by a financial institution, or in cases of inability to complete a rollover due to death, disability, hospitalization, incarceration, restrictions imposed by a foreign country, or postal error.

Effective date.—The conference agreement applies to distributions made after December 31, 2001.

(c) Treatment of forms of distribution (sec. 405 of the House bill, sec. 645 of the Senate amendment, and sec. 411(d)(6) of the Code)

PRESENT LAW

An amendment of a qualified retirement plan may not decrease the accrued benefit of a plan participant. An amendment is treated as reducing an accrued benefit if, with respect to benefits accrued before the amendment is adopted, the amendment has the effect of either (1) eliminating or reducing an early retirement benefit or a retirement-type subsidy, or (2) except as provided by Treasury regulations, eliminating an optional form of benefit (sec. 411(d)(6)).[106]

Under regulations recently issued by the Secretary,[107] this prohibition against the elimination of an optional form of benefit does not apply in the case of (1) a defined contribution plan that offers a lump sum at the same time as the form being eliminated if the participant receives at least 90 days' advance notice of the elimination, or (2) a voluntary transfer between defined contribution plans, subject to the requirements that a transfer from a money purchase pension plan, an ESOP, or a section 401(k) plan must be to a plan of the same type and that the transfer be made in connection with certain corporate mergers, acquisitions, or similar transactions or changes in employment status.

HOUSE BILL

A defined contribution plan to which benefits are transferred will not be treated as reducing a participant's or beneficiary's accrued benefit even though it does not provide all of the forms of distribution previously available under the transferor plan if (1) the plan receives from another defined contribution plan a direct transfer of the participant's or beneficiary's benefit accrued under the transferor plan, or the plan results from a merger or other transaction that has the effect of a direct transfer (including consolidations of benefits attributable to different employers within a multiple employer plan), (2) the terms of both the transferor plan and the transferee plan authorize the transfer, (3) the transfer occurs pursuant to a voluntary election by the participant or beneficiary that is made after the participant or beneficiary received a notice describing the consequences of making the election, and (4) the transferee plan allows the participant or beneficiary to receive distribution of his or her benefit under the transferee plan in the form of a single sum distribution. The House bill does not modify the rules relating to survivor annuities under section 417. Thus, as under present law, a plan that is a transferee of a plan subject to the joint and survivor rules is also subject to those rules.

Except to the extent provided by the Secretary of the Treasury in regulations, a defined contribution plan is not treated as reducing a participant's accrued benefit if (1) a plan amendment eliminates a form of distribution previously available under the plan, (2) a single sum distribution is available to the participant at the same time or times as the form of distribution eliminated by the amendment, and (3) the single sum distribution is based on the same or greater portion of the participant's accrued benefit as the form of distribution eliminated by the amendment.

Furthermore, the House bill directs the Secretary of the Treasury to provide by regulations that the prohibitions against eliminating or reducing an early retirement benefit, a retirement-type subsidy, or an optional form of benefit do not apply to plan amendments that eliminate or reduce early retirement benefits, retirement-type subsidies, and optional forms of benefit that create significant burdens and complexities for a plan and its participants, but only if such an amendment does not adversely affect the rights of any participant in more than a de minimis manner.

It is intended that the factors to be considered in determining whether an amendment has more than a de minimis adverse effect on any participant will include (1) all of the participant's early retirement benefits, retirement-type subsidies, and optional forms of benefits that are reduced or eliminated by the amendment, (2) the extent to which early retirement benefits, retirement-type subsidies, and optional forms of benefit in effect with respect to a participant after the amendment effective date provide rights that are comparable to the rights that are reduced or eliminated by the plan amendment, (3) the number of years before the participant attains normal retirement age under the plan (or early retirement age, as applicable), (4) the size of the participant's benefit that is affected by the plan amendment, in relation to the amount of the participant's compensation, and (5) the number of years before the plan amendment is effective.

This provision of the House bill does not affect the rules relating to involuntary cash outs (sec. 411(a)(11)) or survivor annuity requirements (sec. 417). Accordingly, if a participant is entitled to protections of the joint and survivor rules, those protections may not be eliminated. The intent of the provision authorizing regulations is solely to permit the elimination of early retirement benefits, retirement-type subsidies, or optional forms of benefit that have no more than a de minimis effect on any participant but create disproportionate burdens and complexities for a plan and its participants.

For example, assume the following. Employer A acquires employer B and merges B's defined benefit plan into A's defined benefit plan. The defined benefit plan maintained by B before the merger provides an early retirement subsidy for individuals age 55 with a specified number of years of service. E1 and E2 are were employees of B and who transfer to A in connection with the merger. E1 is 25 years old and has compensation of $40,000. The present value of E1's early retirement subsidy under B's plan is $75. E2 is 50 years old and also has compensation of $40,000. The present value of E2's early retirement subsidy under B's plan is $10,000.

Assume that A's plan has an early retirement subsidy for individuals who have attained age 50 with a specified number of years of service, but the subsidy is not the same as under B's plan. Under A's plan, the present value of E2's early retirement subsidy is $9,850. Maintenance of both subsidies after the plan merger would create burdens for the plan and complexities for the plan and its participants.

Treasury regulations could permit E1's early retirement subsidy under B's plan to be eliminated entirely (i.e., even if A's plan did not have an early retirement subsidy). Taking into account all relevant factors, including the value of the benefit, E1's compensation, and the number of years until E1 would be eligible to receive the subsidy, the subsidy is de minimis. Treasury regulations could permit E2's early retirement subsidy under B's plan to be eliminated as to be replaced by the subsidy under A's plan, because the difference in the subsidies is de minimis. However, A's subsidy could not be entirely eliminated.

The Secretary is directed to issue, not later than December 31, 2003, final regulations under section 411(d)(6), including regulations required under the House bill.

Effective date.—The House bill is effective for years beginning after December 31, 2001, except that the direction to the Secretary is effective on the date of enactment.

SENATE AMENDMENT

A defined contribution plan to which benefits are transferred is not treated as reducing a participant's or beneficiary's accrued benefit even though it does not provide all of the forms of distribution previously available under the transferor plan if (1) the plan receives from another defined contribution plan a direct transfer of the participant's or beneficiary's benefit accrued under the transferor plan, or the plan results from a merger or other transaction that has the effect of a direct transfer (including consolidations of benefits attributable to different employers within a multiple employer plan), (2) the terms of both the transferor plan and the transferee plan authorize the transfer, (3) the transfer occurs pursuant to a voluntary election by the participant or beneficiary that is made after the participant or beneficiary received a notice describing the consequences of making the election, and (4) the

[106] A similar provision is contained in Title I of ERISA.

[107] Treas. Reg. sec. 1.411(d)–4, Q&A–2(e) and Q&A–(3)(b).

transferee plan allows the participant or beneficiary to receive distribution of his or her benefit under the transferee plan in the form of a single sum distribution.

Furthermore, the Senate amendment directs the Secretary of the Treasury to provide by regulations that the prohibitions against eliminating or reducing an early retirement benefit, a retirement-type subsidy, or an optional form of benefit do not apply to plan amendments that eliminate or reduce early retirement benefits, retirement-type subsidies, and optional forms of benefit that create significant burdens and complexities for a plan and its participants, but only if such an amendment does not adversely affect the rights of any participant in more than a de minimis manner.

It is intended that the factors to be considered in determining whether an amendment has more than a de minimis adverse effect on any participant will include (1) all of the participant's early retirement benefits, retirement-type subsidies, and optional forms of benefits that are reduced or eliminated by the amendment, (2) the extent to which early retirement benefits, retirement-type subsidies, and optional forms of benefit in effect with respect to a participant after the amendment effective date provide rights that are comparable to the rights that are reduced or eliminated by the plan amendment, (3) the number of years before the participant attains normal retirement age under the plan (or early retirement age, as applicable), (4) the size of the participant's benefit that is affected by the plan amendment, in relation to the amount of the participant's compensation, and (5) the number of years before the plan amendment is effective.

The Secretary is directed to issue, not later than December 31, 2002, final regulations under section 411(d)(6), including regulations required under the Senate amendment.

Effective date.—The provision is effective for years beginning after December 31, 2001, except that the direction to the Secretary is effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

(d) Rationalization of restrictions on distributions (sec. 406 of the House bill, sec. 646 of the Senate amendment, and secs. 401(k), 403(b), and 457 of the Code)

PRESENT LAW

Elective deferrals under a qualified cash or deferred arrangement (''section 401(k) plan''), tax-sheltered annuity (''section 403(b) annuity''), or an eligible deferred compensation plan of a tax-exempt organization or State or local government (''section 457 plan''), may not be distributable prior to the occurrence of one or more specified events. These permissible distributable events include ''separation from service.''

A separation from service occurs only upon a participant's death, retirement, resignation or discharge, and not when the employee continues on the same job for a different employer as a result of the liquidation, merger, consolidation or other similar corporate transaction. A severance from employment occurs when a participant ceases to be employed by the employer that maintains the plan. Under a so-called ''same desk rule,'' a participant's severance from employment does not necessarily result in a separation from service.[108]

In addition to separation from service and other events, a section 401(k) plan that is maintained by a corporation may permit distributions to certain employees who experience a severance from employment with the corporation that maintains the plan but do not experience a separation from service because the employees continue on the same job for a different employer as a result of a corporate transaction. If the corporation disposes of substantially all of the assets used by the corporation in a trade or business, a distributable event occurs with respect to the accounts of the employees who continue employment with the corporation that acquires the assets. If the corporation disposes of its interest in a subsidiary, a distributable event occurs with respect to the accounts of the employees who continue employment with the subsidiary. Under a recent IRS ruling, a person is generally deemed to have separated from service if that person is transferred to another employer in connection with a sale of less than substantially all the assets of a trade or business.[109]

HOUSE BILL

The House bill modifies the distribution restrictions applicable to section 401(k) plans, section 403(b) annuities, and section 457 plans to provide that distribution may occur upon severance from employment rather than separation from service. In addition, the provisions for distribution from a section 401(k) plan based upon a corporation's disposition of its assets or a subsidiary are repealed; this special rule is no longer necessary under the House bill.

Effective date.—The House bill is effective for distributions after December 31, 2001, regardless of when the severance of employment occurred.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

The conferees intend that a plan may provide that certain specified types of severance from employment do not constitute distributable events. For example, a plan could provide that a severance from employment is not a distributable event if it would not have constituted a ''separation from service'' under the law in effect prior to a specified date. Also, if a plan describes distributable events by reference to section 401(k)(2), the plan may be amended to restrict distributable events to fewer than all events that constitute a severance from employment. Thus, for example, if a plan sponsor had employees who experienced a severance from employment in the past that the ''same desk rule'' prevented from being treated as a distributable event, the plan sponsor would have the option of providing in the plan that such severance from employment would, or would not, be treated as a distributable event under the plan.

The conferees intend that, as under current law, if there is a transfer of plan assets and liabilities relating to any portion of an employee's benefit under a plan of the employee's former employer to a plan being maintained or created by the employee's new employer (other than a rollover or elective transfer), then that employee has not experienced a severance from employment with the employer maintaining the plan that covers the employee.

(e) Purchase of service credit under governmental pension plans (sec. 407 of the House bill, sec. 647 of the Senate amendment, and secs. 403(b) and 457 of the Code)

PRESENT LAW

A qualified retirement plan maintained by a State or local government employer may provide that a participant may make after-tax employee contributions in order to purchase permissive service credit, subject to certain limits (sec. 415). Permissive service credit means credit for a period of service recognized by the governmental plan only if the employee voluntarily contributes to the plan an amount (as determined by the plan) that does not exceed the amount necessary to fund the benefit attributable to the period of service and that is in addition to the regular employee contributions, if any, under the plan.

In the case of any repayment of contributions and earnings to a governmental plan with respect to an amount previously refunded upon a forfeiture of service credit under the plan (or another plan maintained by a State or local government employer within the same State), any such repayment is not taken into account for purposes of the section 415 limits on contributions and benefits. Also, service credit obtained as a result of such a repayment is not considered permissive service credit for purposes of the section 415 limits.

A participant may not use a rollover or direct transfer of benefits from a tax-sheltered annuity (''section 403(b) annuity'') or an eligible deferred compensation plan of a tax-exempt organization or a State or local government (''section 457 plan'') to purchase permissive service credits or repay contributions and earnings with respect to a forfeiture of service credit.

HOUSE BILL

A participant in a State or local governmental plan is not required to include in gross income a direct trustee-to-trustee transfer to a governmental defined benefit plan from a section 403(b) annuity or a section 457 plan if the transferred amount is used (1) to purchase permissive service credits under the plan, or (2) to repay contributions and earnings with respect to an amount previously refunded under a forfeiture of service credit under the plan (or another plan maintained by a State or local government employer within the same State).

Effective date.—The House bill is effective for transfers after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(f) Employers may disregard rollovers for purposes of cash-out rules (sec. 408 of the House bill, sec. 648 of the Senate amendment, and sec. 411(a)(11) of the Code)

PRESENT LAW

If a qualified retirement plan participant ceases to be employed by the employer that maintains the plan, the plan may distribute the participant's nonforfeitable accrued benefit without the consent of the participant and, if applicable, the participant's spouse, if the present value of the benefit does not exceed $5,000. If such an involuntary distribution occurs and the participant subsequently returns to employment covered by the plan,

[108] Rev. Rul. 79–336, 1979–2 C.B. 187.

[109] Rev. Rul. 2000–27, 2000–21 I.R.B. 1016.

then service taken into account in computing benefits payable under the plan after the return need not include service with respect to which a benefit was involuntarily distributed unless the employee repays the benefit.[110]

Generally, a participant may roll over an involuntary distribution from a qualified plan to an IRA or to another qualified plan.[111]

HOUSE BILL

For purposes of the cash-out rule, a plan is permitted to provide that the present value of a participant's nonforfeitable accrued benefit is determined without regard to the portion of such benefit that is attributable to rollover contributions (and any earnings allocable thereto).

Effective date.—The House bill is effective for distributions after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(g) Minimum distribution and inclusion requirements for section 457 plans (sec. 409 of the House bill, sec. 649 of the Senate amendment, and sec. 457 of the Code)

PRESENT LAW

A ''section 457 plan'' is an eligible deferred compensation plan of a State or local government or tax-exempt employer that meets certain requirements. For example, amounts deferred under a section 457 plan cannot exceed certain limits. Amounts deferred under a section 457 plan are generally includible in income when paid or made available. Amounts deferred under a plan of deferred compensation of a State or local government or tax-exempt employer that does not meet the requirements of section 457 are includible in income when the amounts are not subject to a substantial risk of forfeiture, regardless of whether the amounts have been paid or made available.[112]

Section 457 plans are subject to the minimum distribution rules applicable to tax-qualified pension plans. In addition, such plans are subject to additional minimum distribution rules (sec. 457(d)(2)(B)).

HOUSE BILL

The House bill provides that amounts deferred under a section 457 plan of a State or local government are includible in income when paid. The House bill also repeals the special minimum distribution rules applicable to section 457 plans. Thus, such plans are subject to the minimum distribution rules applicable to qualified plans.

Effective date.—The House bill is effective for distributions after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification.

The Senate amendment also modifies the transition rule adopted in the 1986 Act relating to deferred compensation plans of tax-exempt employers. Under the Senate amendment, the transition rule applies to agreements providing cost-of-living adjustments to amounts that otherwise satisfy the requirements of the transition rule. The grandfather does not apply to the extent that the annual amount provided under such an agreement exceeds the annual grandfathered amount multiplied by the cumulative increase in the Consumer Price Index (as published by the Department of Labor).

Effective date.—The Senate amendment is generally effective for distributions after December 31, 2001. The provision relating to plans of tax-exempt organizations is effective for taxable years ending after the date of enactment for cost-of-living increases after September 1993.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

4. Strengthening Pension Security and Enforcement

(a) Phase in repeal of 160 percent of current liability funding limit; deduction for contributions to fund termination liability (secs. 501–502 of the House bill, secs. 651–652 of the Senate amendment, and secs. 404(a)(1), 412(c)(7), and 4972(c) of the Code)

PRESENT LAW

Under present law, defined benefit pension plans are subject to minimum funding requirements designed to ensure that pension plans have sufficient assets to pay benefits. A defined benefit pension plan is funded using one of a number of acceptable actuarial cost methods.

No contribution is required under the minimum funding rules in excess of the full funding limit. The full funding limit is generally defined as the excess, if any, of (1) the lesser of (a) the accrued liability under the plan (including normal cost) or (b) 160 percent of the plan's current liability, over (2) the value of the plan's assets (sec. 412(c)(7)).[113] In general, current liability is all liabilities to plan participants and beneficiaries accrued to date, whereas the accrued liability full funding limit is based on projected benefits. The current liability full funding limit is scheduled to increase as follows: 165 percent for plan years beginning in 2003 and 2004, and 170 percent for plan years beginning in 2005 and thereafter.[114] In no event is a plan's full funding limit less than 90 percent of the plan's current liability over the value of the plan's assets.

An employer sponsoring a defined benefit pension plan generally may deduct amounts contributed to satisfy the minimum funding standard for the plan year. Contributions in excess of the full funding limit generally are not deductible. Under a special rule, an employer that sponsors a defined benefit pension plan (other than a multiemployer plan) which has more than 100 participants for the plan year may deduct amounts contributed of up to 100 percent of the plan's unfunded current liability.

HOUSE BILL

Current liability full funding limit

The House bill gradually increases and then repeals the current liability full funding limit. Under the bill, the current liability full funding limit is 165 percent of current liability for plan years beginning in 2002, and 170 percent for plan years beginning in 2003. The current liability full funding limit is repealed for plan years beginning in 2004 and thereafter. Thus, in 2004 and thereafter, the full funding limit is the excess, if any, of (1) the accrued liability under the plan (including normal cost), over (2) the value of the plan's assets.

Deduction for contributions to fund termination liability

The special rule allowing a deduction for unfunded current liability generally is extended to all defined benefit pension plans, i.e., the House bill applies to multiemployer plans and plans with 100 or fewer participants. The special rule does not apply to plans not covered by the PBGC termination insurance program.[115]

The House bill also modifies the rule by providing that the deduction is for up to 100 percent of unfunded termination liability, determined as if the plan terminated at the end of the plan year. In the case of a plan with less than 100 participants for the plan year, termination liability does not include the liability attributable to benefit increases for highly compensated employees resulting from a plan amendment which was made or became effective, whichever is later, within the last two years.

General Accounting Office study

In connection with the Committee's desire to strengthen pension security, the Committee directs the General Accounting Office to conduct a study examining the extent to which certain present-law rules create obstacles or disincentives for taxpayers experiencing financial hardships to make current and future contributions to underfunded defined benefit pension plans. The Committee is concerned that, as a result of not obtaining a current or carryback deduction for pension contributions, taxpayers experiencing financial hardships will be subject to higher after-tax costs of maintaining pension funding levels. In the study, the General Accounting Office is to consider whether pension funding would be enhanced if section 172(f), which since 1998 has permitted only listed items to be carried back, were modified to list deductions for payments to defined benefit pension plans as an item for which 10–year specified loss carrybacks may be available. This study is to be submitted to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate not later than one year after the date of enactment.

Effective date

The House bill is effective for plan years beginning after December 31, 2001.

SENATE AMENDMENT

Current liability full funding limit

The Senate amendment gradually increases and then repeals the current liability full funding limit. Under the Senate amendment, the current liability full funding limit is 160 percent of current liability for plan years beginning in 2002, 165 percent for plan years beginning in 2003, and 170 percent for plan years beginning in 2004. The current liability full funding limit is repealed for plan years beginning in 2005 and thereafter. Thus, in 2005 and thereafter, the full funding limit is the excess, if any, of (1) the accrued liability under the plan (including normal cost), over (2) the value of the plan's assets.

[110] A similar provision is contained in Title I of ERISA.

[111] Other provisions expand the kinds of plans to which benefits may be rolled over.

[112] This rule of inclusion does not apply to amounts deferred under a tax-qualified retirement plan or similar plans.

[113] The minimum funding requirements, including the full funding limit, are also contained in title I of ERISA.

[114] As originally enacted in the Pension Protection Act of 1997, the current liability full funding limit was 150 percent of current liability. The Taxpayer Relief Act of 1997 increased the current liability full funding limit to 155 percent in 1999 and 2000, 160 percent in 2001 and 2002, and adopted the scheduled increases described in the text.

[115] The PBGC termination insurance program does not cover plans of professional service employers that have fewer than 25 participants.

Deduction for contributions to fund termination liability

The special rule allowing a deduction for unfunded current liability generally is extended to all defined benefit pension plans, i.e., the Senate amendment applies to multiemployer plans and plans with 100 or fewer participants. The special rule does not apply to plans not covered by the PBGC termination insurance program.[116]

The Senate amendment also modifies the rule by providing that the deduction is for up to 100 percent of unfunded termination liability, determined as if the plan terminated at the end of the plan year. In the case of a plan with less than 100 participants for the plan year, termination liability does not include the liability attributable to benefit increases for highly compensated employees resulting from a plan amendment which was made or became effective, whichever is later, within the last two years.

Effective date

The Senate amendment is effective for plan years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with modifications.

The conference agreement gradually increases and then repeals the current liability full funding limit. Under the conference agreement, the current liability full funding limit is 165 percent of current liability for plan years beginning in 2002, and 170 percent for plan years beginning in 2003. The current liability full funding limit is repealed for plan years beginning in 2004 and thereafter. Thus, in 2004 and thereafter, the full funding limit is the excess, if any, of (1) the accrued liability under the plan (including normal cost), over (2) the value of the plan's assets.

With respect to the special rule allowing a deduction for unfunded current liability, the modification of the rule to provide that the deduction is for up to 100 percent of unfunded termination liability is applicable only for a plan that terminates within the plan year.

(b) Excise tax relief for sound pension funding (sec. 503 of the House bill, sec. 653 of the Senate amendment, and sec. 4972 of the Code)

PRESENT LAW

Under present law, defined benefit pension plans are subject to minimum funding requirements designed to ensure that pension plans have sufficient assets to pay benefits. A defined benefit pension plan is funded using one of a number of acceptable actuarial cost methods.

No contribution is required under the minimum funding rules in excess of the full funding limit. The full funding limit is generally defined as the excess, if any, of (1) the lesser of (a) the accrued liability under the plan (including normal cost) or (b) 160 percent of the plan's current liability, over (2) the value of the plan's assets (sec. 412(c)(7)). In general, current liability is all liabilities to plan participants and beneficiaries accrued to date, whereas the accrued liability full funding limit is based on projected benefits. The current liability full funding limit is scheduled to increase as follows: 165 percent for plan years beginning in 2003 and 2004, and 170 percent for plan years beginning in 2005 and thereafter.[117] In no event is a plan's full funding limit less than 90 percent of the plan's current liability over the value of the plan's assets.

An employer sponsoring a defined benefit pension plan generally may deduct amounts contributed to satisfy the minimum funding standard for the plan year. Contributions in excess of the full funding limit generally are not deductible. Under a special rule, an employer that sponsors a defined benefit pension plan (other than a multiemployer plan) which has more than 100 participants for the plan year may deduct amounts contributed of up to 100 percent of the plan's unfunded current liability.

Present law also provides that contributions to defined contribution plans are deductible, subject to certain limitations.

Subject to certain exceptions, an employer that makes nondeductible contributions to a plan is subject to an excise tax equal to 10 percent of the amount of the nondeductible contributions for the year. The 10-percent excise tax does not apply to contributions to certain terminating defined benefit plans. The 10-percent excise tax also does not apply to contributions of up to six percent of compensation to a defined contribution plan for employer matching and employee elective deferrals.

HOUSE BILL

In determining the amount of nondeductible contributions, the employer is permitted to elect not to take into account contributions to a defined benefit pension plan except to the extent they exceed the accrued liability full funding limit. Thus, if an employer elects, contributions in excess of the current liability full funding limit are not subject to the excise tax on nondeductible contributions. An employer making such an election for a year is not permitted to take advantage of the present-law exceptions for certain terminating plans and certain contributions to defined contribution plans. The House bill applies to terminated plans as well as ongoing plans.

Effective date.—The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(c) Notice of significant reduction in plan benefit accruals (sec. 504 of the House bill, sec. 659 of the Senate amendment, and new sec. 4980f of the Code)

PRESENT LAW

Section 204(h) of Title I of ERISA provides that a defined benefit pension plan or a money purchase pension plan may not be amended so as to provide for a significant reduction in the rate of future benefit accrual, unless, after adoption of the plan amendment and not less than 15 days before the effective date of the plan amendment, the plan administrator provides a written notice (''section 204(h) notice''), setting forth the plan amendment (or a summary of the amendment written in a manner calculated to be understood by the average plan participant) and its effective date. The plan administrator must provide the section 204(h) notice to each plan participant, each alternate payee under an applicable qualified domestic relations order (''QDRO''), and each employee organization representing participants in the plan. The applicable Treasury regulations[118] provide, however, that a plan administrator need not provide the section 204(h) notice to any participant or alternate payee whose rate of future benefit accrual is reasonably expected not to be reduced by the amendment, nor to an employee organization that does not represent a participant to whom the section 204(h) notice must be provided. In addition, the regulations provide that the rate of future benefit accrual is determined without regard to optional forms of benefit, early retirement benefits, retirement-type subsidiaries, ancillary benefits, and certain other rights and features.

A covered amendment generally will not become effective with respect to any participants and alternate payees whose rate of future benefit accrual is reasonably expected to be reduced by the amendment but who do not receive a section 204(h) notice. An amendment will become effective with respect to all participants and alternate payees to whom the section 204(h) notice was required to be provided if the plan administrator (1) has made a good faith effort to comply with the section 204(h) notice requirements, (2) has provided a section 204(h) notice to each employee organization that represents any participant to whom a section 204(h) notice was required to be provided, (3) has failed to provide a section 204(h) notice to no more than a de minimis percentage of participants and alternate payees to whom a section 204(h) notice was required to be provided, and (4) promptly upon discovering the oversight, provides a section 204(h) notice to each omitted participant and alternate payee.

The Internal Revenue Code does not require any notice concerning a plan amendment that provides for a significant reduction in the rate of future benefit accrual.

HOUSE BILL

The House bill adds to the Internal Revenue Code a requirement that the plan administrator of a defined benefit pension plan or a money purchase pension plan furnish a written notice concerning a plan amendment that provides for a significant reduction in the rate of future benefit accrual, including any elimination or reduction of an early retirement benefit or retirement-type subsidy. The plan administrator is required to provide in this notice, in a manner calculated to be understood by the average plan participant, sufficient information (as defined in Treasury regulations) to allow participants to understand the effect of the amendment.

The notice requirement does not apply to governmental plans or church plans with respect to which an election to have the qualified plan participation, vesting, and funding rules apply has not been made (sec. 410(d)). The House bill authorizes the Secretary of the Treasury to provide a simplified notice requirement or an exemption from the notice requirement for plans with less than 100 participants and to allow any notice required under the House bill to be provided by using new technologies. The House bill also authorizes the Secretary to provide a simplified notice requirement or an exemption from the notice requirement if participants are given the option to choose between benefits under the new plan formula and the old plan formula. In such cases, the House bill will have no effect on the fiduciary rules applicable to pension plans that may require

[116] The PBGC termination insurance program does not cover plans of professional service employers that have fewer than 25 participants.

[117] As originally enacted in the Pension Protection Act of 1997, the current liability full funding limit was 150 percent of current liability. The Taxpayer Relief Act of 1997 increased the current liability full funding limit to 155 percent in 1999 and 2000, 160 percent in 2001 and 2002, and adopted the scheduled increases described in the text. Another provision would gradually increase and then repeal the current liability full funding limit.

[118] Treas. Reg. sec. 1.411(d)–6.

appropriate disclosure to participants, even if no disclosure is required under the House bill.

The plan administrator is required to provide this notice to each affected participant, each affected alternate payee, and each employee organization representing affected participants. For purposes of the House bill, an affected participant or alternate payee is a participant or alternate payee whose rate of future benefit accrual may reasonably be expected to be significantly reduced by the plan amendment.

Except to the extent provided by Treasury regulations, the plan administrator is required to provide the notice within a reasonable time before the effective date of the plan amendment. The House bill permits a plan administrator to provide any notice required under the House bill to a person designated in writing by the individual to whom it would otherwise be provided.

The House bill imposes on a plan administrator that fails to comply with the notice requirement an excise tax equal to $100 per day per omitted participant and alternate payee. No excise tax is imposed during any period during which any person subject to liability for the tax did not know that the failure existed and exercised reasonable diligence to meet the notice requirement. In addition, no excise tax is imposed on any failure if any person subject to liability for the tax exercised reasonable diligence to meet the notice requirement and such person provides the required notice during the 30–day period beginning on the first date such person knew, or exercising reasonable diligence would have known, that the failure existed. Also, if the person subject to liability for the excise tax exercised reasonable diligence to meet the notice requirement, the total excise tax imposed during a taxable year of the employer will not exceed $500,000. Furthermore, in the case of a failure due to reasonable cause and not to willful neglect, the Secretary of the Treasury is authorized to waive the excise tax to the extent that the payment of the tax would be excessive relative to the failure involved.

It is intended under the House bill that the Secretary issue the necessary regulations with respect to disclosure within 90 days of enactment. It is also intended that such guidance may be relatively detailed because of the need to provide for alternative disclosures rather than a single disclosure methodology that may not fit all situations, and the need to consider the complex actuarial calculations and assumptions involved in providing necessary disclosures.

In addition, the House bill directs the Secretary of the Treasury to prepare a report on the effects of conversions of traditional defined benefit plans to cash balance or hybrid formula plans. Such study is to examine the effect of such conversions 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 the conversion. The Secretary is directed to 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 as soon as practicable, but not later than 60 days after the date of enactment.

Effective date.—The House bill is effective for plan amendments taking effect on or after the date of enactment. The period for providing any notice required under the House bill will not end before the last day of the three-month period following the date of enactment. Prior to the issuance of Treasury regulations, a plan is treated as meeting the requirements of the House bill if the plan makes a good faith effort to comply with such requirements. The notice requirement under the House bill does not apply to any plan amendment taking effect on or after the date of enactment if, before April 25, 2001, notice is provided to participants and beneficiaries adversely affected by the plan amendment (or their representatives) that is reasonably expected to notify them of the nature and effective date of the plan amendment.

SENATE AMENDMENT

The Senate amendment adds to the Internal Revenue Code a requirement that the plan administrator of a defined benefit pension plan furnish a written notice concerning a plan amendment that provides for a significant reduction in the rate of future benefit accrual, including any elimination or reduction of an early retirement benefit or retirement-type subsidy.[119] The notice is required to set forth: (1) a summary of the plan amendment and the effective date of the amendment; (2) a statement that the amendment is expected to significantly reduce the rate of future benefit accrual; (3) a description of the classes of employees reasonably expected to be affected by the reduction in the rate of future benefit accrual; (4) examples illustrating the plan changes for these classes of employees; (5) in the event of an amendment that results in the significant restructuring of the plan benefit formula, as determined under regulations prescribed by the Secretary (a ''significant restructuring amendment''), a notice that the plan administrator will provide, generally no later than 15 days prior to the effective date of the amendment, a ''benefit estimation tool kit'' (described below) that will enable employees who have completed at least one year of participation to personalize the illustrative examples; and (6) notice of each affected participant's right to request, and of the procedures for requesting, an annual benefit statement as provided under present law. The plan administrator is required to provide the notice not less than 45 days before the effective date of the plan amendment.

The notice requirement does not apply to governmental plans or church plans with respect to which an election to have the qualified plan participation, vesting, and funding rules apply has not been made (sec. 410(d)).

The plan administrator is required to provide this generalized notice to each affected participant and each affected alternate payee. For purposes of the Senate amendment, an affected participant or alternate payee is a participant or alternate payee to whom the significant reduction in the rate of future benefit accrual is reasonably expected to apply.

As noted above, the Senate amendment requires the plan administrator to provide a benefit estimation tool kit, no later than 15 days prior to the amendment effective date, to a participant for whom the amendment may reasonably be expected to produce a significant reduction in the rate of future benefit accrual if the amendment is a significant restructuring amendment. The plan administrator is not required to provide this benefit estimation tool kit to any participant who has less than one year of participation in the plan.

The benefit estimation tool kit is designed to enable participants to estimate benefits under the old and new plan provisions. The Senate amendment permits the tool kit to be in the form of software (for use at home, at a workplace kiosk, or on a company intranet), worksheets, or calculation instructions, or other formats to be determined by the Secretary of the Treasury. The tool kit is required to include any necessary actuarial assumptions and formulas and to permit the participant to estimate both a single life annuity at appropriate ages and, when available, a lump sum distribution. The tool kit is required to disclose the interest rate used to compute a lump sum distribution and whether the value of early retirement benefits is included in the lump sum distribution.

The Senate amendment requires the benefit estimation tool kit to accommodate employee-provided variables with respect to age, years of service, retirement age, covered compensation, and interest rate (when variable rates apply). The tool kit is required to permit employees to recalculate estimated benefits by changing the values of these variables. The Senate amendment does not require the tool kit to accommodate employee variables with respect to qualified domestic relations orders, factors that result in unusual patterns of credited service (such as extended time away from the job), special benefit formulas for unusual situations, offsets from other plans, and forms of annuity distributions.

In the case of a significant restructuring amendment that occurs in connection with a business disposition or acquisition transaction and within one year following the date of the transaction, the Senate amendment requires the plan administrator to provide the benefit estimation tool kit prior to the date that is 12 months after the date on which the generalized notice of the amendment is given to the affected participants.

The Senate amendment permits a plan administrator to provide any notice required under the Senate amendment to a person designated in writing by the individual to whom it would otherwise be provided. In addition, the Senate amendment authorizes the Secretary of the Treasury to allow any notice required under the Senate amendment to be provided by using new technologies, provided that at least one option for providing notice is not dependent upon new technologies.

The Senate amendment imposes on a plan administrator that fails to comply with the notice requirement an excise tax equal to $100 per day per omitted participant and alternate payee. No excise tax is imposed during any period during which any person subject to liability for the tax did not know that the failure existed and exercised reasonable diligence to meet the notice requirement. In addition, no excise tax is imposed on any failure if any person subject to liability for the tax exercised reasonable diligence to meet the notice requirement and such person provides the required notice during the 30–day period beginning on the first date such

[119] The provision also modifies the present-law notice requirement contained in section 204(h) of Title I of ERISA to provide that an applicable pension plan may not be amended to provide for a significant reduction in the rate of future benefit accrual in the event of a failure by the plan administrator to exercise due diligence in meeting a notice requirement similar to the notice requirement that the provision adds to the Internal Revenue Code. In addition, the provision expands the current ERISA notice requirement regarding significant reductions in normal retirement benefit accrual rates to early retirement benefits and retirement-type subsidies.

person knew, or exercising reasonable diligence would have known, that the failure existed. Also, if the person subject to liability for the excise tax exercised reasonable diligence to meet the notice requirement, the total excise tax imposed during a taxable year of the employer will not exceed $500,000. Furthermore, in the case of a failure due to reasonable cause and not to willful neglect, the Secretary of the Treasury is authorized to waive the excise tax to the extent that the payment of the tax is excessive relative to the failure involved.

The Senate amendment directs the Secretary of the Treasury to issue, not later than one year after the date of enactment, regulations with respect to early retirement benefits or retirement-type subsidies, the determination of a significant restructuring amendment, and the examples that are required under the generalized notice and the benefit estimation tool kit.

In addition, the Senate amendment directs the Secretary of the Treasury to prepare a report on the effects of significant restructurings of plan benefit formulas of traditional defined benefit plans. Such study is to examine the effect 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 the restructuring. The Secretary is directed to 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 as soon as practicable, but not later than one year after the date of enactment.

Effective date.—The Senate amendment is effective for plan amendments taking effect on or after the date of enactment. The period for providing any notice required under the Senate amendment will not end before the last day of the three-month period following the date of enactment. Prior to the issuance of Treasury regulations, a plan is treated as meeting the requirements of the Senate amendment if the plan makes a good faith effort to comply with such requirements.

CONFERENCE AGREEMENT

The conference agreement follows the House bill, with the following modifications. The conference agreement also modifies the present-law notice requirement contained in section 204(h) of Title I of ERISA to provide that an applicable pension plan may not be amended to provide for a significant reduction in the rate of future benefit accrual in the event of an egregious failure by the plan administrator to comply with a notice requirement similar to the notice requirement that the conference agreement adds to the Internal Revenue Code. In addition, the conference agreement expands the current ERISA notice requirement regarding significant reductions in normal retirement benefit accrual rates to early retirement benefits and retirement-type subsidies.

(d) Modifications to section 415 limits for multiemployer plans (sec. 505 of the House bill, sec. 654 of the Senate amendment, and sec. 415 of the Code)

PRESENT LAW

Under present law, limits apply to contributions and benefits under qualified plans (sec. 415). The limits on contributions and benefits under qualified plans are based on the type of plan.

Under a defined benefit plan, the maximum annual benefit payable at retirement is generally the lesser of (1) 100 percent of average compensation for the highest three years, or (2) $140,000 (for 2001). The dollar limit is adjusted for cost-of-living increases in $5,000 increments. The dollar limit is reduced in the case of retirement before the social security retirement age and increases in the case of retirement after the social security retirement age.

A special rule applies to governmental defined benefit plans. In the case of such plans, the defined benefit dollar limit is reduced in the case of retirement before age 62 and increased in the case of retirement after age 65. In addition, there is a floor on early retirement benefits. Pursuant to this floor, the minimum benefit payable at age 55 is $75,000.

In the case of a defined contribution plan, the limit on annual is additions if the lesser of (1) 25 percent of compensation[120] or (2) $35,000 (for 2001).

In applying the limits on contributions and benefits, plans of the same employer are aggregated. That is, all defined benefit plans of the same employer are treated as a single plan, and all defined contribution plans of the same employer are treated as a single plan. Under Treasury regulations, multiemployer plans are not aggregated with other multiemployer plans. However, if an employer maintains both a plan that is not a multiemployer plan and a mulitemployer plan, the plan that is not a multiemployer plan is aggregated with the multiemployer plan to the extent that benefits provided under the multiemployer plan are provided with respect to a common participant.[121]

HOUSE BILL

Under the House bill, the 100 percent of compensation defined benefit plan limit does not apply to multiemployer plans. With respect to aggregation of multiemployer plans with other plans, the House bill provides that multiemployer plans are not aggregated with single-employer defined benefit plans maintained by an employer contributing to the multiemployer plan for purposes of applying the 100 percent of compensation limit to such single-employer plan.

Effective date.—The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill with respect to the waiver of the 100 percent of compensation limit.

With respect to aggregation of multiemployer plans with other plans, multiemployer plans are not aggregated with any other plan maintained by the same employer, except for purposes of applying the dollar limitation on defined plans and the limits on annual additions to a plan that is not a multiemployer plan.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

(e) Investment of employee contributions in 401(k) plans (sec. 506 of the House bill, sec. 655 of the Senate amendment, and sec. 1524(b) of the Taxpayer Relief Act of 1997)

PRESENT LAW

The Employee Retirement Income Security Act of 1974, as amended (''ERISA'') prohibits certain employee benefit plans from acquiring securities or real property of the employer who sponsors the plan if, after the acquisition, the fair market value of such securities and property exceeds 10 percent of the fair market value of plan assets. The 10-percent limitation does not apply to any ''eligible individual account plans'' that specifically authorize such investments. Generally, eligible individual account plans are defined contribution plans, including plans containing a cash or deferred arrangement (''401(k) plans'').

The term ''eligible individual account plan'' does not include the portion of a plan that consists of elective deferrals (and earnings on the elective deferrals) made under section 401(k) if elective deferrals equal to more than one percent of any employee's eligible compensation are required to be invested in employer securities and employer real property. Eligible compensation is compensation that is eligible to be deferred under the plan. The portion of the plan that consists of elective deferrals (and earnings thereon) is still treated as an individual account plan, and the 10-percent limitation does not apply, as long as elective deferrals (and earnings thereon) are not required to be invested in employer securities or employer real property.

The rule excluding elective deferrals (and earnings thereon) from the definition of individual account plan does not apply if individual account plans are a small part of the employer's retirement plans. In particular, that rule does not apply to an individual account plan for a plan year if the value of the assets of all individual account plans maintained by the employer do not exceed 10 percent of the value of the assets of all pension plans maintained by the employer (determined as of the last day of the preceding plan year). Multiemployer plans are not taken into account in determining whether the value of the assets of all individual account plans maintained by the employer exceed 10 percent of the value of the assets of all pension plans maintained by the employer. The rule excluding elective deferrals (and earnings thereon) from the definition of individual account plan does not apply to an employee stock ownership plan as defined in section 4975(e)(7) of the Internal Revenue Code.

The rule excluding elective deferrals (and earnings thereon) from the definition of individual account plan applies to elective deferrals for plan years beginning after December 31, 1998 (and earnings thereon). It does not apply with respect to earnings on elective deferrals for plan years beginning before January 1, 1999.

HOUSE BILL

The House bill modifies the effective date of the rule excluding certain elective deferrals (and earnings thereon) from the definition of individual account plan by providing that the rule does not apply to any elective deferral used to acquire an interest in the income or gain from employer securities or employer real property acquired (1) before January 1, 1999, or (2) after such date pursuant to a written contract which was binding on such date and at all times thereafter.

Effective date.—The House bill is effective as if included in the section of the Taxpayer Relief Act of 1997 that contained the rule excluding certain elective deferrals (and earnings thereon).

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

[120] Another provision of the House bill increases this limit to 100 percent of compensation.

[121] Treas. Reg. sec. 1.415–8(e).

(f) Periodic pension benefit statements (sec. 507 of the House bill and sec. 105(a) of ERISA)

PRESENT LAW

Title I of ERISA provides that a pension plan administrator must furnish a benefit statement to any participant or beneficiary who makes a written request for such a statement. This statement must indicate, on the basis of the latest available information, (1) the participant's or beneficiary's total accrued benefit, and (2) the participant's or beneficiary's vested accrued benefit or the earliest date on which the accrued benefit will become vested. A participant or beneficiary is not entitled to receive more than one benefit statement during any 12-month period. The plan administrator must furnish the benefit statement no later than 60 days after receipt of the request or, if later, 120 days after the close of the immediately preceding plan year.

In addition, the plan administrator must furnish a benefit statement to each participant whose employment terminates or who has a one-year break in service. For purposes of this benefit statement requirement, a ''one-year break in service'' is a calendar year, plan year, or other 12-month period designated by the plan during which the participant does not complete more than 500 hours of service for the employer. A participant is not entitled to receive more than one benefit statement with respect to consecutive breaks in service. The plan administrator must provide a benefit statement required upon termination of employment or a break in service no later than 180 days after the end of the plan year in which the termination of employment or break in service occurs.

HOUSE BILL

A plan administrator of a defined contribution plan generally is required to furnish a benefit statement to each participant at least once annually and to a beneficiary upon written request.

In addition to providing a benefit statement to a participant or beneficiary upon written request, the plan administrator of a defined benefit plan generally is required either (1) to furnish a benefit statement at least once every three years to each participant who has a vested accrued benefit and who is employed by the employer at the time the plan administrator furnishes the benefit statements to participants, or (2) to annually furnish written, electronic, telephonic, or other appropriate notice to each participant of the availability of and the manner in which the participant may obtain the benefit statement.

The plan administrator is required to write the benefit statement in a manner calculated to be understood by the average plan participant and is permitted to furnish the statement in written, electronic, telephonic, or other appropriate form.

The Secretary of Labor is authorized to provide that years in which no employee or former employee benefits under a plan need not be taken into account in determining the applicable three-year period.

In addition, the Secretary of Labor is directed to develop a model benefit statement, written in a manner calculated to be understood by the average plan participant, that may be used by plan administrators in complying with the requirements of section 105 of ERISA. The use of the model statement is optional. It is intended that the model statement include items such as the amount of nonforfeitable accrued benefits as of the statement date that are payable at normal retirement age under the plan, the amount of accrued benefits that are forfeitable but that may become nonforfeitable under the terms of the plan, information on how to contact the Social Security Administration to obtain a participant's personal earnings and benefit estimate statement, and other information that may be important to understanding benefits earned under the plan. Statements provided by electronic forms of communications shall be provided consistent with Department of Labor and Department of Treasury regulations.

Effective date.—The provision is effective for plan years beginning after December 31, 2002.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

(g) Prohibited allocations of stock in an S corporation ESOP (sec. 508 of the House bill, sec. 656 of the Senate amendment, and secs. 409 and 4979a of the Code)

PRESENT LAW

The Small Business Job Protection Act of 1996 allowed qualified retirement plan trusts described in section 401(a) to own stock in an S corporation. That Act treated the plan's share of the S corporation's income (and gain on the disposition of the stock) as includible in full in the trust's unrelated business taxable income (''UBTI'').

The Tax Relief Act of 1997 repealed the provision treating items of income or loss of an S corporation as UBTI in the case of an employee stock ownership plan (''ESOP''). Thus, the income of an S corporation allocable to an ESOP is not subject to current taxation.

Present law provides a deferral of income on the sales of certain employer securities to an ESOP (sec. 1042). A 50-percent excise tax is imposed on certain prohibited allocations of securities acquired by an ESOP in a transaction to which section 1042 applies. In addition, such allocations are currently includible in the gross income of the individual receiving the prohibited allocation.

HOUSE BILL

In general

Under the House bill, if there is a nonallocation year with respect to an ESOP maintained by an S corporation: (1) the amount allocated in a prohibited allocation to an individual who is a disqualified person is treated as distributed to such individual (i.e., the value of the prohibited allocation is includible in the gross income of the individual receiving the prohibited allocation); (2) an excise tax is imposed on the S corporation equal to 50 percent of the amount involved in a prohibited allocation; and (3) an excise tax is imposed on the S corporation with respect to any synthetic equity owned by a disqualified person.[122]

It is intended that the House bill will limit the establishment of ESOPs by S corporations to those that provide broad-based employee coverage and that benefit rank-and-file employees as well as highly compensated employees and historical owners.

Definition of nonallocation year

A nonallocation year means any plan year of an ESOP holding shares in an S corporation if, at any time during the plan year, disqualified persons own at least 50 percent of the number of outstanding shares of the S corporation.

A person is a disqualified person if the person is either (1) a member of a ''deemed 20-percent shareholder group'' or (2) a ''deemed 10-percent shareholder.'' A person is a member of a ''deemed 20-percent shareholder group'' if the aggregate number of deemed-owned shares of the person and his or her family members is at least 20 percent of the number of deemed-owned shares of stock in the S corporation.[123] A person is a deemed 10-percent shareholder if the person is not a member of a deemed 20-percent shareholder group and the number of the person's deemed-owned shares is at least 10 percent of the number of deemed-owned shares of stock of the corporation.

In general, ''deemed-owned shares'' means: (1) stock allocated to the account of an individual under the ESOP, and (2) an individual's share of unallocated stock held by the ESOP. An individual's share of unallocated stock held by an ESOP is determined in the same manner as the most recent allocation of stock under the terms of the plan.

For purposes of determining whether there is a nonallocation year, ownership of stock generally is attributed under the rules of section 318,[124] except that: (1) the family attribution rules are modified to include certain other family members, as described below, (2) option attribution does not apply (but instead special rules relating to synthetic equity described below apply), and (3) ''deemed-owned shares'' held by the ESOP are treated as held by the individual with respect to whom they are deemed owned.

Under the House bill, family members of an individual include (1) the spouse[125] of the individual, (2) an ancestor or lineal descendant of the individual or his or her spouse, (3) a sibling of the individual (or the individual's spouse) and any lineal descendant of the brother or sister, and (4) the spouse of any person described in (2) or (3).

The House bill contains special rules applicable to synthetic equity interests. Except to the extent provided in regulations, the stock on which a synthetic equity interest is based are treated as outstanding stock of the S corporation and as deemed-owned shares of the person holding the synthetic equity interest if such treatment will result in the treatment of any person as a disqualified person or the treatment of any year as a nonallocation year. Thus, for example, disqualified persons for a year include those individuals who are disqualified persons under the general rule (i.e., treating only those shares held by the ESOP as deemed-owned shares) and those individuals who are disqualified individuals if synthetic equity interests are treated as deemed-owned shares.

''Synthetic equity'' means any stock option, warrant, restricted stock, deferred issuance stock right, or similar interest 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

[122] The plan is not disqualified merely because an excise tax is imposed under the provision.

[123] A family member of a member of a ''deemed 20–percent shareholder group'' with deemed owned shares is also treated as a disqualified person.

[124] These attribution rules also apply to stock treated as owned by reason of the ownership of synthetic equity.

[125] As under section 318, an individual's spouse is not treated as a member of the individual's family if the spouses are legally separated.

unit, or similar right to a future cash payment based on the value of such stock or appreciation in such value.[126]

Ownership of synthetic equity is attributed in the same manner as stock is attributed under the House bill (as described above). In addition, ownership of synthetic equity is attributed under the rules of section 318(a)(2) and (3) in the same manner as stock.

Definition of prohibited allocation

An ESOP of an S corporation is required to provide that no portion of the assets of the plan attributable to (or allocable in lieu of) S corporation stock may, during a nonallocation year, accrue (or be allocated directly or indirectly under any qualified plan of the S corporation) for the benefit of a disqualified person. A ''prohibited allocation'' refers to violations of this provision. A prohibited allocation occurs, for example, if income on S corporation stock held by an ESOP is allocated to the account of an individual who is a disqualified person.

Application of excise tax

In the case of a prohibited allocation, the S corporation is liable for an excise tax equal to 50 percent of the amount of the allocation. For example, if S corporation stock is allocated in a prohibited allocation, the excise tax is equal to 50 percent of the fair market value of such stock.

A special rule applies in the case of the first nonallocation year, regardless of whether there is a prohibited allocation. In that year, the excise tax also applies to the fair market value of the deemed-owned shares of any disqualified person held by the ESOP, even though those shares are not allocated to the disqualified person in that year.

As mentioned above, the S corporation also is liable for an excise tax with respect to any synthetic equity interest owned by any disqualified person in a nonallocation year. The excise tax is 50 percent of the value of the shares on which synthetic equity is based.

Treasury regulations

The Treasury Department is given the authority to prescribe such regulations as may be necessary to carry out the purposes of the House bill.

Effective date

The House bill generally is effective with respect to plan years beginning after December 31, 2004. In the case of an ESOP established after March 14, 2001, or an ESOP established on or before such date if the employer maintaining the plan was not an S corporation on such date, the House bill is effective with respect to plan years ending after March 14, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with a modification of the effective date.

Effective date.—The Senate amendment generally is effective with respect to plan years beginning after December 31, 2002. In the case of an ESOP established after July 11, 2000, or an ESOP established on or before such date if the employer maintaining the plan was not an S corporation on such date, the Senate amendment is effective with respect to plan years ending after July 11, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the House bill. The conference agreement authorizes the Secretary to determine, by regulation or other guidance of general applicability, that a nonallocation year occurs in any case in which the principal purpose of the ownership structure of an S corporation constitutes, in substance, an avoidance or evasion of the prohibited allocation rules. For example, this might apply if more than 10 independent businesses are combined in an S corporation owned by an ESOP in order to take advantage of the income tax treatment of S corporations owned by an ESOP.

(h) Automatic rollovers of certain mandatory distributions (sec. 657 of the Senate amendment and secs. 401(a)(31) and 402(f)(1) of the Code and sec. 404(c) of ERISA)

PRESENT LAW

If a qualified retirement plan participant ceases to be employed by the employer that maintains the plan, the plan may distribute the participant's nonforfeitable accrued benefit without the consent of the participant and, if applicable, the participant's spouse, if the present value of the benefit does not exceed $5,000. If such an involuntary distribution occurs and the participant subsequently returns to employment covered by the plan, then service taken into account in computing benefits payable under the plan after the return need not include service with respect to which a benefit was involuntarily distributed unless the employee repays the benefit.

Generally, a participant may roll over an involuntary distribution from a qualified plan to an IRA or to another qualified plan. Before making a distribution that is eligible for rollover, a plan administrator must provide the participant with a written explanation of the ability to have the distribution rolled over directly to an IRA or another qualified plan and the related tax consequences.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment makes a direct rollover the default option for involuntary distributions that exceed $1,000 and that are eligible rollover distributions from qualified retirement plans. The distribution must be rolled over automatically to a designated IRA, unless the participant affirmatively elects to have the distribution transferred to a different IRA or a qualified plan or to receive it directly.

The written explanation provided by the plan administrator is required to explain that an automatic direct rollover will be made unless the participant elects otherwise. The plan administrator is also required to notify the participant in writing (as part of the general written explanation or separately) that the distribution may be transferred without cost to another IRA.

The Senate amendment amends the fiduciary rules of ERISA so that, in the case of an automatic direct rollover, the participant is treated as exercising control over the assets in the IRA upon the earlier of (1) the rollover of any portion of the assets to another IRA, or (2) one year after the automatic rollover.

The Senate amendment directs the Secretary of Labor to issue safe harbors under which the designation of an institution and investment of funds in accordance with the Senate amendment are deemed to satisfy the requirements of section 404(a) of ERISA. In addition, the Senate amendment authorizes and directs the Secretary of the Treasury and the Secretary of Labor to give consideration to providing special relief with respect to the use of low-cost individual retirement plans for purposes of the provision and for other uses that promote the preservation of tax-qualified retirement assets for retirement income purposes.

Effective date.—The Senate amendment applies to distributions that occur after the Department of Labor has adopted final regulations implementing the Senate amendment.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with modifications. The conference agreement directs the Secretary of Labor to adopt final regulations implementing the conference agreement not later than three years after the date of enactment.

(i) Clarification of treatment of contributions to a multiemployer plan (sec. 658 of the bill)

PRESENT LAW

Employer contributions to one or more qualified retirement plans are deductible subject to certain limits. In general, contributions are deductible for the taxable year of the employer in which the contributions are made. Under a special rule, an employer may be deemed to have made a contribution on the last day of the preceding taxable year if the contribution is on account of the preceding taxable year and is made not later than the time prescribed by law for filing the employer's income tax return for that taxable year (including extensions).[127]

A change in method of accounting includes a change in the overall plan of accounting for gross income or deductions or a change in the treatment of any material item used in such overall plan. A material item is any item that involves the proper time for the inclusion of the item in income or taking of a deduction.[128] A change in method of accounting does not include correction of mathematical or posting errors, or errors in the computation of tax liability. Also, a change in method of accounting does not include adjustment of any item of income or deduction that does not involve the proper time for the inclusion of the item of income or the taking of a deduction. A change in method of accounting also does not include a change in treatment resulting from a change in underlying facts.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment clarifies that a determination of whether contributions to multiemployer pension plans are on account of a prior year under section 404(a)(6) is not a method of accounting. Thus, any taxpayer that begins to deduct contributions to multiemployer plans as provided in section 404(a)(6) has not changed its method of accounting and is not subject to an adjustment under section 481. The Senate amendment is intended to respect, not disturb, the effect of the statute of limitations. The Senate amendment is not intended to permit, as of the end of the taxable year, aggregate deductions for contributions to a qualified plan in excess of the amounts actually contributed or deemed contributed to the plan by the taxpayer. The Secretary of the Treasury is authorized to promulgate regulations to clarify that, in the aggregate, no taxpayer will be permitted deductions in excess of amounts actually contributed to multiemployer plans, taking into account the provisions of section 404(a)(6).

[126] The provisions relating to synthetic equity do not modify the rules relating to S corporations, e.g., the circumstances in which options or similar interests are treated as creating a second class of stock.

[127] Section 404(a)(6).

[128] Treas. Reg. sec. 1.446–1(e)(2)(ii)(a).

No inference is intended regarding whether the determination of whether a contribution to a multiemployer pension plan on account of a prior year under section 404(a)(6) is a method of accounting prior to the effective date of the provision.

Effective date.—The Senate amendment is effective after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

5. Reducing regulatory burdens

(a) Modification of timing of plan valuations (sec. 601 of the House bill, sec. 661 of the Senate amendment, and sec. 412 of the Code)

PRESENT LAW

Under present law, plan valuations are generally required annually for plans subject to the minimum funding rules. Under proposed Treasury regulations, except as provided by the Commissioner, the valuation must be as of a date within the plan year to which the valuation refers or within the month prior to the beginning of that year.[129]

HOUSE BILL

The House bill incorporates into the statute the proposed regulation regarding the date of valuations. The House bill also provides, as an exception to this general rule, that the valuation date with respect to a plan year may be any date within the immediately preceding plan year if, as of such date, plan assets are not less than 125 percent of the plan's current liability. Information determined as of such date is required to be adjusted actuarially, in accordance with Treasury regulations, to reflect significant differences in plan participants. An election to use a prior plan year valuation date, once made, may only be revoked with the consent of the Secretary.

Effective date.—The House bill is effective for plan years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement incorporates into the statute the proposed regulation regarding the date of valuations. The conference agreement also provides, as an exception to this general rule, that the valuation date with respect to a plan year may be any date within the immediately preceding plan year if, as of such date, plan assets are not less than 100 percent of the plan's current liability. Information determined as of such date is required to be adjusted actuarially, in accordance with Treasury regulations, to reflect significant differences in plan participants. A change in funding method to take advantage of the exception to the general rule may not be made unless, as of such date, plan assets are not less than 125 percent of the plan's current liability. The Secretary is directed to automatically approve changes in funding method to use a prior year valuation date if the change is within the first three years that the plan is eligible to make the change.

(b) ESOP dividends may be reinvested without loss of dividend deduction (sec. 602 of the House bill, sec. 662 of the Senate amendment, and sec. 404 of the Code)

PRESENT LAW

An employer is entitled to deduct certain dividends paid in cash during the employer's taxable year with respect to stock of the employer that is held by an employee stock ownership plan (''ESOP''). The deduction is allowed with respect to dividends that, in accordance with plan provisions, are (1) paid in cash directly to the plan participants or their beneficiaries, (2) paid to the plan and subsequently distributed to the participants or beneficiaries in cash no later than 90 days after the close of the plan year in which the dividends are paid to the plan, or (3) used to make payments on loans (including payments of interest as well as principal) that were used to acquire the employer securities (whether or not allocated to participants) with respect to which the dividend is paid.

The Secretary may disallow the deduction for any ESOP dividend if he determines that the dividend constitutes, in substance, an evasion of taxation (sec. 404(k)(5)).

HOUSE BILL

In addition to the deductions permitted under present law for dividends paid with respect to employer securities that are held by an ESOP, an employer is entitled to deduct dividends that, at the election of plan participants or their beneficiaries, are (1) payable in cash directly to plan participants or beneficiaries, (2) paid to the plan and subsequently distributed to the participants or beneficiaries in cash no later than 90 days after the close of the plan year in which the dividends are paid to the plan, or (3) paid to the plan and reinvested in qualifying employer securities.

The House bill permits the Secretary to disallow the deduction for any ESOP dividend if the Secretary determines that the dividend constitutes, in substance, the avoidance or evasion of taxation.

Effective date.—The House bill is effective for taxable years beginning after December 31, 2001.

SENATE AMENDMENT

In addition to the deductions permitted under present law for dividends paid with respect to employer securities that are held by an ESOP, an employer is entitled to deduct the applicable percentage of dividends that, at the election of plan participants or their beneficiaries, are (1) payable in cash directly to plan participants or beneficiaries, (2) paid to the plan and subsequently distributed to the participants or beneficiaries in cash no later than 90 days after the close of the plan year in which the dividends are paid to the plan, or (3) paid to the plan and reinvested in qualifying employer securities. The applicable percentage is 25 percent for 2002 through 2004, 50 percent for 2005 through 2007, 75 percent for 2008 through 2010 and 100 percent for 2011 and thereafter.

CONFERENCE AGREEMENT

The conference agreement follows the House bill. The provision of the conference agreement that authorizes the Secretary to disallow the deduction for any ESOP dividend if the Secretary determines that the dividend constitutes, in substance, the avoidance or evasion of taxation includes authority to disallow a deduction of unreasonable dividends. For purposes of the section 404(k)(2)(A)(iii) reinvested dividends, a dividend paid on common stock that is primarily and regularly traded on an established securities market would be reasonable. In addition, for this purpose in the case of employers with no common stock (determined on a controlled group basis) that is primarily and regularly traded on an established securities market, the reasonableness of a dividend is determined by comparing the dividend rate on stock held by the ESOP with the dividend rate for common stock of comparable corporations whose stock is primarily and regularly traded on an established securities market. Whether a corporation is comparable is determined by comparing relevant corporate characteristics such as industry, corporate size, earnings, debt-equity structure and dividend history.

(c) Repeal transition rule relating to certain highly compensated employees (sec. 603 of the House bill, sec. 663 of the Senate amendment, and sec. 1114(c)(4) of the Tax Reform Act of 1986)

PRESENT LAW

Under present law, for purposes of the rules relating to qualified plans, a highly compensated employee is generally defined as an employee[130] who (1) was a five-percent owner of the employer at any time during the year or the preceding year or (2) either (a) had compensation for the preceding year in excess of $85,000 (for 2001) or (b) at the election of the employer, had compensation in excess of $85,000 for the preceding year and was in the top 20 percent of employees by compensation for such year.

Under a rule enacted in the Tax Reform Act of 1986, a special definition of highly compensated employee applies for purposes of the nondiscrimination rules relating to qualified cash or deferred arrangements (''section 401(k) plans'') and matching contributions. This special definition applies to an employer incorporated on December 15, 1924, that meets certain specific requirements.

HOUSE BILL

The House bill repeals the special definition of highly compensated employee under the Tax Reform Act of 1986. Thus, the present-law definition applies.

Effective date.—The House bill is effective for plan years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(d) Employees of tax-exempt entities (sec. 604 of the House bill and sec. 664 of the Senate amendment)

PRESENT LAW

The Tax Reform Act of 1986 provided that nongovernmental tax-exempt employers were not permitted to maintain a qualified cash or deferred arrangement (''section 401(k) plan''). This prohibition was repealed, effective for years beginning after December 31, 1996, by the Small Business Job Protection Act of 1996.

Treasury regulations provide that, in applying the nondiscrimination rules to a section 401(k) plan (or a section 401(m) plan that is provided under the same general arrangement as the section 401(k) plan), the employer may treat as excludable those employees of a tax-exempt entity who could not participate in the arrangement due to the prohibition on maintenance of a section 401(k) plan by such entities. Such employees may be disregarded only if more than 95 percent of the employees who could participate in the section 401(k) plan benefit under the plan for the plan year.[131]

Tax-exempt charitable organizations may maintain a tax-sheltered annuity (a ''section

[129] Prop. Treas. Reg. sec. 1.412(c)(9)-1(b)(1).

[130] An employee includes a self-employed individual.

[131] Treas. Reg. sec. 1.410(b)–6(g).

403(b) annuity'') that allows employees to make salary reduction contributions.

HOUSE BILL

The Treasury Department is directed to revise its regulations under section 410(b) to provide that employees of a tax-exempt charitable organization who are eligible to make salary reduction contributions under a section 403(b) annuity may be treated as excludable employees for purposes of testing a section 401(k) plan, or a section 401(m) plan that is provided under the same general arrangement as the section 401(k) plan of the employer if (1) no employee of such tax-exempt entity is eligible to participate in the section 401(k) or 401(m) plan and (2) at least 95 percent of the employees who are not employees of the charitable employer are eligible to participate in such section 401(k) plan or section 401(m) plan.

The revised regulations are to be effective for years beginning after December 31, 1996.

Effective date.—The House bill is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(e) Treatment of employer-provided retirement advice (sec. 605 of the House bill, sec. 665 of the Senate amendment, and sec. 132 of the Code)

PRESENT LAW

Under present law, certain employer-provided fringe benefits are excludable from gross income (sec. 132) and wages for employment tax purposes. These excludable fringe benefits include working condition fringe benefits and de minimis fringes. In general, a working condition fringe benefit is any property or services provided by an employer to an employee to the extent that, if the employee paid for such property or services, such payment would be allowable as a deduction as a business expense. A de minimis fringe benefit is any property or services provided by the employer the value of which, after taking into account the frequency with which similar fringes are provided, is so small as to make accounting for it unreasonable or administratively impracticable.

In addition, if certain requirements are satisfied, up to $5,250 annually of employer-provided educational assistance is excludable from gross income (sec. 127) and wages. This exclusion expires with respect to courses beginning after December 31, 2001.[132] Education not excludable under section 127 may be excludable as a working condition fringe.

There is no specific exclusion under present law for employer-provided retirement planning services. However, such services may be excludable as employer-provided educational assistance or a fringe benefit.

HOUSE BILL

Qualified retirement planning services provided to an employee and his or her spouse by an employer maintaining a qualified plan are excludable from income and wages. The exclusion does not apply with respect to highly compensated employees unless the 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 plan. ''Qualified retirement planning services'' are retirement planning advice and information. The exclusion is not limited to information regarding the qualified plan, and, thus, for example, applies to advice and information regarding retirement income planning for an individual and his or her spouse and how the employer's plan fits into the individual's overall retirement income plan. On the other hand, the exclusion does not apply to services that may be related to retirement planning, such as tax preparation, accounting, legal or brokerage services.

It is intended that the House bill will clarify the treatment of retirement advice provided in a nondiscriminatory manner. It is intended that the Secretary, in determining the application of the exclusion to highly compensated employees, may permit employers to take into consideration employee circumstances other than compensation and position in providing advice to classifications of employees. Thus, for example, the Secretary may permit employers to limit certain advice to individuals nearing retirement age under the plan.

Effective date.—The House bill is effective with respect to years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(f) Reporting simplification (sec. 606 of the House bill and sec. 666 of the Senate amendment)

PRESENT LAW

A plan administrator of a pension, annuity, stock bonus, profit-sharing or other funded plan of deferred compensation generally must file with the Secretary of the Treasury an annual return for each plan year containing certain information with respect to the qualification, financial condition, and operation of the plan. Title I of ERISA also may require the plan administrator to file annual reports concerning the plan with the Department of Labor and the Pension Benefit Guaranty Corporation (''PBGC''). The plan administrator must use the Form 5500 series as the format for the required annual return.[133] The Form 5500 series annual return/report, which consists of a primary form and various schedules, includes the information required to be filed with all three agencies. The plan administrator satisfies the reporting requirement with respect to each agency by filing the Form 5500 series annual return/report with the Department of Labor, which forwards the form to the Internal Revenue Service and the PBGC.

The Form 5500 series consists of two different forms: Form 5500 and Form 5500–EZ. Form 5500 is the more comprehensive of the forms and requires the most detailed financial information. A plan administrator generally may file Form 5500–EZ, which consists of only one page, if (1) the only participants in the plan are the sole owner of a business that maintains the plan (and such owner's spouse), or partners in a partnership that maintains the plan (and such partners' spouses), (2) the plan is not aggregated with another plan in order to satisfy the minimum coverage requirements of section 410(b), (3) the employer is not a member of a related group of employers, and (4) the employer does not receive the services of leased employees. If the plan satisfies the eligibility requirements for Form 5500–EZ and the total value of the plan assets as of the end of the plan year and all prior plan years beginning on or after January 1, 1994, does not exceed $100,000, the plan administrator is not required to file a return.

With respect to a plan that does not satisfy the eligibility requirements for Form 5500–EZ, the characteristics and the size of the plan determine the amount of detailed financial information that the plan administrator must provide on Form 5500. If the plan has more than 100 participants at the beginning of the plan year, the plan administrator generally must provide more information.

HOUSE BILL

The Secretary of the Treasury is directed to modify the annual return filing requirements with respect to plans that satisfy the eligibility requirements for Form 5500–EZ to provide that if the total value of the plan assets of such a plan as of the end of the plan year and all prior plan years beginning on or after January 1, 1994, does not exceed $250,000, the plan administrator is not required to file a return. In addition, the House bill directs the Secretary of the Treasury and the Secretary of Labor to provide simplified reporting requirements for certain plans with fewer than 25 employees.

Effective date.—The House bill is effective on January 1, 2002.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification. The Senate amendment does not include the direction to the Secretary of the Treasury and the Secretary of Labor to provide simplified reporting requirements for certain plans with fewer than 25 employees.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(g) Improvement to Employee Plans Compliance Resolution System (sec. 607 of the House bill and sec. 667 of the Senate amendment)

PRESENT LAW

A retirement plan that is intended to be a tax-qualified plan provides retirement benefits on a tax-favored basis if the plan satisfies all of the requirements of section 401(a). Similarly, an annuity that is intended to be a tax-sheltered annuity provides retirement benefits on a tax-favored basis if the program satisfies all of the requirements of section 403(b). Failure to satisfy all of the applicable requirements of section 401(a) or section 403(b) may disqualify a plan or annuity for the intended tax-favored treatment.

The Internal Revenue Service (''IRS'') has established the Employee Plans Compliance Resolution System (''EPCRS''), which is a comprehensive system of correction programs for sponsors of retirement plans and annuities that are intended, but have failed, to satisfy the requirements of section 401(a), section 403(a), or section 403(b), as applicable.[134] EPCRS permits employers to correct compliance failures and continue to provide their employees with retirement benefits on a tax-favored basis.

The IRS has designed EPCRS to (1) encourage operational and formal compliance, (2) promote voluntary and timely correction of compliance failures, (3) provide sanctions for compliance failures identified on audit that are reasonable in light of the nature, extent, and severity of the violation, (4) provide consistent and uniform administration of the correction programs, and (5) permit employers to rely on the availability of EPCRS in

[132] The exclusion does not apply with respect to graduate-level courses.

[133] Treas. Reg. sec. 301.6058–1(a).

[134] Rev. Proc. 2001–17, 2001–7 I.R.B. 589.

taking corrective actions to maintain the tax-favored status of their retirement plans and annuities.

The basic elements of the programs that comprise EPCRS are self-correction, voluntary correction with IRS approval, and correction on audit. The Self-Correction Program (''SCP'') generally permits a plan sponsor that has established compliance practices to correct certain insignificant failures at any time (including during an audit), and certain significant failures within a two-year period, without payment of any fee or sanction. The Voluntary Correction Program (''VCP'') program permits an employer, at any time before an audit, to pay a limited fee and receive IRS approval of a correction. For a failure that is discovered on audit and corrected, the Audit Closing Agreement Program (''Audit CAP'') provides for a sanction that bears a reasonable relationship to the nature, extent, and severity of the failure and that takes into account the extent to which correction occurred before audit.

The IRS has expressed its intent that EPCRS will be updated and improved periodically in light of experience and comments from those who use it.

HOUSE BILL

The Secretary of the Treasury is directed to continue to update and improve EPCRS, giving special attention to (1) increasing the awareness and knowledge of small employers concerning the availability and use of EPCRS, (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 SCP for significant compliance failures, (4) expanding the availability to correct insignificant compliance failures under SCP 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.

Effective date.—The House bill is effective on the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(h) Repeal of the multiple use test (sec. 608 of the House bill, sec. 668 of the Senate amendment, and sec. 401(m) of the Code)

PRESENT LAW

Elective deferrals under a qualified cash or deferred arrangement (''section 401(k) plan'') are subject to a special annual nondiscrimination test (''ADP test''). The ADP test compares the actual deferral percentages (''ADPs'') of the highly compensated employee group and the nonhighly compensated employee group. The ADP for each group generally is the average of the deferral percentages separately calculated for the employees in the group who are eligible to make elective deferrals for all or a portion of the relevant plan year. Each eligible employee's deferral percentage generally is the employee's elective deferrals for the year divided by the employee's compensation for the year.

The plan generally satisfies the ADP test if the ADP of the highly compensated employee group for the current plan year is either (1) not more than 125 percent of the ADP of the nonhighly compensated employee group for the prior plan year, or (2) not more than 200 percent of the ADP of the nonhighly compensated employee group for the prior plan year and not more than two percentage points greater than the ADP of the nonhighly compensated employee group for the prior plan year.

Employer matching contributions and after-tax employee contributions under a defined contribution plan also are subject to a special annual nondiscrimination test (''ACP test''). The ACP test compares the actual deferral percentages (''ACPs'') of the highly compensated employee group and the nonhighly compensated employee group. The ACP for each group generally is the average of the contribution percentages separately calculated for the employees in the group who are eligible to make after-tax employee contributions or who are eligible for an allocation of matching contributions for all or a portion of the relevant plan year. Each eligible employee's contribution percentage generally is the employee's aggregate after-tax employee contributions and matching contributions for the year divided by the employee's compensation for the year.

The plan generally satisfies the ACP test if the ACP of the highly compensated employee group for the current plan year is either (1) not more than 125 percent of the ACP of the nonhighly compensated employee group for the prior plan year, or (2) not more than 200 percent of the ACP of the nonhighly compensated employee group for the prior plan year and not more than two percentage points greater than the ACP of the nonhighly compensated employee group for the prior plan year.

For any year in which (1) at least one highly compensated employee is eligible to participate in an employer's plan or plans that are subject to both the ADP test and the ACP test, (2) the plan subject to the ADP test satisfies the ADP test but the ADP of the highly compensated employee group exceeds 125 percent of the ADP of the nonhighly compensated employee group, and (3) the plan subject to the ACP test satisfies the ACP test but the ACP of the highly compensated employee group exceeds 125 percent of the ACP of the nonhighly compensated employee group, an additional special nondiscrimination test (''multiple use test'') applies to the elective deferrals, employer matching contributions, and after-tax employee contributions. The plan or plans generally satisfy the multiple use test if the sum of the ADP and the ACP of the highly compensated employee group does not exceed the greater of (1) the sum of (A) 1.25 times the greater of the ADP or the ACP of the nonhighly compensated employee group, and (B) two percentage points plus (but not more than two times) the lesser of the ADP or the ACP of the nonhighly compensated employee group, or (2) the sum of (A) 1.25 times the lesser of the ADP or the ACP of the nonhighly compensated employee group, and (B) two percentage points plus (but not more than two times) the greater of the ADP or the ACP of the nonhighly compensated employee group.

HOUSE BILL

The House bill repeals the multiple use test.

Effective date.—The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement follows the House bill and the Senate amendment.

(i) Flexibility in nondiscrimination, coverage, and line of business rules (sec. 609 of the House bill, sec. 669 of the Senate amendment, and secs. 401(a)(4), 410(b), and 414(r) of the Code)

PRESENT LAW

A plan is not a qualified retirement plan if the contributions or benefits provided under the plan discriminate in favor of highly compensated employees (sec. 401(a)(4)). The applicable Treasury regulations set forth the exclusive rules for determining whether a plan satisfies the nondiscrimination requirement. These regulations state that the form of the plan and the effect of the plan in operation determine whether the plan is nondiscriminatory and that intent is irrelevant.

Similarly, a plan is not a qualified retirement plan if the plan does not benefit a minimum number of employees (sec. 410(b)). A plan satisfies this minimum coverage requirement if and only if it satisfies one of the tests specified in the applicable Treasury regulations. If an employer is treated as operating separate lines of business, the employer may apply the minimum coverage requirements to a plan separately with respect to the employees in each separate line of business (sec. 414(r)). Under a so-called ''gateway'' requirement, however, the plan must benefit a classification of employees that does not discriminate in favor of highly compensated employees in order for the employer to apply the minimum coverage requirements separately for the employees in each separate line of business. A plan satisfies this gateway requirement only if it satisfies one of the tests specified in the applicable Treasury regulations.

HOUSE BILL

The Secretary of the Treasury is directed to modify, on or before December 31, 2003, the existing regulations issued under section 414(r) in order to expand (to the extent that the Secretary may determine to be appropriate) the ability of a 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.

The Secretary of the Treasury is directed to provide by regulation applicable to years beginning after December 31, 2003, that a plan is deemed to satisfy the nondiscrimination requirements of section 401(a)(4) if the plan satisfies the pre-1994 facts and circumstances test, satisfies the conditions prescribed by the Secretary to appropriately limit the availability of such test, and is submitted to the Secretary for a determination of whether it satisfies such test (to the extent provided by the Secretary).

Similarly, a plan complies with the minimum coverage requirement of section 410(b) if the plan satisfies the pre-1989 coverage rules, is submitted to the Secretary for a determination of whether it satisfies the pre-1989 coverage rules (to the extent provided by the Secretary), and satisfies conditions prescribed by the Secretary by regulation that appropriately limit the availability of the pre-1989 coverage rules.

Effective date.—The provision of the House bill relating to the line of business requirements under section 414(r) is effective on the date of enactment. The provision relating to the nondiscrimination requirements under section 401(a)(4) is effective on the date of enactment, except that any condition of availability prescribed by the Secretary is not effective before the first year beginning

not less than 120 days after the date on which such condition is prescribed. The provision relating to the minimum coverage requirements under section 410(b) is effective for years beginning after December 31, 2003, except that any condition of availability prescribed by the Secretary by regulation does not apply before the first year beginning not less than 120 days after the date on which such condition is prescribed.

SENATE AMENDMENT

The Senate amendment is the same as the House bill, with the following modification. The Senate amendment provides that the regulations required with respect to the nondiscrimination requirements of section 401(a)(4) are to be applicable to plan years beginning after December 31, 2001, and that the regulations required with respect to the line of business requirements of section 414(r) are to be issued by December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(j) Extension to all governmental plans of moratorium on application of certain nondiscrimination rules applicable to state and local government plans (sec. 610 of the House bill, sec. 670 of the Senate amendment, sec. 1505 of the Taxpayer Relief Act of 1997, and secs. 401(a) and 401(k) of the Code)

PRESENT LAW

A qualified retirement plan maintained by a State or local government is exempt from the rules concerning nondiscrimination (sec. 401(a)(4)) and minimum participation (sec. 401(a)(26)). All other governmental plans are not exempt from the nondiscrimination and minimum participation rules.

HOUSE BILL

The House bill exempts all governmental plans (as defined in sec. 414(d)) from the nondiscrimination and minimum participation rules.

Effective date.—The House bill is effective for plan years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(k) Notice and consent period regarding distributions (sec. 611 of the House bill and sec. 417 of the Code)

PRESENT LAW

Notice and consent requirements apply to certain distributions from qualified retirement plans. These requirements relate to the content and timing of information that a plan must provide to a participant prior to a distribution, and to whether the plan must obtain the participant's consent to the distribution. The nature and extent of the notice and consent requirements applicable to a distribution depend upon the value of the participant's vested accrued benefit and whether the joint and survivor annuity requirements (sec. 417) apply to the participant.[135]

If the present value of the participant's vested accrued benefit exceeds $5,000, the plan may not distribute the participant's benefit without the written consent of the participant. The participant's consent to a distribution is not valid unless the participant has received from the plan a notice that contains a written explanation of (1) the material features and the relative values of the optional forms of benefit available under the plan, (2) the participant's right, if any, to have the distribution directly transferred to another retirement plan or IRA, and (3) the rules concerning the taxation of a distribution. If the joint and survivor annuity requirements apply to the participant, this notice also must contain a written explanation of (1) the terms and conditions of the qualified joint and survivor annuity (''QJSA''), (2) the participant's right to make, and the effect of, an election to waive the QJSA, (3) the rights of the participant's spouse with respect to a participant's waiver of the QJSA, and (4) the right to make, and the effect of, a revocation of a waiver of the QJSA. The plan generally must provide this notice to the participant no less than 30 and no more than 90 days before the date distribution commences.

If the participant's vested accrued benefit does not exceed $5,000, the terms of the plan may provide for distribution without the participant's consent. The plan generally is required, however, to provide to the participant a notice that contains a written explanation of (1) the participant's right, if any, to have the distribution directly transferred to another retirement plan or IRA, and (2) the rules concerning the taxation of a distribution. The plan generally must provide this notice to the participant no less than 30 and no more than 90 days before the date distribution commences.

HOUSE BILL

A qualified retirement plan is required to provide the applicable distribution notice no less than 30 days and no more than 180 days before the date distribution commences. The Secretary of the Treasury is directed to modify the applicable regulations to reflect the extension of the notice period to 180 days and to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

Effective date.—The House bill is effective for years beginning after December 31, 2001.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

(l) Annual report dissemination (sec. 612 of the House bill and sec. 104(b)(3) of ERISA)

PRESENT LAW

Title I of ERISA generally requires the plan administrator of each employee pension benefit plan and each employee welfare benefit plan to file an annual report concerning the plan with the Secretary of Labor within seven months after the end of the plan year. Within nine months after the end of the plan year, the plan administrator generally must furnish to each participant and to each beneficiary receiving benefits under the plan a summary of the annual report filed with the Secretary of Labor for the plan year.

HOUSE BILL

The requirement that a plan administrator furnish a summary annual report is satisfied if the report is made reasonably available through electronic means or other new technology. The interpretation of the House bill is to be consistent with the regulations of the Department of Labor and the Department of the Treasury.

Effective date.—The House bill is effective for reports for years beginning after December 31, 2000.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

(m) Modifications to the SAVER Act (sec. 613 of the House bill and sec. 517 of ERISA)

PRESENT LAW

The Savings Are Vital to Everyone's Retirement (''SAVER'') Act initiated a public-private partnership to educate American workers about retirement savings and directed the Department of Labor to maintain an ongoing program of public information and outreach. The Act also convened a National Summit on Retirement Savings held June 4–5, 1998, and to be held again in 2001 and 2005, co-hosted by the President and the bipartisan Congressional leadership. The National Summit brings together experts in the fields of employee benefits and retirement savings, key leaders of government, and interested parties from the private sector and general public. The delegates are selected by the Congressional leadership and the President. The National Summit is a public-private partnership, receiving substantial funding from private sector contributions. The goals of the National Summits are to: (1) advance the public's knowledge and understanding of retirement savings and facilitate the development of a broad-based, public education program; (2) identify the barriers which hinder workers from setting aside adequate savings for retirement and impede employers, especially small employers, from assisting their workers in accumulating retirement savings; and (3) develop specific recommendations for legislative, executive, and private sector actions to promote retirement income savings among American workers.

HOUSE BILL

The House bill clarifies that future National Summits on Retirement Savings are to be held in the month of September in 2001 and 2005, and adds an additional National Summit in 2009. To facilitate the administration of future National Summits, the Department of Labor is given authority to enter into cooperative agreements (pursuant to the Federal Grant and Cooperative Agreement Act of 1977) with its 1999 summit partner, the American Savings Education Council.

Six new statutory delegates are added to future National Summits: the Chairman and Ranking Member of the House Ways and Means Committee, the Senate Finance Committee, and the Subcommittee on Employer-Employee Relations of the House Committee on Education and the Workforce. Further, the President, in consultation with the Congressional leadership, may appoint up to three percent of the delegates (not to exceed 10) from a list of nominees provided by the private sector partner in Summit administration. The provision also clarifies that new delegates are to be appointed for each future National Summit (as was the intent of the original legislation) and sets deadlines for their appointment.

The provision also sets deadlines for the Department of Labor to publish the Summit agenda, gives the Department of Labor limited reception and representation authority, and mandates that the Department of Labor consult with the Congressional leadership in drafting the post-Summit report.

[135] Similar provisions are contained in Title I of ERISA.

Effective date.—The provision is effective on the date of enactment.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

6. Other ERISA provisions

(a) Extension of PBGC missing participants program (sec. 701 of the House bill, sec. 681 of the Senate amendment, and secs. 206(f) and 4050 of ERISA)

PRESENT LAW

The plan administrator of a defined benefit pension plan that is subject to Title IV of ERISA, is maintained by a single employer, and terminates under a standard termination is required to distribute the assets of the plan. With respect to a participant whom the plan administrator of a single employer plan cannot locate after a diligent search, the plan administrator satisfies the distribution requirement only by purchasing irrevocable commitments from an insurer to provide all benefit liabilities under the plan or transferring the participant's designated benefit to the Pension Benefit Guaranty Corporation (''PBGC''), which holds the benefit of the missing participant as trustee until the PBGC locates the missing participant and distributes the benefit.

The PBGC missing participant program is not available to multiemployer plans or defined contribution plans and other plans not covered by Title IV of ERISA.

HOUSE BILL

The PBGC is directed to prescribe for terminating multiemployer plans rules similar to the present-law missing participant rules applicable to terminating single-employer plans that are subject to Title IV of ERISA.

In addition, plan administrators of certain types of plans not subject to the PBGC termination insurance program under present law are permitted, but not required, to elect to transfer missing participants' benefits to the PBGC upon plan termination. Specifically, the House bill extends the missing participants program to defined contribution plans, defined benefit plans that have no more than 25 active participants and are maintained by professional service employers, and the portion of defined benefit plans that provide benefits based upon the separate accounts of participants and therefore are treated as defined contribution plans under ERISA.

Effective date.—The House bill is effective for distributions from terminating plans that occur after the PBGC has adopted final regulations implementing the House bill.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(b) Reduce PBGC premiums for small and new plans (secs. 702–703 of the House bill, secs. 682–683 of the Senate amendment, and sec. 4006 of ERISA)

PRESENT LAW

Under present law, the Pension Benefit Guaranty Corporation (''PBGC'') provides insurance protection for participants and beneficiaries under certain defined benefit pension plans by guaranteeing certain basic benefits under the plan in the event the plan is terminated with insufficient assets to pay benefits promised under the plan. The guaranteed benefits are funded in part by premium payments from employers who sponsor defined benefit plans. The amount of the required annual PBGC premium for a single-employer plan is generally a flat rate premium of $19 per participant and an additional variable-rate premium based on a charge of $9 per $1,000 of unfunded vested benefits. Unfunded vested benefits under a plan generally means (1) the unfunded current liability for vested benefits under the plan, over (2) the value of the plan's assets, reduced by any credit balance in the funding standard account. No variable-rate premium is imposed for a year if contributions to the plan were at least equal to the full funding limit.

The PBGC guarantee is phased in ratably in the case of plans that have been in effect for less than five years, and with respect to benefit increases from a plan amendment that was in effect for less than five years before termination of the plan.

HOUSE BILL

Reduced flat-rate premiums for new plans of small employers

Under the House bill, for the first five plan years of a new single-employer plan of a small employer, the flat-rate PBGC premium is $5 per plan participant.

A small employer is a contributing sponsor that, on the first day of the plan year, has 100 or fewer employees. For this purpose, all employees of the members of the controlled group of the contributing sponsor are taken into account. In the case of a plan to which more than one unrelated contributing sponsor contributes, employees of all contributing sponsors (and their controlled group members) are taken into account in determining whether the plan is a plan of a small employer.

A new plan means a defined benefit plan maintained by a contributing sponsor if, during the 36–month period ending on the date of adoption of the plan, such contributing sponsor (or controlled group member or a predecessor of either) has not established or maintained a plan subject to PBGC coverage with respect to which benefits were accrued for substantially the same employees as are in the new plan.

Reduced variable-rate PBGC premium for new plans

The House bill provides that the variable-rate premium is phased in for new defined benefit plans over a six-year period starting with the plan's first plan year. The amount of the variable-rate premium is a percentage of the variable premium otherwise due, as follows: zero percent of the otherwise applicable variable-rate premium in the first plan year; 20 percent in the second plan year; 40 percent in the third plan year; 60 percent in the fourth plan year; 80 percent in the fifth plan year; and 100 percent in the sixth plan year (and thereafter).

A new defined benefit plan is defined as described above under the flat-rate premium provision of the House bill relating to new small employer plans.

Reduced variable-rate PBGC premium for small plans

In the case of a plan of a small employer, the variable-rate premium is no more than $5 multiplied by the number of plan participants in the plan at the end of the preceding plan year. For purposes of the House bill, a small employer is a contributing sponsor that, on the first day of the plan year, has 25 or fewer employees. For this purpose, all employees of the members of the controlled group of the contributing sponsor are taken into account. In the case of a plan to which more than one unrelated contributing sponsor contributes, employees of all contributing sponsors (and their controlled group members) are taken into account in determining whether the plan is a plan of a small employer.

Effective date

The reduction of the flat-rate premium for new plans of small employers and the reduction of the variable-rate premium for new plans is effective with respect to plans established after December 31, 2001. The reduction of the variable-rate premium for small plans is effective with respect to plan years beginning after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(c) Authorization for PBGC to pay interest on premium overpayment refunds (sec. 704 of the House bill, sec. 684 of the Senate amendment, and sec. 4007(b) of ERISA)

PRESENT LAW

The PBGC charges interest on underpayments of premiums, but is not authorized to pay interest on overpayments.

HOUSE BILL

The House bill allows the PBGC to pay interest on overpayments made by premium payors. Interest paid on overpayments is calculated at the same rate and in the same manner as interest is charged on premium underpayments.

Effective date.—The House bill is effective with respect to interest accruing for periods beginning not earlier than the date of enactment.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(d) Rules for substantial owner benefits in terminated plans (sec. 705 of the House bill, sec. 685 of the Senate amendment, and secs. 4021, 4022, 4043 and 4044 of ERISA)

PRESENT LAW

Under present law, the Pension Benefit Guaranty Corporation (''PBGC'') provides participants and beneficiaries in a defined benefit pension plan with certain minimal guarantees as to the receipt of benefits under the plan in case of plan termination. The employer sponsoring the defined benefit pension plan is required to pay premiums to the PBGC to provide insurance for the guaranteed benefits. In general, the PBGC will guarantee all basic benefits which are payable in periodic installments for the life (or lives) of the participant and his or her beneficiaries and are non-forfeitable at the time of plan termination. The amount of the guaranteed benefit is subject to certain limitations. One limitation is that the plan (or an amendment to the plan which increases benefits) must be in effect for 60 months before termination for the PBGC to guarantee the full amount of basic benefits for a plan participant, other than a substantial owner. In the case of a substantial owner, the guaranteed basic benefit is phased in over 30 years beginning with participation in the plan. A substantial owner is one who owns, directly

or indirectly, more than 10 percent of the voting stock of a corporation or all the stock of a corporation. Special rules restricting the amount of benefit guaranteed and the allocation of assets also apply to substantial owners.

HOUSE BILL

The House bill provides that the 60-month phase-in of guaranteed benefits applies to a substantial owner with less than 50 percent ownership interest. For a substantial owner with a 50 percent or more ownership interest (''majority owner''), the phase-in occurs over a 10-year period and depends on the number of years the plan has been in effect. The majority owner's guaranteed benefit is limited so that it could not be more than the amount phased in over 60 months for other participants. The rules regarding allocation of assets applies to substantial owners, other than majority owners, in the same manner as other participants.

Effective date.—The House bill is effective for plan terminations with respect to which notices of intent to terminate are provided, or for which proceedings for termination are instituted by the PBGC, after December 31, 2001.

SENATE AMENDMENT

The Senate amendment is the same as the House bill.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill or the Senate amendment.

(e) Civil penalties for breach of fiduciary responsibility (sec. 706 of the House bill and sec. 502 of ERISA)

PRESENT LAW

Present law requires the Secretary of Labor to assess a civil penalty against (1) a fiduciary who breaches a fiduciary responsibility under, or commits a violation of, part 4 of Title I of ERISA, or (2) any other person who knowingly participates in such a breach or violation. The penalty is equal to 20 percent of the ''applicable recovery amount'' that is paid pursuant to a settlement agreement with the Secretary of Labor or that a court orders to be paid in a judicial proceeding brought by the Secretary of Labor to enforce ERISA's fiduciary responsibility provisions. The Secretary of Labor may waive or reduce the penalty only if the Secretary finds in writing that either (1) the fiduciary or other person acted reasonably and in good faith, or (2) it is reasonable to expect that the fiduciary or other person cannot restore all the losses without severe financial hardship unless the waiver or reduction is granted.

HOUSE BILL

The House bill makes the assessment of the penalty discretionary with the Secretary of Labor, rather than mandatory. This change will allow the Secretary to refrain from imposing the penalty in certain cases as well as to assess a penalty of less than 20 percent of the applicable recovery amount. The requirement of a settlement agreement is also eliminated. The applicable recovery amount is any amount recovered by a plan or by a participant or beneficiary more than 30 days after the fiduciary's or other person's receipt of a written notice of the violation from the Department of Labor (''DOL''). Payments made after the 30–day grace period, whether they are made pursuant to a settlement agreement, or simply to discourage the DOL from bringing a legal action, are subject to the penalty, as are amounts recovered pursuant to a court order. ERISA section 502(l) is also amended to clarify that the term ''applicable recovery amount'' includes payments by third parties that are made on behalf of the relevant fiduciary or other persons liable for the amount that is recovered, including those who did not actually pay. These changes prevent avoidance of the penalty by having an unrelated third party pay the recovery amount.

Effective date.—The House bill applies to any breach of fiduciary responsibility or other violation of part 4 of Title I of ERISA occurring on or after the date of enactment. The change with respect to ''applicable recovery amount'' includes a transition rule whereby a breach or other violation occurring before the date of enactment which continues past the 180th day from enactment (and which may have been discontinued during that period) is treated as having occurred after the date of enactment (to avoid having to make a complex determination regarding how much of the applicable recovery amount for such continuing violations should be attributed to the post-enactment part of the violation).

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

(f) Benefit suspension notice (sec. 707 of the House bill and sec. 203 of ERISA)

PRESENT LAW

Under present law (ERISA sec. 203(a)(3)(B)), a plan will not fail to satisfy the vesting requirements with respect to a participant by reason of suspending payment of the participant's benefits while such participant is employed. Under the applicable Department of Labor (''DOL'') regulations, such a suspension is only permissible if the plan notifies the participant during the first calendar month or payroll period in which the plan withholds benefit payments. Such notice must provide certain information and must also include a copy of the plan's provisions relating to the suspension of payments.

In the case of a plan that does not pay benefits to active participants upon attainment of normal retirement age, the employer must monitor plan participants to determine when any participant who is still employed attains normal retirement age. In order to suspend payment of such a participant's benefits, generally a plan must, as noted above, promptly provide the participant with a suspension notice.

HOUSE BILL

The House bill directs the Secretary of Labor to revise the regulations relating to the benefit suspension notice to generally permit the information currently required to be set forth in a suspension notice to be included in the summary plan description. The House bill also directs the Secretary of Labor to eliminate the requirement that the notice include a copy of relevant plan provisions. However, individuals reentering the workforce to resume work with a former employer after they have begun to receive benefits will still receive the notification of the suspension of benefits (and a copy of the plan's provisions relating to suspension of payments). In addition, if a reduced rate of future benefit accruals will apply to a returning employee (as of his or her first date of participation in the plan after returning to work) who has begun to receive benefits, the notice must include a statement that the rate of future benefit accruals will be reduced.

Effective date.—The House bill applies to plan years beginning after December 31, 2001.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

(g) Studies (sec. 708 of the House bill)

PRESENT LAW

No provision.

HOUSE BILL

Study on small employer group plans

The House bill directs the Secretary of Labor, in consultation with the Secretary of the Treasury, to conduct a study to determine (1) the most appropriate form(s) of pension plans that would be simple to create and easy to maintain by multiple small employers, while providing ready portability of benefits for all participants and beneficiaries, (2) how such arrangements could be established by employer or employee associations, (3) how such arrangements could provide for employees to contribute independent of employer sponsorship, and (4) appropriate methods and strategies for making such pension plan coverage more widely available to American workers.

The Secretary of Labor is to consider the adequacy and availability of existing pension plans and the extent to which existing models may be modified to be more accessible to both employees and employers. The Secretary of Labor is to issue a report within 18 months, including recommendations for one or more model plans or arrangements as described above which may serve as the basis for appropriate administrative or legislative action.

Study on pension coverage

The House bill also directs the Secretary of Labor to report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Health, Education, Labor and Pensions of the Senate regarding the effect of the bill on pension coverage, including: the extent of pension plan coverage for low and middle-income workers, the levels of pension plan benefits generally, the quality of pension plan coverage generally, worker's access to and participation in pension plans, and retirement security. This report is required to be submitted no later than five years after the date of enactment.

Effective date

The House bill is effective on the date of enactment.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

7. Miscellaneous provisions

(a) Tax treatment of electing Alaska Native Settlement Trusts (section 691 of the Senate amendment and new sections 646 and 6039H of the Code, modifying Code sections including 1(e), 301, 641, 651, 661, and 6034A))

PRESENT LAW

An Alaska Native Corporation (''ANC'') may establish a Settlement Trust (''Trust'') under section 39 of the Alaska Native Claims Settlement Act (''ANCSA'')[136] and transfer money or other property to such Trust for

[136] 43 U.S.C. 1601 et seq. A settlement Trust is subject to certain limitations under ANCSA, including that it may not operate a business. 43 U.S.C. 1629e(b).

the benefit of beneficiaries who constitute all or a class of the shareholders of the ANC, to promote the health, education and welfare of the beneficiaries and preserve the heritage and culture of Alaska Natives.

With certain exceptions, once an ANC has made a conveyance to a Trust, the assets conveyed shall not be subject to attachment, distraint, or sale or execution of judgment, except with respect to the lawful debts and obligations of the Trust.

The Internal Revenue Service (''IRS'') has indicated that contributions to a Trust constitute distributions to the beneficiary-shareholders at the time of the contribution and are treated as dividends to the extent of earnings and profits as provided under section 301 of the Code.[137] Also, a Trust and its beneficiaries are generally taxed subject to applicable trust rules.[138]

Under general rules regarding the classification of entities, an entity that is taxed as a trust may not engage in business activity and must meet certain other requirements.[139] Under certain circumstances, a trust can be treated as a ''grantor'' trust rather than being taxed as a trust; and its income can be taxed directly to the person or persons considered the owner of the trust.[140]

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment allows an election under which special rules will apply in determining the income tax treatment of an electing Trust and of its beneficiaries. An electing Trust will pay tax on its income at the lowest rate specified for ordinary income of an individual (or corresponding lower capital gains rate). The provision also specifies the treatment of distributions by an electing Trust to beneficiaries, the reporting requirements associated with such an election, and the consequences of disqualification for these benefits due to the allowance of certain impermissible dispositions of Trust interests, or of ANC stock.

Under the provision, a trust that is a Trust established by an Alaska Native Corporation under section 39 of ANCSA may make an election for its first taxable year ending after the date of enactment of the provision to be subject to the rules of the provision rather than otherwise applicable income tax rules. If the election is in effect, no amount will be included in the gross income of a beneficiary of such Trust by reason of a contribution to the Trust.[141] In addition, ordinary income of the electing Trust, whether accumulated or distributed, will be taxed only to the Trust (and not to beneficiaries) at the lowest individual tax rate for ordinary income. Capital gains of the electing Trust will similarly be taxed to the Trust at the capital gains rate applicable to individuals subject to such lowest rate. These rates will apply, rather than the higher rates generally applicable to trusts or to higher tax bracket beneficiaries. The election is made on a one-time basis only. The benefits of the election will terminate, however, and other special rules will apply, if the electing Trust or the sponsoring ANC fail to satisfy the restrictions on transferability of Trust beneficial interests or of ANC stock.

The treatment to beneficiaries of amounts distributed by an electing Trust depends upon the amount of the distribution. Solely for purposes of determining what amount has been distributed and thus which treatment applies under these rules, the amount of any distribution of property is the fair market value of the property at the time of the distribution.[142]

Amounts distributed by an electing Trust during any taxable year are excludable from the gross income of the recipient beneficiary to the extent of (1) the taxable income of the Trust for the taxable year and all prior taxable years for which an election was in effect (decreased by any income tax paid by the Trust with respect to the income) plus (2) any amounts excluded from gross income of the Trust under section 103 for those periods.[143]

If distributions to beneficiaries exceed the excludable amounts described above, then such excess distributions are reported and taxed to beneficiaries as if distributed by the ANC in the year of the distribution by the electing Trust to the extent the ANC then has current or accumulated earnings and profits, and are treated as dividends to beneficiaries.[144] Additional distributions in excess of the current or accumulated earnings and profits of the ANC are treated by the beneficiaries as distributions by the Trust in excess of the distributable net income of the Trust for such year.[145]

The fiduciary of an electing Trust must report to the IRS, with the Trust tax return, the amount of distributions to each beneficiary, and the tax treatment to the beneficiary of such distributions under the provision (either as exempt from tax to the beneficiary, or as a distribution deemed made by the ANC). The electing Trust must also furnish such information to the ANC. In the case of distributions that are treated as if made by the ANC, the ANC must then report such amounts to the beneficiaries and must indicate whether they are dividends or not, in accordance with the earnings and profits of the ANC. The reporting thus required by an electing Trust will be in lieu of, and will satisfy, the reporting requirements of section 6034A (and such other reporting requirements as the Secretary of the Treasury may deem appropriate).

The earnings and profits of an ANC will not be reduced by the amount of its contributions to an electing Trust at the time of the contributions. However, the ANC earnings and profits will be reduced as and when distributions are thereafter made by the electing Trust that are taxed to beneficiaries under the provision as dividends from the ANC to the Trust beneficiaries.

If in any taxable year the beneficial interests in the electing Trust may be disposed of to a person in a manner that would not be permitted under ANCSA if the interests were Settlement Common Stock (generally, to a person other than an Alaska Native),[146] then the special provisions applicable to electing Trusts, including the favorable ordinary income tax rate and corresponding lower capital gains tax rate, cease to apply as of the beginning of such taxable year. The distributable net income of the Trust is increased up to the amount of current and accumulated earnings and profits of the ANC as of the end of that year, but such increase shall not exceed the fair market value of the assets of the Trust as of the date the beneficial interests of the Trust became disposable.[147] Thereafter, the Trust and its beneficiaries are generally subject to the rules of subchapter J and to the generally applicable trust income tax rates. Thus, the increase in distributable net income will result in the Trust being taxed at regular trust rates to the extent the recomputed distributable net income is not distributed to beneficiaries; and beneficiaries will be taxed to the extent there are distributions. Normal reporting rules applicable to trusts and their beneficiaries will apply. The basis of any property distributed to beneficiaries will also be determined under normal trust rules. The same rules apply if any stock of the ANC may be disposed of to a person in a manner that would not be permitted under ANCSA if the stock were Settlement Common Stock and the ANC makes a transfer to the Trust.

The provision contains a special loss disallowance rule that reduces any loss that would otherwise be recognized by a shareholder upon the disposition of a share of stock of a sponsoring ANC by a ''per share loss adjustment factor''. This factor reflects the aggregate of all contributions to an electing Trust sponsored by such ANC made on or after the first day the trust is treated as an electing Trust, expressed on a per share basis and determined as of the day of each such contribution.

The special loss disallowance rule is intended to prevent the allowance of non-economic losses if the ANC stock owned by beneficiaries ever becomes transferable in any type of transaction that could cause the recognition of taxable gain or loss, (including a redemption by the ANC) where the basis of the stock in the hands of the beneficiary (or in the hands of any transferee of

[137] See, e.g., PLR 9824014; PLR 9433021; PLR 9329026 and PLR 9326019.

[138] See Subchapter J of the Code (secs. 641 et. seq.); Treas. Reg. Sec. 301.7701–4.

[139] Treas. Reg. Sec. 301.7701–4.

[140] 140 Sec. 671 et. seq.

[141] If the ANC transfers appreciated property to the Trust, section 311(b) of the Code will apply to the ANC, as under present law, so that the ANC will recognize gain as if it had sold the property for fair market value. The Trust takes the property with a fair market value basis, pursuant to section 301(d) of the Code.

[142] Section 661 of the Code, which provides a deduction to the trust for certain distributions, does not apply to an electing Trust under the provision unless the election is terminated by disqualification. Similarly, the inclusion provisions of section 662 of the Code, relating to amounts to be included in income of beneficiaries, also do not apply to a qualified electing Trust.

[143] In the case of any such excludable distribution that involves a distribution of property other than cash, the basis of such property in the hands of the recipient beneficiary will generally be the adjusted basis of the property in the hands of the Trust, unless the Trust makes an election to pay tax, in which case the basis in the hands of the beneficiary would be the fair market value of the property. See Code sections 643(e) and 643(e)(3).

[144] The treatment of such amounts distributed by an electing Trust as a dividend applies even if all or any part of the contributions by an ANC to a Trust would not have been dividends at the time of the contribution under present law; for example, because the ANC had no current or accumulated earnings and profits, or because the contribution was made from Alaska Native Fund amounts that may not have been taxable. See 43 U.S.C. 1605.

[145] Such distributions would not be taxable to the beneficiaries. In the case of any such nontaxable distribution that involves a distribution of property other than cash, the basis of such property in the hands of the recipient beneficiary will generally be the adjusted basis of the property in the hands of the Trust, unless the Trust makes an election to pay tax, in which case the basis in the hands of the beneficiary will be the fair market value of the property. See Code sections 643(e) and 643(e)(3).

[146] Under ANSCA, Settlement Common Stock is subject to restrictions on transferability, generally limiting transfers. However, if changes are made to permit transfers of stock that would not be permitted for Settlement Common Stock, then the Settlement Common Stock is cancelled and Replacement Common Stock is issued. See 43 U.S.C. 1602(p), 1606(h) and 1629c.

[147] To the extent the earnings and profits of the ANC increase distributable net income of the Trust under this provision, the ANC will have a corresponding adjustment reducing its earnings and profits.

a beneficiary) fails to reflect the allocable reduction in corporate value attributable to amounts transferred by the ANC into the Trust.

Effective date.—The provision is effective for taxable years of Trusts, their beneficiaries, and sponsoring Alaska Native Corporations ending after the date of enactment, and to contributions made to electing Trusts during such year and thereafter.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

The conferees wish to state certain technical clarifications of the description of the Senate amendment, which also apply under the conference agreement.

Under the Senate amendment and the conference agreement, a Trust that makes the election remains subject to the generally applicable requirements for classification and taxation as a trust, in order to obtain the benefits of the provision.

Under the Senate amendment and the conference agreement, the per share loss adjustment factor for stock of an ANC is the aggregate of all contributions to all electing Trusts sponsored by such ANC made on or after the first day each such Trust is treated as an electing Trust expressed on a per share basis and determined as of the day of each such contribution.

Under the Senate amendment and the conference agreement, the restrictions on transfer of stock or beneficial interests under the provision are those that would apply to Settlement Common Stock under section 7(h) of ANSCA[148] (whether or not the interest or stock in question is in fact Settlement Common Stock). To the extent section 7(h) of ANSCA permits certain transfers of Settlement Common stock on death or in other special circumstances, those are also permitted under the provision. Also, the mere transferability of ANC stock in manner that would not be permitted for Settlement Common Stock (but without such transferability of any Trust interests) will not destroy the beneficial treatment of an existing electing Trust unless and until the ANC thereafter makes a transfer to the Trust.

Under the Senate amendment and the conference agreement, the surrender of an interest in an ANC or an electing Trust in order to accomplish the whole or partial redemption of the interest of a shareholder or beneficiary in such ANC or Trust, or to accomplish the whole or partial liquidation of such ANC or Trust, is deemed to be a transfer permitted by section 7(h) of ANSCA for purposes of the provision.

The conferees also wish to clarify the effect of the general sunset rule of the legislation on this provision. The general sunset is effective for taxable years beginning after December 31, 2010. For such taxable years, the tax consequences of any election previously made under this provision, and any right to make a future election, shall be terminated. Thus, for taxable years beginning after December 31, 2010, any electing Trust then in existence, its beneficiaries, and the sponsoring ANC shall be taxed under the provisions of law in effect immediately prior to the enactment of this provision.

8. Provisions relating to plan amendments (sec. 801 of the House bill)

PRESENT LAW

Plan amendments to reflect amendments to the law generally must be made by the time prescribed by law for filing the income tax return of the employer for the employer's taxable year in which the change in law occurs.

HOUSE BILL

The House bill permits certain plan amendments made pursuant to the changes made by the bill (or regulations issued under the provisions of the House bill) to be retroactively effective. If the plan amendment meets the requirements of the bill, then the plan is treated as being operated in accordance with its terms and the amendment does not violate the prohibition of reductions of accrued benefits. In order for this treatment to apply, the plan amendment must be made on or before the last day of the first plan year beginning on or after January 1, 2004 (January 1, 2006, in the case of a governmental plan). If the amendment is required to be made to retain qualified status as a result of the changes in the bill (or regulations) the amendment must be made retroactively effective as of the date on which the change became effective with respect to the plan and the plan must be operated in compliance until the amendment is made. Amendments that are not required to retain qualified status but that are made pursuant to the changes made by the bill (or applicable regulations) may be made retroactive as of the first day the plan was operated in accordance with the amendment.

A plan amendment is not considered to be pursuant to the bill (or applicable regulations) if it has an effective date before the effective date of the provision of the House bill (or regulations) to which it relates. Similarly, the House bill does not provide relief from section 411(d)(6) for periods prior to the effective date of the relevant provision of the House bill (or regulations) or the plan amendment.

The Secretary is authorized to provide exceptions to the relief from the prohibition on reductions in accrued benefits. It is intended that the Secretary will not permit inappropriate reductions in contributions or benefits that are not directly related to the provisions of the House bill. For example, it is intended that a plan that incorporates the section 415 limits by reference could be retroactively amended to impose the section 415 limits in effect before the bill. On the other hand, suppose a plan that incorporates the section 401(a)(17) limit on compensation by reference provides for an employer contribution of three percent of compensation. It is expected that the Secretary will provide that the plan could not be amended retroactively to reduce the contribution percentage for those participants not affected by the section 401(a)(17) limit, even though the reduction will result in the same dollar level of contributions for some participants because of the increase in compensation taken into account under the plan. As another example, suppose that under present law a plan is top-heavy and therefore a minimum benefit is required under the plan, and that under the provisions of the House bill, the plan would not be considered to be top heavy. It is expected that the Secretary will generally permit plans to be retroactively amended to reflect the new top-heavy provisions of the House bill.

Effective date.—The House bill is effective on the date of enactment.

SENATE AMENDMENT

No provision.

CONFERENCE AGREEMENT

The conference agreement does not include the House bill.

VII. ALTERNATIVE MINIMUM TAX

A. INDIVIDUAL ALTERNATIVE MINIMUM TAX RELIEF (SEC. 3(C) OF H.R. 6, SEC. 701 OF THE SENATE AMENDMENT AND SEC. 55 OF THE CODE)

PRESENT LAW

Present law imposes an alternative minimum tax (''AMT'') on individuals to the extent that the tentative minimum tax exceeds the regular tax. An individual's tentative minimum tax generally is an amount equal to the sum of (1) 26 percent of the first $175,000 ($87,500 in the case of a married individual filing a separate return) of alternative minimum taxable income (''AMTI'') in excess of an exemption amount and (2) 28 percent of the remaining AMTI. AMTI is the individual's taxable income adjusted to take account of specified preferences and adjustments.

The AMT exemption amounts are: (1) $45,000 in the case of married individuals filing a joint return and surviving spouses; (2) $33,750 in the case of other unmarried individuals; and (3) $22,500 in the case of married individuals filing a separate return, estates and trusts. The exemption amounts are phased out by an amount equal to 25 percent of the amount by which the individual's AMTI exceeds (1) $150,000 in the case of married individuals filing a joint return and surviving spouses, (2) $112,500 in the case of other unmarried individuals, and (3) $75,000 in the case of married individuals filing separate returns or an estate or a trust. The exemption amounts, the threshold phase-out amounts, and rate brackets are not indexed for inflation.

HOUSE BILL

No provision.

However, H.R. 6, as passed by the House, increases the AMT exemption amount for married couples filing a joint return and surviving spouses by $1,000 in 2005, by an additional $500 in 2006, and by an additional $500 every even-numbered year thereafter. The exemption amount for married individuals filing a separate return is one-half the exemption amount for a married couple filing a joint return.

Effective date.—The provision applies to taxable years beginning after December 31, 2004.

SENATE AMENDMENT

The Senate amendment increases the AMT exemption amount for married couples filing a joint return and surviving spouses by $4,000. The AMT exemption amounts for other individuals (i.e., unmarried individuals and married individuals filing a separate return) are increased by $2,000.

Effective date.—The provision applies to taxable years beginning after December 31, 2000, and before January 1, 2007.

CONFERENCE AGREEMENT

The conference agreement increases the AMT exemption amount for married couples filing a joint return and surviving spouses by $4,000. The AMT exemption amounts for other individuals (i.e., unmarried individuals and married individuals filing a separate return) are increased by $2,000.

Effective date.—The provision applies to taxable years beginning after December 31, 2000, and beginning before January 1, 2005.

VIII. OTHER PROVISIONS

A. MODIFICATION TO CORPORATE ESTIMATED TAX REQUIREMENTS (SECS. 801 AND 815 OF THE SENATE AMENDMENT)

PRESENT LAW

In general, corporations are required to make quarterly estimated tax payments of

[148] 43 U.S.C. 1606(h).

their income tax liability (section 6655). For a corporation whose taxable year is a calendar year, these estimated tax payments must be made by April 15, June 15, September 15, and December 15.

HOUSE BILL

No provision.

SENATE AMENDMENT

With respect to corporate estimated tax payments due on September 17, 2001,[149] 30 percent is required to be paid by September 17, 2001, and 70 percent is required to be paid by October 1, 2001. With respect to corporate estimated tax payments due on September 15, 2004, 80 percent is required to be paid by September 15, 2004, and 20 percent is required to be paid by October 1, 2004.

With respect to corporate estimated tax payments due in July, August, or September 2011, the payment must be 170 percent of the amount otherwise required to be paid under the corporate estimated tax rules.

Effective date.—The provision is effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment with respect to corporate estimated tax payments due on September 15, 2004. With respect to corporate estimated tax payments due on September 17, 2001, 100 percent is not due until October 1, 2001. The conference agreement does not include the provision affecting corporate estimated tax payments due in 2011.

B. AUTHORITY TO POSTPONE CERTAIN TAX-RELATED DEADLINES BY REASON OF PRESIDENTIALLY DECLARED DISASTER (SEC. 802 OF THE SENATE AMENDMENT AND SEC. 7508A OF THE CODE)

PRESENT LAW

The Secretary of the Treasury may specify that certain deadlines are postponed for a period of up to 90 days in the case of a taxpayer determined to be affected by a Presidentially declared disaster.[150] The deadlines that may be postponed are the same as are postponed by reason of service in a combat zone. If the Secretary extends the period of time for filing income tax returns and for paying income tax, the Secretary must abate related interest for that same period of time.[151]

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment directs the Secretary to create in the IRS a Permanent Disaster Response Team, which, in coordination with the Federal Emergency Management Agency, is to assist taxpayers in clarifying and resolving tax matters associated with a Presidentially declared disaster. One of the duties of the Disaster Response Team is to postpone certain tax-related deadlines for up to 120 days in appropriate cases for taxpayers determined to be affected by a Presidentially declared disaster.

It is anticipated that the Disaster Response Team would be staffed by IRS employees with relevant knowledge and experience. It is anticipated that the Disaster Response Team would staff a toll-free number dedicated to responding to taxpayers affected by a Presidentially declared disaster and provide relevant information via the IRS website.

Effective date.—The provision is effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement expands the period of time with respect to which the Secretary may postpone certain deadlines from 90 days to 120 days. The conference agreement does not include the provision of the Senate amendment that provides for a Permanent Disaster Response Team.

C. INCOME TAX TREATMENT OF CERTAIN RESTITUTION PAYMENTS TO HOLOCAUST VICTIMS (SEC. 803 OF THE SENATE AMENDMENT)

PRESENT LAW

Under the Code, gross income means ''income from whatever source derived'' except for certain items specifically exempt or excluded by statute (sec. 61). There is no explicit statutory exception from gross income provided for amounts received by Holocaust victims or their heirs.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that excludable restitution payments made to an eligible individual (or the individual's heirs or estate) are: (1) excluded from gross income; and (2) not taken into account for any provision of the Code which takes into account excludable gross income in computing adjusted gross income (e.g., taxation of Social Security benefits).

The basis of any property received by an eligible individual (or the individual's heirs or estate) that is excluded under this provision is the fair market value of such property at the time of receipt by the eligible individual (or the individual's heirs or estate).

The Senate amendment provides that any excludible restitution payment is disregarded in determining eligibility for, and the amount of benefits and services to be provided under, any Federal or federally assisted program which provides benefit or service based, in whole or in part, on need. Under the Senate amendment, no officer, agency, or instrumentality of any government may attempt to recover the value of excessive benefits or services provided under such a program before January 1, 2000, by reason of failure to take account of excludable restitution payments received before that date. Similarly, the Senate amendment requires a good faith effort to notify any eligible individual who may have been denied such benefits or services of their potential eligibility for such benefits or services. The Senate amendment also provides coordination between this bill and Public Law 103–286, which also disregarded certain restitution payments in determining eligibility for, and the amount of certain needs-based benefits and services.

Eligible restitution payments are any payment or distribution made to an eligible 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, or any foreign or domestic entity or fund established by any such country or entity, any amount payable as a result of a final resolution of 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, 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) interest payable as part of any payment or distribution described in (1) or (2), above. An eligible individual is a person who was persecuted for racial or religious reasons by Nazi Germany, or any other Axis regime, or any other Nazi-controlled or Nazi-allied country.

Effective date.—The provision is effective for any amounts received on or after January 1, 2000. No inference is intended with respect to the income tax treatment of any amount received before January 1, 2000.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, with three changes. First, the definition of eligible individuals is expanded to also include individuals persecuted on the basis of physical or mental disability or sexual orientation. Second, interest earned by enumerated escrow or settlement funds are also excluded from tax. Third, the provision disregarding excludible restitution in determining eligibility for and the benefit calculation of certain Federal or Federally assisted programs is deleted.

D. TREATMENT OF SURVIVOR ANNUITY PAYMENTS WITH RESPECT TO PUBLIC SAFETY OFFICERS (SEC. 804 OF THE SENATE AMENDMENT)

PRESENT LAW

The Taxpayer Relief Act of 1997 provided that an amount paid as a survivor annuity on account of the death of a public safety officer who is killed in the line of duty is excludable from income to the extent the survivor annuity is attributable to the officer's service as a law enforcement officer. The survivor annuity must be provided under a governmental plan to the surviving spouse (or former spouse) of the public safety officer or to a child of the officer.

The provision does not apply with respect to the death of a public safety officer if it is determined by the appropriate supervising authority that (1) the death was caused by the intentional misconduct of the officer or by the officer's intention to bring about the death, (2) the officer was voluntarily intoxicated at the time of death, (3) the officer was performing his or her duties in a grossly negligent manner at the time of death, or (4) the actions of the individual to whom payment is to be made were a substantial contributing factor to the death of the officer.

For purposes of the exclusion, ''public safety officer'' is defined as in section 1204 of the Omnibus Crime Control and Safe Streets Act of 1968 (as amended). Under that Act, a public safety officer is an: (1) individual serving a public agency (with or without compensation) as a law enforcement officer, firefighter, rescue squad member, or ambulance crew member; (2) employee of the Federal Emergency Management Agency (FEMA) performing hazardous duties with respect to a Federally declared disaster area; and (3) employee of a State, local, or tribal emergency agency who is performing hazardous duties in cooperation with FEMA in a Federally declared disaster area.

The provision applies to amounts received in taxable years beginning after December 31, 1996, with respect to individuals dying after that date.

HOUSE BILL

No provision. However, H.R. 1727, the ''Fallen Hero Survivor Benefit Fairness Act of 2001,'' as passed by the House, extends the present-law treatment of survivor annuities with respect to public safety officers killed

[149] September 15, 2001 will be a Saturday. Under present law, payments required to be made on a Saturday must be made no later than the next banking day.

[150] Section 7508A.

[151] Section 6404(h).

in the line of duty with respect to individuals dying on or before December 31, 1996.

Effective date.—The provision is effective with respect to payments received after December 31, 2001.

SENATE AMENDMENT

The Senate amendment provision is the same as H.R. 1727.

Effective date.—The provision is effective with respect to payments received after December 31, 2000.

CONFERENCE AGREEMENT

The conference agreement does not include the provisions of H.R. 1727 or the Senate amendment provision.

E. CIRCUIT BREAKER (SEC. 805 OF THE SENATE AMENDMENT)

PRESENT LAW

The Congressional Budget Act of 1974 contains numerous rules enforcing the scope of items permitted to be considered under the budget reconciliation process.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that, in any fiscal year beginning with fiscal year 2004, if the level of debt held by the public at the end of that fiscal year (as projected by the Office of Management and Budget sequestration update report on August 20th preceding the beginning of that fiscal year) would exceed the level of debt held by the public for that fiscal year set forth in the concurrent resolution on the budget for fiscal year 2002, any Member of Congress may move to proceed to a bill that would make changes in law to reduce discretionary spending and direct spending (except for changes in Social Security, Medicare and COLA's) and increase revenues in a manner that would reduce the debt held by the public for the fiscal year to a level not exceeding the level provided in that concurrent resolution for that fiscal year.

A bill considered pursuant to this provision would be considered as provided in section 310(e) of the Congressional Budget Act.

The Senate amendment provides that it shall not be in order in the Senate to consider any bill, joint resolution, motion, amendment, or conference report pursuant to the provision that contains any provisions other than those enumerated in sections 310(a)(1) and 310(a)(2) of the Congressional Budget Act. This point of order may be waived or suspended in the Senate only by the affirmative vote of three-fifths of the Members. An affirmative vote of three-fifths of the Members shall be required in the Senate to sustain an appeal of the ruling of the Chair on a point of order raised pursuant to the provision.

Effective date.—The provision is effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

F. ACCELERATION OF HEALTH INSURANCE DEDUCTION FOR SELF-EMPLOYED INDIVIDUALS (SECS. 806 AND 807 OF THE SENATE AMENDMENT AND SEC. 162(L) OF THE CODE)

PRESENT LAW

Under present law, the individual income tax treatment of health insurance expenses depends on the individual's circumstances. Self-employed individuals may deduct a portion of health insurance expenses for the individual and his or her spouse and dependents. The deductible percentage of health insurance expenses of a self-employed individual is 60 percent in 2001, 70 percent in 2002, and 100 percent in 2003 and thereafter. The deduction for health insurance expenses of self-employed individuals is not available for any month in which the individual is eligible to participate in a subsidized health plan maintained by the employer of the individual or the individual's spouse. The self-employed health deduction also applies to qualified long-term care insurance premiums treated as medical care for purposes of the itemized deduction for medical expenses, described below.

Employees can exclude from income 100 percent of employer-provided health insurance.

Individuals who itemize deductions may deduct their health insurance expenses only to the extent that the total medical expenses of the individual exceed 7.5 percent of adjusted gross income (sec. 213). Subject to certain dollar limitations, premiums for qualified long-term care insurance are treated as medical expenses for purposes of the itemized deduction for medical expenses (sec. 213). The amount of qualified long-term care insurance premiums that may be taken into account for 2001 is as follows: $230 in the case of an individual 40 years old or less; $430 in the case of an individual who is over 40 but not more than 50; $860 in the case of an individual who is more than 50 but not more than 60; $2,290 in the case of an individual who is more than 60 but not more than 70; and $2,860 in the case of an individual who is more than 70. These dollar limits are indexed for inflation.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment increases the deduction for health insurance expenses (and qualified long-term care insurance expenses) of self-employed individuals to 100 percent beginning in 2002. The Senate amendment also provides that the deduction is not available for any month in which the self-employed individual participates in (rather than is eligible for) a subsidized health plan maintained by an employer of the individual or his or her spouse.

Effective date.—The provision is effective for taxable years beginning after December 31, 2001.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

G. ENHANCED DEDUCTION FOR CHARITABLE CONTRIBUTION OF LITERARY, MUSICAL, AND ARTISTIC COMPOSITIONS (SEC. 808 OF THE SENATE AMENDMENT AND SEC. 170 OF THE CODE)

PRESENT LAW

In the case of a charitable contribution of inventory or other ordinary-income or short-term capital gain property, the amount of the deduction is limited to the taxpayer's basis in the property. In the case of a charitable contribution of tangible personal property, the deduction is limited to the taxpayer's basis in such property if the use by the recipient charitable organization is unrelated to the organization's tax-exempt purpose. In cases involving contributions to a private foundation (other than certain private operating foundations), the amount of the deduction is limited to the taxpayer's basis in the property.

Under present law, charitable contributions of literary, musical, and artistic compositions are considered ordinary income property and a taxpayer's deduction of such property is limited to the taxpayer's basis (typically, cost) in the property. To be eligible for the deduction, the contribution must be of an undivided portion of the donor's entire interest in the property. For purposes of the charitable income tax deduction, the copyright and the work in which the copyright is embodied are not treated as separate property interests. Accordingly, if a donor owns a work of art and the copyright to the work of art, a gift of the artwork without the copyright or the copyright without the artwork will constitute a gift of a ''partial interest'' and will not qualify for the income tax charitable deduction.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that a deduction for qualified artistic charitable contributions is the fair market value of the property contributed at the time of the contribution. The Senate amendment defines a qualified artistic charitable contribution to mean a charitable contribution of any literary, musical, artistic, or scholarly composition, or similar property, or the copyright thereon (or both). The tangible property and the copyright on such property are treated as separate interests in the property for purposes of the ''partial interest'' rule. Contributions of letters, memoranda, or similar property that are written, prepared, or produced by or for an individual in his or her capacity as an officer or employee of any person (including a government agency or instrumentality) do not qualify for fair market value deduction unless the contributed property is entirely personal.

Under the Senate amendment, the increase in the deduction that results from the provision cannot exceed the amount of adjusted gross income of the donor for the taxable year from the sale or use of property created by the donor that is of the same type as the donated property, and from teaching, lecturing, performing, or similar activities with respect to such property. The fair market value deduction cannot be carried over and deducted in other taxable years.

A contribution is required to meet several requirements in order to qualify for the fair market value deduction. First, the contributed property must have been created by the personal efforts of the donor at least 18 months prior to the date of contribution. Second, the donor must obtain a qualified appraisal of the contributed property, a copy of which must be attached to the donor's income tax return for the taxable year in which such contribution is made. Third, the contribution must be made to a public charity or to certain limited types of private foundations. Finally, the use of donated property by the recipient organization must be related to the organization's charitable purpose or function, and the donor must receive a written statement from the organization verifying such use.

Effective date

The deduction for qualified artistic charitable contributions applies to contributions made after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

H. ESTATE TAX RECAPTURE FROM CASH RENTS OF SPECIALLY-VALUED PROPERTY (SEC. 809 OF THE SENATE AMENDMENT)

PRESENT LAW

Under the special-use valuation rules of section 2032A, the executor may elect to

value certain ''qualified real property'' used in farming or another qualifying trade or business at its current use rather than its highest and best use. If, after the special-use valuation election is made, the heir who acquired the real property ceases to use it in its qualified use within 10 years (15 years for individuals dying before 1982) of the decedent's death, an additional estate tax is imposed in order to ''recapture'' the benefit of the special-use valuation. Section 2032A is effective for estates of decedents dying after December 31, 1976.

Under prior law, some courts had held that cash rental of property for which special-use valuation was claimed was not a qualified use under the rules, because the heirs no longer bore the financial risk of working the property, thus triggering the additional estate tax.[152]

With respect to a decedent's surviving spouse, a special rule provides that the surviving spouse will not be treated as failing to use the property in a qualified use solely because the spouse rents the property to a member of the spouse's family on a net cash basis. Members of an individual's family include (1) the individual's spouse, (2) the individual's ancestors, (3) lineal descendants of the individual, of the individual's spouse, or of the individual's parents, and (4) the spouses of any such lineal descendants.

Section 504(c) of the Tax Reform Act of 1997 expanded the class of heirs eligible to lease property for which special-use valuation was claimed without causing the qualified use of such property to cease for purposes of imposition of the additional estate tax. Section 2032A(c)(7)(E) provides that the net cash lease of property (for which special-use valuation was claimed) by a lineal descendant of the decedent to a member of such lineal descendant's family does not cause the qualified use of the property to cease for purposes of imposition of the additional estate tax. The amendment made under the Tax Reform Act of 1997 applies to leases entered into after December 31, 1976.

In Technical Advice Memorandum 9843001, the IRS determined that the retroactive effective date in the changes made by the Tax Reform Act of 1997 did not constitute a waiver of the period of limitations otherwise applicable on a taxpayer's claim. Accordingly, the IRS determined that a taxpayer's claim for refund of recapture tax paid on account of the cessation of a qualified use was barred under the generally applicable statute of limitations on refund claims.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that, if on the date of enactment or at any time within one year after the date of enactment, a claim for refund or credit of any overpayment of tax resulting from the application of net cash lease provisions for spouses and lineal descendants (sec. 2032A(c)(7)(E)) is barred by operation of law or rule of law, then the refund or credit of such overpayment shall, nonetheless, be allowed if a claim therefore is filed before the date that is one year after the date of enactment.

Effective date.—This provision is effective for refund claims filed prior to the date that is one year after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment.

I. EXTENSION OF RESEARCH AND EXPERIMENTATION TAX CREDIT AND NEW VACCINE RESEARCH CREDIT (SEC. 810 AND 811 OF THE SENATE AMENDMENT AND SEC. 41 AND NEW SEC. 45G OF THE CODE)

PRESENT LAW

Section 41 provides for a research tax credit equal to 20 percent of the amount by which a taxpayer's qualified research expenditures for a taxable year exceeded its base amount for that year. The research tax credit generally applies to amounts paid or incurred before July 1, 2004.

Except for certain university basic research payments made by corporations, the research tax credit applies only to the extent that the taxpayer's qualified research expenditures for the current taxable year exceed its base amount. The base amount for the current year generally is computed by multiplying the taxpayer's ''fixed-base percentage'' by the average amount of the taxpayer's gross receipts for the four preceding years. If a taxpayer both incurred qualified research expenditures and had gross receipts during each of at least three years from 1984 through 1988, then its ''fixed-base percentage'' is the ratio that its total qualified research expenditures for the 1984–1988 period bears to its total gross receipts for that period (subject to a maximum ratio of 0.16). All other taxpayers (so-called ''start-up firms'') are assigned a fixed-base percentage of 3.0 percent.

Taxpayers are allowed to elect an alternative incremental research credit regime. If a taxpayer elects to be subject to this alternative regime, the taxpayer is assigned a three-tiered fixed-base percentage (that is lower than the fixed-base percentage otherwise applicable under present law) and the credit rate likewise is reduced. Under the alternative credit regime, a credit rate of 2.65 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 1.0 percent (i.e., the base amount equals 1.0 percent of the taxpayer's average gross receipts for the four preceding years) but do not exceed a base amount computed by using a fixed-base percentage of 1.5 percent. A credit rate of 3.2 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 1.5 percent but do not exceed a base amount computed by using a fixed-base percentage of 2.0 percent. A credit rate of 3.75 percent applies to the extent that a taxpayer's current-year research expenses exceed a base amount computed by using a fixed-base percentage of 2.0 percent. An election to be subject to this alternative incremental credit regime may be made for any taxable year beginning after June 30, 1996, and such an election applies to that taxable year and all subsequent years (in the event that the credit subsequently is extended by Congress) unless revoked with the consent of the Secretary of the Treasury.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment would make the research credit permanent.

The Senate amendment also would increase the credit rates under the alternative incremental credit from 2.65 percent to 3.0 percent, from 3.2 percent to 4.0 percent, and from 3.75 percent to 5.0 percent.

In addition, the Senate amendment would provide a new research credit with respect to certain qualified vaccine and microbiocide research. The amendment would provide a credit equal to 30 percent of qualifying vaccine research expenses undertaken to develop vaccines and microbicides for malaria, tuberculosis, HIV, or any infectious disease (of a single etiology) which, according to the World Health Organization, causes over one million human deaths annually.[153] Qualifying expenses would include 100 percent of in-house research expenses and 100 percent of contract research expenses. In-house research expenses and contract research expenses would be defined as in present-law sec. 41. Qualifying vaccine research expenses would not include expenses for research incurred outside the United States, other than in the case of expenses for human clinical testing. No credit may be claimed for preclinical expenses unless a research plan has been filed with the Secretary of the Treasury.

Effective date.—The provision generally would be effective on the date of enactment. The increase in credit rates under the alternative incremental credit and the new credit for qualifying vaccine research expenses would be effective for taxable years ending after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment.

J. ACCELERATION OF ROUND II EMPOWERMENT ZONE WAGE CREDIT (SEC. 812 OF THE SENATE AMENDMENT AND SEC. 1396 OF THE CODE)

PRESENT LAW

The Omnibus Budget Reconciliation Act of 1993 (''OBRA 1993'') authorized the designation of nine empowerment zones (''Round I empowerment zones'') to provide tax incentives for businesses to locate within targeted areas designated by the Secretaries of Housing and Urban Development and Agriculture. The Taxpayer Relief Act of 1997 (''1997 Act'') authorized the designation of two additional Round I urban empowerment zones. Among other incentives, Round I empowerment zones qualify for a 20-percent wage credit for the first $15,000 of wages paid to a zone resident who works in the empowerment zone.

The 1997 Act also authorized the designation of 20 additional empowerment zones (''Round II empowerment zones''), of which 15 are located in urban areas and five are located in rural areas. The 1997 Act did not authorize a wage credit for businesses located in the Round II empowerment zones. The Community Renewal Tax Relief Act of 2000, however, extended the 20-percent wage credit to Round II empowerment zones for wages paid or incurred after December 31, 2001.[154]

HOUSE BILL

No provision.

[152] See *Martin* v. *Commissioner*, 783 F.2d 81 (7th Cir. 1986) (cash lease to unrelated party not qualified use); *Williamson* v. *Commissioner*, 93 T.C. 242 (1989), aff'd. 974 F.2d 1525 (9th Cir. 1992) (cash lease to family member not a qualified use); *Fisher* v. *Commissioner*, T.C. Memo. 1993–139 (cash lease to family member not a qualified use); cf. *Minter* v. *U.S.*, 19 F.3d 426 (8th Cir. 1994) (cash lease to family's farming corporation is qualified use); *Estate of Gavin* v. *U.S.*, 103 F.3d 802 (8th Cir. 1997) (heir's option to pay cash rent or 50 percent crop share is qualified use).

[153] The credit for vaccine research expenses would be coordinated with the credit for research under present-law sec. 41 and any deduction otherwise allowed with respect to qualifying vaccine research expenses would be reduced by the amount of the credit claimed for vaccine research expenses.

[154] H.R. 5662, sec. 113 (2000) (enacted by Pub. L. No. 106–554); sec. 1396(b). Among other changes, the Community Renewal Tax Relief Act of 2000 extended all empowerment zone designations through December 31, 2009, and provided that the wage credit rate remains at 20 percent for all empowerment zones (rather than being phased down) through December 31, 2009.

SENATE AMENDMENT

The Senate amendment accelerates the availability of the wage credit for Round II empowerment zones to the earlier of July 1, 2001, or the date of enactment of the bill.

Effective date.—For wages paid or incurred after the earlier of July 1, 2001 or date of enactment.

CONFERENCE AGREEMENT

The conference agreement does not contain the Senate amendment.

K. TREATMENT OF CERTAIN HOSPITAL SUPPORT ORGANIZATIONS IN DETERMINING ACQUISITION INDEBTEDNESS (SEC. 813 OF THE SENATE AMENDMENT AND SEC. 514 OF THE CODE)

PRESENT LAW

In general, income of a tax-exempt organization that is produced by debt-financed property is treated as unrelated business income in proportion to the acquisition indebtedness on the income-producing property. Acquisition indebtedness generally means the amount of unpaid indebtedness incurred by an organization to acquire or improve the property and indebtedness that would not have been incurred but for the acquisition or improvement of the property. However, under an exception, acquisition indebtedness does not include indebtedness incurred by certain qualified organizations to acquire or improve real property. Qualified organizations include pension trusts, educational institutions, and title-holding companies.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment expands the exception to the definition of acquisition indebtedness in the case of a qualified hospital support organization. The exception applies to eligible indebtedness (or the qualified refinancing thereof) of the qualified hospital support organization.

A qualified hospital support organization is a supporting organization (under Code section 509(a)(3)) of a hospital that is an academic health center (under Code section 119(d)(4)(B)). The assets of the supporting organization must also meet certain requirements. First, more than half of the value of its assets at any time since its organization (1) must have been acquired, directly or indirectly, by gift or devise, and (2) must consist of real property. In addition, the fair market value of the organization's real estate acquired by gift or devise must exceed 10 percent of the fair market value of all investment assets held by the organization immediately prior to the time that the eligible indebtedness is incurred. These requirements must be met each time eligible indebtedness is incurred or a qualified refinancing thereof occurs.

Eligible indebtedness means indebtedness secured by real property acquired by gift or devise, the proceeds of which are used exclusively to acquire a leasehold interest in or to improve the property. A qualified refinancing of eligible indebtedness occurs if the refinancing does not exceed the amount of refinanced eligible indebtedness immediately before the refinancing.

Effective date.—The Senate amendment applies to indebtedness incurred after December 31, 2003.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

L. MODIFY RULES GOVERNING TAX-EXEMPT BONDS FOR CERTAIN PRIVATE WATER FACILITIES (SEC. 814 OF THE SENATE AMENDMENT AND SEC. 142 OF THE CODE)

PRESENT LAW

Interest on State or local government bonds is tax-exempt when the proceeds of the bonds are used to finance activities carried out by or paid for by those governmental units. Interest on bonds issued by State or local governments acting as conduit borrowers for private businesses is taxable unless a specific exception is included in the Code. One such exemption allows tax-exempt bonds to be issued to finance privately owned and operated facilities for the furnishing of water. Such facilities must be operated in a manner similar to municipal water facilities in that service must be offered to the general public, and rates must be regulated. Tax-exempt private activity bonds for water facilities may be issued to finance arsenic and other pollutant treatment facilities.

Issuance of private activity tax-exempt bonds for water facilities is subject to aggregate annual State volume limitations that apply to most private activity bonds. Similarly, like most other private activity bonds, interest on these bonds is a preference item for purposes of the alternative minimum tax.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that private activity bonds for facilities to remediate arsenic levels in water (as opposed to such bonds to finance private water treatment facilities generally) are not subject to the State volume limits and the interest on the bonds is not a preference item for the alternative minimum tax. A bond is treated as for arsenic remediation if at least 95 percent of the proceeds are used for facilities to comply with the 10 parts per billion standard recommended by the National Academy of Sciences. The provision does not affect governmental bonds for municipal water facilities.

Effective date.—The provision is effective for bonds issued after the date of enactment.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

M. COMBINED EMPLOYMENT TAX REPORTING (SEC. 816 OF THE SENATE AMENDMENT AND SEC. 6103(d)(5) OF THE CODE)

PRESENT LAW

The Internal Revenue Code prohibits disclosure of tax returns and return information, except to the extent specifically authorized by the Internal Revenue Code (sec. 6103). Unauthorized disclosure is a felony punishable by a fine not exceeding $5,000 or imprisonment of not more than five years, or both (sec. 7213). An action for civil damages also may be brought for unauthorized disclosure (sec. 7431). No tax information may be furnished by the Internal Revenue Service (''IRS'') to another agency unless the other agency establishes procedures satisfactory to the IRS for safeguarding the tax information it receives (sec. 6103(p)).

The Taxpayer Relief Act of 1997 authorized a demonstration project to assess the feasibility and desirability of expanding combined reporting. The demonstration project was: (1) limited to State of Montana, (2) limited to employment taxes, (3) limited to taxpayer identity (name, address, taxpayer identifying number) and the signature of the taxpayer and (4) limited to a period of five years. After August 5, 2002, the demonstration project will expire.

To implement that demonstration project, the Taxpayer Relief Act of 1997 amended the Code to authorize the IRS to disclose the name, address, taxpayer identifying number, and signature of the taxpayer, which is common to both the State and Federal portions of the combined form. The Code permits the IRS to disclose these common data items to the State and not have it subject to the redisclosure restrictions, safeguards, or criminal penalty provisions.[155] Essentially, the State is allowed to use this information as if the State directly received this information from the taxpayer.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment makes the IRS disclosure authority permanent and expands the authorized recipients to include any State agency, body, or commission, for the purpose of carrying out a combined Federal and State employment tax reporting program approved by the Secretary. The statutory waiver of the redisclosure restrictions, safeguards, and criminal penalty provisions continues to apply. Further, the items authorized for disclosure continue to be limited to the name, address, taxpayer identification number, and signature of the taxpayer.

Effective date.—The Senate amendment is effective on the date of enactment.

CONFERENCE AGREEMENT

The conference agreement does not contain the Senate amendment.

N. REPORTING REQUIREMENTS OF STATE AND LOCAL POLITICAL ORGANIZATIONS (SECS. 901–904 OF THE SENATE AMENDMENT AND SECS. 527 AND 6012 OF THE CODE)

PRESENT LAW

In general

Under present law, section 527 provides a limited tax-exempt status to ''political organizations,'' meaning a party, committee, association, fund, account, or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures (or both) for an ''exempt function.'' These organizations are generally exempt from Federal income tax on contributions they receive, but are subject to tax on their net investment income and certain other income at the highest corporate income tax rate (''political organization taxable income''). Donors are exempt from gift tax on their contributions to such organizations. For purposes of section 527, the term ''exempt function'' means: the function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed. Thus, by definition, the purpose of a section 527 organization is to accept contributions or make expenditures for political campaign (and similar) activities.

Notice of section 527 organization

An organization is not treated as a section 527 organization unless it has given notice to

[155] Sec. 6103(d)(5). The following restrictions and requirements do not apply: (1) the prohibition on disclosure of returns or return information by State officers and employees (sec. 6103(a)(2); (2) the Federal penalties for unauthorized disclosure and inspection of returns and return information (secs. 7213 and 7213A) and (3) the requirement that the State establish safeguards regarding the information obtained from the IRS (sec. 6103(p)(4)).

the Secretary of the Treasury, electronically and in writing, that it is a section 527 organization. The notice is not required (1) of any person required to report as a political committee under the Federal Election Campaign Act of 1971, (2) by organizations that reasonably anticipate that their annual gross receipts will always be less than $25,000, and (3) organizations described in section 501(c). All other organizations, including State and local candidate committees, are required to file the notice.

The notice is required to be transmitted no later than 24 hours after the date on which the organization is organized. The notice is required to include the following information: (1) the name and address of the organization and its electronic mailing address, (2) the purpose of the organization, (3) the names and addresses of the organization's officers, highly compensated employees, contact person, custodian of records, and members of the organization's Board of Directors, (4) the name and address of, and relationship to, any related entities, and (5) such other information as the Secretary may require.

The notice of status as a section 527 organization is required to be disclosed to the public by the IRS and by the organization. In addition, the Secretary of the Treasury is required to make publicly available on the Internet and at the offices of the IRS a list of all political organizations that file a notice with the Secretary under section 527 and the name, address, electronic mailing address, custodian of records, and contact person for such organization. The IRS is required to make this information available within 5 business days after the Secretary of the Treasury receives a notice from a section 527 organization.

An organization that fails to file the notice is not treated as a section 527 organization and its exempt function income is taken into account in determining taxable income.

Disclosure by political organizations of expenditures and contributors

A political organization that accepts a contribution or makes an expenditure for an exempt function during any calendar year is required to file with the Secretary of the Treasury certain reports. The following reports are required: either (1) in the case of a calendar year in which a regularly scheduled election is held, quarterly reports, a pre-election report, and a post-general election report and, in the case of any other calendar year, a report covering January 1 to June 30 and July 1 to December 31, or (2) monthly reports for the calendar year, except that, in lieu of the reports due for November and December of any year in which a regularly scheduled general election is held, a pre-general election report, a post-general election report, and a year end report are to be filed.

The reports are required to include the following information: (1) the amount of each expenditure made to a person if the aggregate amount of expenditures to such person during the calendar year equals or exceeds $500 and the name and address of the person (in the case of an individual, including the occupation and name of the employer of the individual); and (2) the name and address (in the case of an individual, including the occupation and name of employer of such individual) of all contributors that contributed an aggregate amount of $200 or more to the organization during the calendar year and the amount of the contribution.

The disclosure requirements do not apply (1) to any person required to report as a political committee under the Federal Election Campaign Act of 1971, (2) to any State or local committee of a political party or political committee of a State or local candidate, (3) to any organization that reasonably anticipates that it will not have gross receipts of $25,000 or more for any taxable year, (4) to any organization described in section 501(c), or (5) with respect to any expenditure that is an independent expenditure (as defined in section 301 of the Federal Election Campaign Act of 1971).

For purposes of the disclosure requirements, the term ''election'' means (1) a general, special, primary, or runoff election for a Federal office, (2) a convention or caucus of a political party that has authority to nominate a candidate for Federal office, (3) a primary election held for the selection of delegates to a national nominating convention of a political party, or (4) a primary election held for the expression of a preference for the nomination of individuals for election to the office of President.

The IRS is required to make available to the public any report filed by a political organization. In addition, the organization is required to make any such report available to the public. A penalty is imposed for failure to file a report or provide required information in the report.

Return requirements for section 527 organizations

Under present law, a section 527 organization that has political organization taxable income is required annually to file Form 1120–POL (Return of Organization Exempt from Income Tax). Section 527 organizations that do not have political organization taxable income but have gross receipts of $25,000 or more during the taxable year also are required to file an income tax return. The gross receipts requirement does not apply to political organizations that are subject to section 527 solely by reason of section 527(f)(1) (which makes certain charities subject to section 527 based on the charity's political activities). The annual return must be made available to the public by the organization and by the IRS.

HOUSE BILL

No provision.

SENATE AMENDMENT

The Senate amendment provides that a political organization that is a political committee of a State or local candidate is exempt from the requirement to provide notice to the Secretary of its formation and purpose.

In addition, the Senate amendment exempts certain political organizations from the requirement provided by section 527(j)(2) to file regular reports with the Secretary detailing contribution and expenditure information. To be exempt from such reporting requirements under the amendment: (1) the organization must not be an organization already exempt from the reporting requirement under present law (as provided by section 527(j)(5)); (2) the organization must 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 (3) no candidate for Federal office or individual holding Federal office can control or materially participate in the direction of the organization, solicit any contributions to the organization, or direct, in whole or in part, any expenditure made by the organization. Further, during the calendar year, the organization must be required to report under State or local law, and must in fact report, information regarding each separate expenditure and contribution (including information regarding the person who makes such contribution or receives such expenditure) that otherwise would be required. The agency with which such information is filed must make the filed information public and available for public inspection. If the minimum amount of a contribution or expenditure that triggers disclosure under State or local law is more than $100 than the minimum amount for disclosure required by the Code, the requirements for exemption from reporting will not be met.

Under the Senate amendment, political organizations described in the preceding paragraph are exempt from the requirement to file an income tax return if such organization does not have political organization taxable income, is not subject to section 527 solely by reason of section 527(f)(1) (as described above), and has gross receipts of less than $100,000 for the taxable year.

The Senate amendment further provides that the Secretary in consultation with the Federal Election Commission shall publicize the effects of these changes and the interaction of the requirements to file a notification or report under section 527 and reports under the Federal Election Campaign Act of 1971.

Finally, the Senate amendment gives the Secretary the authority to waive all or any portion of the penalties imposed on an organization for failure to notify the Secretary of the organization's establishment or the failure to file a report. Such waiver is subject to a showing by the organization that the failure was due to reasonable cause and not to willful neglect.

Effective date

The exemptions from the notification, reporting, and return requirements are effective as of July 1, 2000. The authority to the Secretary to waive penalties is effective for any tax assessed or penalty imposed after June 30, 2000.

CONFERENCE AGREEMENT

The conference agreement does not include the Senate amendment provision.

IX. COMPLIANCE WITH CONGRESSIONAL BUDGET ACT (SECS. 111, 211, 311, 451, 581, 695, 711, AND 821 OF THE SENATE AMENDMENT)

PRESENT LAW

Reconciliation is a procedure under the Congressional Budget Act of 1974 (the ''Budget Act'') by which Congress implements spending and tax policies contained in a budget resolution. The Budget Act contains numerous rules enforcing the scope of items permitted to be considered under the budget reconciliation process. One such rule, the so-called ''Byrd rule,'' was incorporated into the Budget Act in 1990. The Byrd rule, named after its principal sponsor, Senator Robert C. Byrd, is contained in section 313 of the Budget Act. The Byrd rule generally permits members to raise a point of order against extraneous provisions (those which are unrelated to the goals of the reconciliation process) from either a reconciliation bill or a conference report on such bill.

Under the Byrd rule, a provision is considered to be extraneous if it falls under one or more of the following six definitions:

(1) It does not produce a change in outlays or revenues;

(2) It produces an outlay increase or revenue decrease when the instructed committee is not in compliance with its instructions;

(3) It is outside of the jurisdiction of the committee that submitted the title or provision for inclusion in the reconciliation measure;

(4) It produces a change in outlays or revenues which is merely incidental to the nonbudgetary components of the provision;

(5) It would increase the deficit for a fiscal year beyond those covered by the reconciliation measure; and

(6) It recommends changes in Social Security.

HOUSE BILL

No provision.

SENATE AMENDMENT

Sunset of provisions

To ensure compliance with the Budget Act, the Senate amendment provides that all provisions of, and amendments made by, the bill that are in effect on September 30, 2011, shall cease to apply as of the close of September 30, 2011.

CONFERENCE AGREEMENT

The conference agreement follows the Senate amendment, except that all provisions of, and amendments made by, the bill generally do not apply for taxable, plan or limitation years beginning after December 31, 2010. With respect to the estate, gift, and generation-skipping provisions of the bill, the provisions do not apply to estates of decedents dying, gifts made, or generation skipping transfers, after December 31, 2010. The Code and the Employee Retirement Income Security Act of 1974 are applied to such years, estates, gifts and transfers after December 31, 2010, as if the provisions of and amendments made by the bill had never been enacted.

X. TAX COMPLEXITY ANALYSIS

The following tax complexity analysis is provided pursuant to section 4022(b) of the Internal Revenue Service Reform and Restructuring Act of 1998, which requires the staff of the Joint Committee on Taxation (in consultation with the Internal Revenue Service (''IRS'') and the Treasury Department) to provide a complexity analysis of tax legislation reported by the House Committee on Ways and Means, the Senate Committee on Finance, or a Conference Report containing tax provisions. The complexity analysis is required to report on the complexity and administrative issues raised by provisions that directly or indirectly amend the Internal Revenue Code and that have widespread applicability to individuals or small businesses. For each such provision identified by the staff of the Joint Committee on Taxation, a summary description of the provision is provided along with an estimate of the number and type of affected taxpayers, and a discussion regarding the relevant complexity and administrative issues.

Following the analysis of the staff of the Joint Committee on Taxation are the comments of the IRS and the Treasury Department regarding each of the provisions included in the complexity analysis, including a discussion of the likely effect on IRS forms and any expected impact on the IRS.

1. Reduction in income tax rates for individuals (sec. 101 of the conference agreement)

Summary description of provision

The bill creates a new 10-percent regular income tax bracket for a portion of the taxable income that is currently taxed at 15 percent. The bill reduces the other regular income tax rates. By 2006, the present-law individual income tax rates of 28 percent, 31 percent, 36 percent, and 39.6 percent are lowered to 25 percent, 28 percent, 33 percent, and 35 percent, respectively. The bill also provides for acceleration of the 10 percent income tax rate bracket benefit for 2001, principally through advance payment of the credit in the form of checks issued to taxpayers by the Department of the Treasury.

Number of affected taxpayers

It is estimated that the provision will affect approximately 100 million individual tax returns.

Discussion

It is not anticipated that individuals will need to keep additional records due to this provision. It should not result in an increase in disputes with the IRS, nor will regulatory guidance be necessary to implement this provision. It may, however, increase the number of questions that taxpayers ask the IRS, such as when taxpayers will receive their checks. This increased volume of questions could have an adverse impact on other elements of IRS' operations, such as the levels of taxpayer service. In addition, the provision should not increase the tax preparation costs for most individuals.

The IRS will need to add to the individual income tax forms package a new worksheet so that taxpayers can reconcile the amount of the check they receive from the Department of the Treasury with the credit they are allowed as an acceleration of the 10 percent income tax rate bracket benefit for 2001. This worksheet should be relatively simple and many taxpayers will not need to fill it out completely because they will have received the full amount by check.

The Secretary of the Treasury is expected to make appropriate revisions to the wage withholding tables to reflect the proposed rate reduction for calendar year 2001 as expeditiously as possible. To implement the effects of the rate cuts for 2001, employers would be required to use a new (second) set of withholding rate tables to determine the correct withholding amounts for each employee. Switching to the new withholding rate tables during the year can be expected to result in a one-time additional burden for employers (or additional costs for employers that rely on a bookkeeping or payroll service).

2. Standard deduction tax relief (sec. 301 of the conference agreement)

Summary description of provision

The bill increases the basic standard deduction for married taxpayers filing a joint return to twice the basic standard deduction for an unmarried individual. The increase is phased-in over five years beginning in 2005 and would be fully phased-in for 2009 and thereafter.

Number of affected taxpayers

It is estimated that the provision will affect approximately 23 million individual returns.

Discussion

It is not anticipated that individuals will need to keep additional records due to this provision. The higher basic standard deduction should not result in an increase in disputes with the IRS, nor will regulatory guidance be necessary to implement this provision. In addition, the provision should not increase individuals' tax preparation costs.

Some taxpayers who currently itemize deductions may respond to the provision by claiming the increased standard deduction in lieu of itemizing. According to estimates by the staff of the Joint Committee on Taxation, approximately three million individual tax returns will realize greater tax savings from the increased standard deduction than from itemizing their deductions. In addition to the tax savings, such taxpayers will no longer have to file Schedule A to Form 1040 and a significant number of which will no longer need to engage in the record keeping inherent in itemizing below-the-line deductions. Moreover, by claiming the standard deduction, such taxpayers may qualify to use simpler versions of the Form 1040 (i.e., Form 1040EZ or Form 1040A) that are not available to individuals who itemize their deductions. These forms simplify the return preparation process by eliminating from the Form 1040 those items that do not apply to particular taxpayers.

This reduction in complexity and record keeping also may result in a decline in the number of individuals using a tax preparation service or a decline in the cost of using such a service. Furthermore, if the provision results in a taxpayer qualifying to use one of the simpler versions of the Form 1040, the taxpayer may be eligible to file a paperless Federal tax return by telephone. The provision also should reduce the number of disputes between taxpayers and the IRS regarding substantiation of itemized deductions.

3. Expansion of the 15-percent rate bracket (sec. 302 of the conference agreement)

Summary description of provision

The provision increases the size of the 15-percent regular income tax rate bracket for married individuals filing a joint return to twice the size of the corresponding rate bracket for unmarried individuals. This increase is phased-in over four years beginning in 2005. It is fully effective beginning in 2008.

Number of affected taxpayers

It is estimated that the provision will affect approximately 20 million individual tax returns.

Discussion

It is not anticipated that individuals will need to keep additional records due to this provision. The increased size of the 15-percent regular income tax rate bracket for married individuals filing joint returns should not result in an increase in disputes with the IRS, nor will regulatory guidance be necessary to implement this provision.

4. Increase the child tax credit (sec. 201 of the conference agreement)

Summary description of provision

The provision increases the child tax credit from $500 to $1,000, phased in over an ten-year period beginning in 2001, extends refundability of the credit, allows the credit to the extent of the full regular tax and alternative minimum tax, and repeals the provision that reduces the refundable child credit by the individual's alternative minimum tax.

Number of affected taxpayers

It is estimated that the provisions will affect approximately 25 million individual tax returns.

Discussion

Individuals should not have to keep additional records due to this provision, nor will additional regulatory guidance be necessary to implement this provision. More taxpayers will have to perform the additional calculations necessary to determine eligibility for the refundable child credit but this should not lead to an increase in disputes with the IRS. For taxpayer's with less than two children, however, the provision can be expected to increase tax preparation costs and the number of individuals using a tax preparation service. (See, also, the discussion of the

interactive effect of the child credit and the individual alternative minimum tax, below.)

5. The effect of the alternative minimum tax rules

The provisions relating to the rate reductions, increased standard deduction, the expanded 15-percent rate bracket, and the increased child tax credit are affected by the alternative minimum tax rules. Although the bill provides relief from the alternative minimum tax, additional individuals will need to make the necessary calculations to determine the applicability of the alternative minimum tax rules. It is estimated that for the year 2010, 18 million additional individual income tax returns that will benefit from the rate reductions, increased standard deduction, expanded 15-percent rate bracket, and increased child tax credit would be affected by the alternative minimum tax. For these taxpayers, it could be expected that the interaction of the provisions with the alternative minimum tax rules would result in an increase in tax preparation costs and in the number of individuals using a tax preparation service.

The bill also provides that the alternative minimum tax exemption amount for married individuals filing a joint return is increased. This should reduce complexity for affected taxpayers. It is estimated that, for the year 2006, the provision increasing the alternative minimum tax exemption amount will apply to seven million individual income tax returns. Some of these taxpayers will no longer be affected by the alternative minimum tax.

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, DC, May 25, 2001.

MS. LINDY L. PAULL,
Chief of Staff, Joint Committee on Taxation, Washington, DC.

DEAR MS. PAULL: Enclosed are the combined comments of the Internal Revenue Service and the Treasury Department on the provisions of the conference agreement on the ''Economic Growth and Tax Relief Reconciliation Act.'' Our comments are based on the description of these provisions contained in a brief summary of the conference agreement prepared by the staff of the Joint Committee on Taxation.

Due to the short turnaround time, our comments are necessarily provisional.

Sincerely,

CHARLES O. ROSSOTTI.

Enclosure.

COMPLEXITY ANALYSIS OF ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

NEW 10-PERCENT RATE BRACKET AND REDUCTION IN OTHER RATE BRACKETS

Provision

Create a new 10-percent regular income tax bracket ($6,000/$10,000/$12,000 of taxable income in 2001–2007 and $7,000/$10,000/$14,000 of taxable income in 2008 and thereafter; index in 2009); advance payments would be made to taxpayers in 2001.

Reduce the present-law regular income tax rates of 28, 31, 36, and 39.6 percent to 25, 28, 33, and 35 percent, respectively. The reduction is phased in over 6 years beginning July 1, 2001.

IRS and Treasury Comments

The new tax bracket and the reduced tax rates would be incorporated into the tax table and the tax rate schedules shown in the instructions for Forms 1040, 1040A, 1040EZ, 1040NR, 1040NR–EZ, and 1041, and on Forms W-4V and 8814 for 2001 and later years. Other forms (e.g., Form 8752 and Schedule D (Form 1040)) would also be affected. No new forms would be required.

The new tax bracket and the reduced tax rates would also be incorporated into the tax rate schedules shown on Form 1040–ES for 2002 and later years. Subsequent to enactment, the IRS would have to advise taxpayers who make estimated tax payments for 2001 how they can adjust their estimated tax payments for 2001 to reflect the reduced rates.

Programming changes would be required to reflect the new tax bracket and rates for tax years 2001 through 2006. Currently, the IRS tax computation programs are updated annually to incorporate mandated inflation adjustments. Programming changes necessitated by the provision would be included during that process for 2002 and later years. Supplemental programming changes would be required to accommodate the new 10-percent tax bracket for 2001.

New withholding rate tables and schedules will be published soon after enactment to update the current Circular E for use by employers during the remainder of calendar year 2001.

The advance payment of the credit for 2001 would require a notice to explain the advance payment amount; programming changes to compute the advance payment amount; and resources to answer taxpayer questions about the payment.

The new credit for 2001 would require a new form to report to taxpayers the amount of the advance payment made to them; one new line to be added to Forms 1040, 1040A, and 1040EZ for taxpayers to compute the amount, if any, of their allowable credit; programming changes to compute the amount of the credit; and script and other changes to enable TeleFile to compute the amount of the credit.

The alternative minimum tax (AMT) is projected to apply to an increasing number of taxpayers over time. The provision would increase the number of taxpayers particularly in the later years of the budget period (2006–2011), whose liability is affected by the AMT, and would also cause additional taxpayers to perform AMT calculation to determine whether their liability is affected by the AMT.

CHILD TAX CREDIT

Provision

Increase the amount of the child tax credit to $600 (2001–2004), $700 (2005–2008), $800 (2009), and $1,000 (2010).

Make the child tax credit refundable to the extent of 10 percent of the taxpayer's earned income in excess of $10,000 for 2001–2004 (15 percent for 2005 and later). The $10,000 figure would be indexed beginning in 2002.

Change the tax liability limitation for the child tax credit, including the order in which the credit is claimed, beginning in 2002. The child tax credit, but not the other personal nonrefundable credits, would be allowed against the sum of the regular tax and the alternative minimum tax. Under a new ordering rule, the foreign tax credit and the other nonrefundable personal credits would be taken into account before the child tax credit.

IRS and Treasury Comments

No new forms would be required as a result of any of the above-mentioned child tax credit provisions.

The increase in the amount of the child tax credit would be incorporated in the instructions for Forms 1040, 1040A, and 1040NR for 2001 and later years. This increase also affects the amount of the refundable child tax residents of Puerto Rico and would be reflected in the instructions for Forms 1040–PR and 1040–SS for 2001 and later years.

The change in the tax liability limitation for 2002 and later years would:

1. Eliminate two questions from the instructions for Forms 1040 and 1040A.

2. Eliminate the need to refer taxpayers with three or more qualifying children and certain other personal nonrefundable credits to Publication 972 to compute their child tax credit. Such taxpayers will no longer be required to complete an additional 10-line worksheet (the ''Line 11 Worksheet'') in Publication 972.

3. Add three lines to the child tax worksheet in the Form 1040 instructions and one line to that worksheet in the Form 1040A instructions.

4. Change the ordering of the credits on Forms 1040, 1040A, and 1040NR.

Nine million additional taxpayers would be required to file Form 8812 to benefit from the provision that would make the tax credit refundable to the extent of 15 percent of earned income in excess of $10,000. Form 8812 would be expanded from nine lines to 13 lines, beginning in 2001. (A similar change will be necessary on Forms 1040–PR and 1040–SS for resident of Puerto Rico.)

The increase in the amount of the credit would be incorporated on Form 1040–ES for 2004, 2007, 2010, and 2011.

Supplemental programming changes would be required to accommodate the changes to the computation of the child tax credit for 2001.

As a result of this change, the number of taxpayers affected by the AMT would decrease.

STANDARD DEDUCTION FOR MARRIED TAXPAYERS FILING JOINTLY

Provision

Increase the basic standard deduction for a married couple filing a joint return to twice the basic standard deduction for an unmarried individual filing a single return, phased in over 5 years beginning in 2006.

IRS and Treasury Comments

The increase in the basic standard deduction for married taxpayers would be incorporated in the instructions for Forms 1040, 1040A, 1040EZ, and on Forms 1040, 1040A, 1040EZ, and 1040-ES beginning in 2006. No new forms would be required.

Programming changes would be required to reflect the increased standard deduction for married taxpayers. Currently, IRS tax computation programs are updated annally to incorporate mandated inflation adjustments. Programming changes necessitated by this provision would be included during that process.

Compared with current law, the larger standard deduction would reduce the number of taxpayers who itemize deductions.

As a result of this provision, the number of taxpayers affected by the AMT would increase.

15-PERCENT RATE BRACKET FOR MARRIED TAXPAYERS FILING JOINTLY

Provision

Increase the width of the 15-percent regular income tax rate bracket for a married couple filing a joint return to twice the width of the corresponding rate bracket for an unmarried individual filing a single return, phased in over 5 years beginning in 2006.

IRS and Treasury Comments

The increase in the width of the 15-percent rate bracket for married taxpayers would be

incorporated in the tax tables and the tax rate schedules shown in the instructions for Forms 1040, 1040A, 1040EZ, 1040NR, 1040NR-EZ, and on Form 1040-ES for each year during the phase-in period (2006–2010). No new forms would be required.

Programming changes would be required to reflect the expanded 15-percent rate bracket. Currently, the IRS tax computation programs are updated annually to incorporate mandated inflation adjustments. Programming changes necessitated by the provision would be included during that process.

As a result of this provision, the number of taxpayers affected by the AMT would increase.

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT FOR H.R. 1836 [1]

Fiscal Years 2001 - 2011

[Millions of Dollars]

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
Marginal Rate Reduction Provisions (Sunset 12/31/10)														
1. Create new 10% bracket in 2001 through 2007 for the first $6,000 of taxable income for singles, first $10,000 for heads of households, and first $12,000 for married couples, and in 2008, first $7,000 of taxable income for singles, first $10,000 for heads of households, and first $14,000 for married couples; and index beginning in 2009; credit with advanced payment in lieu of rate for 2001	tyba 12/31/00	-38,186	-33,421	-40,223	-40,336	-40,201	-40,203	-40,065	-43,422	-45,359	-46,034	-13,871	-232,570	-421,321
2. Reduce the various income tax rates (39.6% rate reduced to 38.6% in 2001 through 2003, 37.6% in 2004 and 2005, 35% in 2006 and thereafter; 36% rate reduced to 35% in 2001 through 2003, and 34% in 2004 and 2005, and 33% in 2006 and thereafter; 31% rate reduced to 30% in 2001 through 2003, 29% in 2004 and 2005, 28% in 2006 and thereafter; 28% rate reduced to 27% in 2001 through 2003, 26% in 2004 and 2005, and 25% in 2006 and thereafter)	7/1/01	-2,005	-21,100	-21,256	-29,049	-32,774	-50,924	-59,378	-60,401	-61,652	-63,033	-19,035	-157,107	-420,606
3. Phasein repeal of Pease cutback of itemized deductions over 5 years	tyba 12/31/05	---	---	---	---	---	-1,265	-2,566	-4,003	-5,414	-7,168	-4,456	-1,265	-24,872
4. Phasein repeal of the personal exemption phaseout over 5 years	tyba 12/31/05	---	---	---	---	---	-473	-955	-1,382	-1,793	-2,216	-1,323	-473	-8,140
Total of Marginal Rate Reductions Provisions (Sunset 12/31/10)		**-40,191**	**-54,521**	**-61,479**	**-69,385**	**-72,975**	**-92,865**	**-102,964**	**-109,208**	**-114,218**	**-118,451**	**-38,685**	**-391,415**	**-874,939**
Increase the Child Tax Credit From $500 to $600 in 2001 through 2004, $700 in 2005 through 2008, $800 in 2009, and $1,000 in 2010; Make Refundable up to Greater of 15% (10% for 2001 through 2004) of Earned Income in Excess of $10,000 (Indexed in 2002) or Present Law; Allow Credit Permanently Against the AMT; Repeal AMT Offset of Refundable Credits; Sunset 12/31/10	**tyba 12/31/00**	**-518**	**-9,291**	**-9,927**	**-10,602**	**-12,786**	**-18,320**	**-19,000**	**-19,408**	**-20,532**	**-25,200**	**-26,197**	**-61,444**	**-171,782**
Marriage Penalty Relief Provisions (Sunset 12/31/10)														
1. Standard deduction set at 2 times single for married filing jointly, phased in over 5 years	tyba 12/31/04	---	---	---	---	-685	-1,954	-2,580	-2,772	-3,164	-2,932	-831	-2,639	-14,918
2. 15% rate bracket set at 2 times single for married filing jointly, phased in over 4 years	tyba 12/31/04	---	---	---	---	-4,208	-6,204	-6,559	-5,876	-4,737	-4,001	-1,150	-10,412	-32,734

Page 2

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
3. EIC Modification and Simplification - increase in joint returns beginning and ending income level for phaseout by $1,000 in 2002 through 2004, $2,000 in 2005 through 2007, and $3,000 in 2008, and indexed thereafter; simplify definition of earned income; use AGI instead of modified AGI; conform definition of qualifying child and tie-breaker rules to those in JCT simplification study; and allow math error procedure with Federal Case registry data beginning in 2004 [2]	tyba 12/31/01	---	-8	-847	-1,277	-1,243	-1,817	-1,819	-1,787	-2,258	-2,240	-2,348	-5,191	-15,643
Total of Marriage Penalty Relief Provisions (Sunset 12/31/10)		---	**-8**	**-847**	**-1,277**	**-6,136**	**-9,975**	**-10,958**	**-10,435**	**-10,159**	**-9,173**	**-4,329**	**-18,242**	**-63,295**
Education Provisions (Sunset 12/31/10)														
1. Education IRAs - increase the annual contribution limit to $2,000; allow education IRA contributions for special needs beneficiaries above the age of 18; allow corporations and other entities to contribute to education IRAs; allow contributions until April 15 of the following year; allow a taxpayer to exclude Ed IRA distributions from gross income and claim the HOPE or Lifetime Learning credits as long as they are not used for the same expenses; repeal excise tax on contributions made to education IRA when contribution made by anyone on behalf of same beneficiary to QTP; modify phaseout range for married taxpayers; allow tax-free expenditures for elementary and secondary school expenses; expand the definition of qualified expenses to include certain computers and related items	tyba 12/31/01	---	-203	-365	-461	-561	-667	-778	-892	-1,013	-1,136	-295	-2,256	-6,370
2. Qualified Tuition Plans - tax-free distributions from State plans; allow private institutions to offer prepaid tuition plans, tax-deferred in 2002, with tax-free distributions beginning in 2004; allow a taxpayer to exclude QTP distributions from gross income and claim the HOPE or Lifetime Learning credits as long as they are not used for the same expenses; expand definition of family member to include cousins; allow tax-free distributions for actual living expenses; ease rollover limitations; clarify coordination with the deduction for higher education expenses	tyba 12/31/01	---	-24	-53	-81	-111	-141	-170	-200	-234	-256	-64	-410	-1,334
3. Employer Provided Assistance - permanently extend the exclusion for undergraduate courses and graduate level courses	cba 12/31/01	---	-519	-720	-760	-804	-852	-904	-958	-1,012	-1,068	-267	-3,656	-7,865
4. Student loan interest - eliminate the 60-month rule; increase phaseout ranges to $50,000-$65,000 single/$100,000-$130,000 joint; indexed for inflation after 2002	ipa 12/31/01	---	-170	-245	-262	-277	-289	-305	-321	-338	-356	-89	-1,243	-2,651

Page 3

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
5. Eliminate the tax on awards under the National Health Corps Scholarship program and F. Edward Hebert Armed Forces Health Professions Scholarship program	tyba 12/31/01	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	[3]	-4	-8
6. Increase arbitrage rebate exception for governmental bonds used to finance qualified school construction from $10 million to $15 million	bia 12/31/01	---	[3]	-3	-5	-6	-11	-15	-16	-17	-18	-19	-25	-109
7. Issuance of tax-exempt private activity bonds for qualified education facilities with annual State volume caps the greater of $10 per resident or $5 million	bia 12/31/01	---	-5	-19	-38	-61	-88	-120	-155	-191	-227	-251	-212	-1,156
8. Above-the-line deduction for qualified higher education expenses in 2002 through 2005	tyba 12/31/01	---	-1,535	-2,063	-2,683	-2,911	-730	---	---	---	---	---	-9,921	-9,921
Total of Education Provisions (Sunset 12/31/10)		**---**	**-2,457**	**-3,469**	**-4,291**	**-4,732**	**-2,779**	**-2,293**	**-2,543**	**-2,806**	**-3,062**	**-985**	**-17,727**	**-29,414**
Estate and Gift Provisions (Sunset 12/31/10)														
1. Phase In Repeal of Estate and Generation-Skipping Transfer Taxes - beginning in 2002, repeal the 5% "bubble" (which phases out the lower rates) and repeal rates in excess of 50%; in 2003, repeal rates in excess of 49%, in 2004 in excess of 48%, in 2005 in excess of 47%, in 2006 in excess of 46%, and in 2007 through 2009 in excess of 45%; reduce State death tax credit rates by 25% in 2002, 50% in 2003, 75% in 2004, and repeal in 2005; increase the unified credit to $1 million in 2002 and 2003, $1.5 million in 2004 and 2005, $2 million in 2006 through 2008, and $3.5 million in 2009; repeal section 2057 in 2004; repeal estate and generation-skipping transfer taxes in 2010; retain gift tax in 2010 and thereafter with $1 million lifetime gift exclusion and gift tax rates set at the highest individual income tax rate; carryover basis applies to transfers at death after 12/31/09 of assets fully owned by decedents, except: (1) $1.3 million of additional basis and certain loss carryforwards of the decedent are allowed to be added to carryover basis, and (2) an additional $3 million of basis is allowed to be added to carryover basis of assets going to surviving spouse; certain reporting requirements on bequests	dda & gma 12/31/01	---	---	-6,383	-5,031	-7,054	-4,051	-9,695	-11,862	-12,701	-23,036	-53,422	-22,519	-133,235
2. Expand Availability of Estate Tax Exclusion for Conservation Easements - repeal the 25-mile and 10-mile limits, and clarify the date for determining easement compliance	dda 12/31/00	---	-3	-19	-28	-29	-30	-32	-34	-36	-39	-42	-109	-292
3. Modifications to Generation-Skipping Transfer Tax Rules -														
a. Deemed allocation of the generation-skipping transfer tax exemption to lifetime transfers to trusts that are not direct skips	ta 12/31/00	---	-1	-3	-4	-4	-4	-4	-4	-4	-4	-4	-16	-36

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
b. Retroactive allocation of the generation-skipping tax exemption	generally 12/31/00	---	-1	-4	-6	-6	-6	-6	-6	-6	-6	-6	-23	-53
c. Severing of trusts holding property having an inclusion ratio of greater than zero	---	*Included in Item 3.b.*												
d. Modification of certain valuation rules	---	*Included in Item 3.b.*												
e. Relief from late elections	---	*Included in Item 3.b.*												
f. Substantial compliance	---	*Included in Item 3.b.*												
4. Expand Availability of Installment Payment Relief Under Section 6166 to:														
a. increase from 15 to 45 the number of partners of a partnership or shareholders in a corporation eligible for installment payments of estate tax under section 6166	dda 12/31/01	---	---	-285	-297	-330	-364	-394	-383	-381	-371	-358	-1,276	-3,163
b. Qualified lending and finance business interests	dda 12/31/01	---	---	-103	-84	-64	-43	-21	-22	-24	-25	-27	-295	-413
c. Certain holding company stock	dda 12/31/01	---	---	-171	-140	-107	-72	-34	-47	-49	-42	-45	-491	-688
5. Waiver of statute of limitations for refunds of recapture of estate tax under section 2032A	DOE	---	-100	-25	---	---	---	---	---	---	---	---	-125	-125
Total of Estate and Gift Provisions (Sunset 12/31/10)		**---**	**-105**	**-6,993**	**-5,590**	**-7,594**	**-4,570**	**-10,186**	**-12,358**	**-13,201**	**-23,523**	**-53,904**	**-24,854**	**-138,005**
Pension and IRA Provisions (Generally Sunset 12/31/10)														
Individual Retirement Arrangement Provisions														
1. Modification of IRA Contribution Limits - increase the maximum contribution limit for traditional and Roth IRAs to: $3,000 in 2002 through 2004, $4,000 in 2005 through 2007, and $5,000 in 2008; index in years thereafter	tyba 12/31/01	---	-368	-847	-1,054	-1,693	-2,346	-2,582	-3,148	-3,817	-4,243	-3,033	-6,308	-23,132
2. IRA Catch-Up Contributions - increase maximum contribution limits for traditional and Roth IRAs for individuals age 50 and above by $500 in 2002 and $1,000 in 2006	tyba 12/31/01	---	-69	-151	-174	-176	-225	-293	-252	-211	-234	-182	-795	-1,968
3. Deemed IRAs under employee plans	pyba 12/31/02	*Negligible Revenue Effect*												
Total of Individual Retirement Arrangement Provisions		---	-437	-998	-1,228	-1,869	-2,571	-2,875	-3,400	-4,028	-4,477	-3,215	-7,103	-25,100
Provisions for Expanding Coverage														
1. Increase contribution and benefit limits:														
a. Increase limitation on exclusion for elective deferrals to: $11,000 in 2002, $12,000 in 2003, $13,000 in 2004, $14,000 in 2005, and $15,000 in 2006; index thereafter [4] [5]	yba 12/31/01	---	---	-100	-328	-500	-636	-708	-753	-797	-880	-436	-1,564	-5,138
b. Increase limitation on SIMPLE elective contributions to: $7,000 in 2002, $8,000 in 2003, $9,000 in 2004, and $10,000 in 2005; index thereafter [4] [5]	yba 12/31/01	---	-10	-30	-42	-51	-55	-59	-63	-66	-69	-35	-188	-480
c. Increase defined benefit dollar limit to $160,000	yba 12/31/01	---	-23	-42	-46	-47	-48	-49	-54	-57	-56	-8	-207	-432
d. Lower early retirement age to 62; lower normal retirement age to 65	yba 12/31/01	---	-3	-4	-4	-5	-5	-5	-5	-5	-5	-2	-21	-43
e. Increase annual addition limitation for defined contribution plans to $40,000 with indexing in $1,000 increments [4]	yba 12/31/01	---	-7	-15	-19	-21	-17	-17	-20	-23	-27	-14	-79	-180

Page 5

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
f. Increase qualified plan compensation limit to $200,000 with indexing in $5,000 increments [4] and expand availability of qualified plans to self-employed individuals who are exempt from the self-employment tax by reason of their religious beliefs	yba 12/31/01 & tyba 12/31/01	---	-55	-119	-125	-143	-141	-157	-154	-170	-184	-98	-583	-1,346
g. Increase limits on deferrals under deferred compensation plans of State and local governments and tax-exempt organizations to: $11,000 in 2002, $12,000 in 2003, $13,000 in 2004, $14,000 in 2005, and $15,000 in 2006; index thereafter [4] [5]	yba 12/31/01	---	-29	-61	-87	-108	-127	-138	-147	-155	-164	-84	-411	-1,098
2. Plan loans for S corporation owners, partners, and sole proprietors	yba 12/31/01	---	-21	-32	-34	-36	-39	-41	-44	-47	-49	-19	-162	-362
3. Modification of top-heavy rules	yba 12/31/01	---	-4	-8	-10	-11	-13	-14	-16	-17	-19	-10	-45	-121
4. Elective deferrals not taken into account for purposes of deduction limits	yba 12/31/01	---	-47	-88	-103	-111	-119	-127	-135	-144	-152	-103	-468	-1,129
5. Repeal of coordination requirements for deferred compensation plans of State and local governments and tax-exempt organizations [4]	yba 12/31/01	---	-16	-27	-27	-25	-23	-24	-24	-24	-24	-14	-118	-228
6. Elimination of user fee for certain requests regarding small employer pension plans with at least one non-highly compensated employee [6]	rma 12/31/01	---	-7	-10	---	---	---	---	---	---	---	---	-17	-17
7. Definition of compensation for purposes of deduction limits [4]	yba 12/31/01	---	-1	-3	-3	-3	-3	-4	-4	-4	-4	-2	-14	-31
8. Increase stock bonus and profit sharing plan deduction limit from 15% to 25% [4]	tyba 12/31/01	---	-7	-14	-16	-18	-19	-21	-23	-24	-26	-14	-75	-182
9. Option to treat elective deferrals as after-tax Roth contributions	yba 12/31/05	---	---	---	---	---	185	236	172	90	-5	-358	185	320
10. Nonrefundable credit to certain individuals for elective deferrals and IRA contributions (sunset 12/31/06)	tyba 12/31/01	---	-1,036	-2,096	-1,963	-1,856	-1,746	-920	-102	-91	-89	-86	-8,698	-9,987
11. Small business (100 or fewer employees) tax credit for new retirement plan expenses - first 3 years of the plan	[7]	---	-3	-12	-21	-29	-29	-29	-27	-26	-25	-22	-94	-223
12. Treatment of nonresident aliens engaged in international transportation services	tyba 12/31/01	---	-2	-7	-7	-7	-8	-8	-8	-8	-8	-5	-31	-68
Total of Provisions for Expanding Coverage		---	-1,271	-2,668	-2,835	-2,971	-2,843	-2,085	-1,407	-1,568	-1,786	-1,310	-12,590	-20,745
Provisions for Enhancing Fairness for Women														
1. Additional catch-up contributions for individuals age 50 and above - increase the otherwise applicable contribution limit for all plans other than SIMPLE by $1,000 in 2002, $2,000 in 2003, $3,000 in 2004, $4,000 in 2005, and $5,000 in 2006 and thereafter; index in $500 increments after 2006; SIMPLE plan catch-ups would be 50% of that applicable to other plans; (nondiscrimination rules would not apply) [4]	tyba 12/31/01	---	-124	-243	-234	-164	-100	-84	-76	-63	-57	-38	-865	-1,184
2. Equitable treatment for contributions of employees to defined contribution plans [4]	yba 12/31/01	---	-45	-84	-98	-106	-113	-121	-129	-136	-144	-75	-446	-1,051

Page 6

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
3. Faster vesting of certain employer matching contributions	cf pyba 12/31/01	*Negligible Revenue Effect*												
4. Simplify and update the minimum distribution rules by modifying post-death distribution rules	yba 12/31/01	---	[3]	-1	-1	-2	-2	-2	-2	-2	-3	-3	-6	-18
5. Clarification of tax treatment of division of section 457 plan benefits upon divorce	tdapma 12/31/01	*Negligible Revenue Effect*												
6. Modification of safe harbor relief for hardship withdrawals from 401(k) plans	yba 12/31/01	*Negligible Revenue Effect*												
7. Waiver of tax on nondeductible contributions for domestic or similar workers	tyba 12/31/01	---	[3]	[3]	-1	-2	-4	-6	-8	-10	-12	-14	-8	-57
Total of Provisions for Enhancing Fairness for Women		---	-169	-328	-334	-274	-219	-213	-215	-211	-216	-130	-1,325	-2,310
Provisions for Increasing Portability for Participants														
1. Rollovers allowed among governmental section 457 plans, section 403(b) plans, and qualified plans	da 12/31/01	---	27	-4	-4	-5	-5	-5	-6	-6	-7	-43	10	-57
2. Rollovers of IRAs to workplace retirement plans	da 12/31/01	*Negligible Revenue Effect*												
3. Rollovers of after-tax retirement plan contributions	dma 12/31/01	*Negligible Revenue Effect*												
4. Waiver of 60-day rule	da 12/31/01	*Negligible Revenue Effect*												
5. Treatment of forms of qualified plan distributions	yba 12/31/01	*Negligible Revenue Effect*												
6. Rationalization of restrictions on distributions	da 12/31/01	*Negligible Revenue Effect*												
7. Purchase of service credit in governmental defined benefit plans	ta 12/31/01	*Negligible Revenue Effect*												
8. Employers may disregard rollovers for cash-out amounts	da 12/31/01	*Negligible Revenue Effect*												
9. Minimum distribution and inclusion requirements for section 457 plans	da 12/31/01	*Considered in Other Provisions*												
Total of Provisions for Increasing Portability for Participants		---	27	-4	-4	-5	-5	-5	-6	-6	-7	-43	10	-57
Provisions for Strengthening Pension Security and Enforcement														
1. Phase-in repeal of 160% of current liability funding limit; extend maximum deduction rule	pyba 12/31/01	---	-14	-20	-36	-36	-38	-38	-39	-41	-42	-22	-144	-326
2. Excise tax relief for sound pension funding	yba 12/31/01	---	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-29
3. Notice of significant reduction in plan benefit accruals	pateo/a DOE	*Negligible Revenue Effect*												
4. Repeal 100% of compensation limit for multiemployer plans	yba 12/31/01	---	-2	-4	-4	-4	-4	-5	-5	-5	-5	-3	-18	-41
5. Modification of section 415 aggregation rules for multiemployer plans	tyba 12/31/01	---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-8
6. Investment of employee contributions in 401(k) plans	aiii TRA'97	*Negligible Revenue Effect*												
7. Prohibited allocations of stock in an ESOP S corporation	[8]	---	3	5	6	8	8	9	10	10	10	11	30	81
8. Automatic rollovers of certain mandatory distributions	dma frap	---	---	---	-7	-29	-30	-32	-33	-33	-34	-26	-66	-224
9. Clarification of treatment of contributions to multiemployer plans	yea DOE	---	---	-11	-19	-32	-38	-35	-30	-26	-19	-14	-100	-224
Total of Provisions for Strengthening Pension Security and Enforcement		---	-16	-34	-64	-97	-106	-105	-101	-99	-94	-58	-316	-771

Page 7

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
Provisions for Reducing Regulatory Burdens														
1. Modification of timing of plan valuations	pyba 12/31/01	*Negligible Revenue Effect*												
2. ESOP dividends may be reinvested without loss of dividend deduction	tyba 12/31/01	---	-20	-49	-59	-63	-66	-69	-71	-74	-77	-39	-258	-588
3. Repeal transition rule relating to certain highly compensated employees	pyba 12/31/01	---	-2	-3	-3	-3	-3	-4	-4	-4	-4	-2	-14	-32
4. Employees of tax-exempt entities [9]	DOE	*Negligible Revenue Effect*												
5. Treatment of employer-provided retirement advice	yba 12/31/01	*Negligible Revenue Effect*												
6. Repeal of multiple use test	yba 12/31/01	*Considered in Other Provisions*												
Total of Provisions for Reducing Regulatory Burdens		---	-22	-52	-62	-66	-69	-73	-75	-78	-81	-41	-272	-620
Miscellaneous Provision - Allow electing Alaska Native Settlement Trusts to tax income to the Trust not the beneficiaries [11]	[12]	---	-4	-4	-3	-3	-3	-3	-3	-4	-4	-1	-17	-33
Total of Pension and IRA Provisions (Generally Sunset 12/31/10)		---	-1,892	-4,088	-4,530	-5,285	-5,816	-5,359	-5,207	-5,994	-6,665	-4,798	-21,613	-49,636
AMT Relief - Increase Exemption by $2,000 (Single) and $4,000 (Joint) in 2001 through 2004; Sunset 12/31/04	**tyba 12/31/00**	-178	-2,311	-3,161	-4,605	-3,646	---	---	---	---	---	---	-13,901	-13,901
Modification to Corporate Estimated Tax Requirements; Special Estimated Tax Rules for Certain 2001 and 2004 Corporate Estimated Tax Payments	**DOE**	-32,921	32,921	---	-6,606	6,606	---	---	---	---	---	---	---	---
Expansion of Authority to Postpone Certain Tax Deadlines Due to Disaster (Sunset 12/31/10)	**doa DOE**	---	[3]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[13]	[14]
Miscellaneous Provisions (Generally Sunset 12/31/10)														
1. Adoption credit - increase the expense limit and the exclusion to $10,000 for both non-special needs and special needs adoptions, and beginning in 2003, make the credit independent of expenses for special needs adoptions, permanently extend the credit and the exclusion, increase the phase-out start point to $150,000, index for inflation the expenses limit and the phase-out start point for both the credit and the exclusion, and allow the credit to apply to the AMT	generally tyba 12/31/01	---	-51	-191	-252	-293	-325	-349	-375	-403	-432	-464	-1,112	-3,135
2. Provide an employer-provided child care credit of 25% for child care expenditures and 10% for child care resource and referral expenditures	tyba 12/31/01	---	-48	-108	-129	-142	-156	-169	-178	-188	-196	-90	-584	-1,405
3. Exclude from gross income certain payments made to Holocaust survivors or their heirs	aro/a 1/1/00	---	---	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-31

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
4. Dependent care tax credit - increase the credit rate to 35%, increase the eligible expenses to $3,000 for one child and $6,000 for two or more children (not indexed), and increase the start of the phase-out to $15,000 of AGI	tyba 12/31/02	---	---	-336	-432	-413	-393	-380	-352	-317	-296	-73	-1,573	-2,991
Total of Miscellaneous Provisions (Generally Sunset 12/31/10)		**---**	**-99**	**-638**	**-816**	**-851**	**-877**	**-901**	**-908**	**-911**	**-927**	**-630**	**-3,283**	**-7,562**
NET TOTAL [15] [16]		**-73,808**	**-37,763**	**-90,602**	**-107,702**	**-107,399**	**-135,202**	**-151,661**	**-160,067**	**-167,821**	**-187,001**	**-129,528**	**-552,480**	**-1,348,537**

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column:

aiii TRA'97 = as if included in the Taxpayer Relief Act of 1997
aro/a = amounts received on or after
bia = bonds issued after
cba = courses beginning after
cf = contributions for
bia = bonds issued after
da = distributions after
dda = decedents dying after
doa = disasters occurring after
dma = distributions made after
DOE = date of enactment
frap = Federal regulations are prescribed
gma = gifts made after
iafpbnet = interest accruing for periods beginning not earlier than
ipa = interest paid after
noitta = notice of intent to terminate after
pateo/a = plan amendments taking effect on or after
pea = plans established after
pyba = plan years beginning after
rma = requests made after
ta = transfers after
tdapma = transfers, distributions, and payments made after
tyba = taxable years beginning after
yba = years beginning after
yea = years ending after

[1] The estimates presented in this table include the effects of certain behavioral responses to the tax proposals, including shifts between nontaxable and taxable sources of income, changes in amounts of charitable giving, and changes in the timing of realization of some sources of income. While the estimates do not include the effects of these proposals on economic growth, the proposals are likely to result in modest increases in growth of the economy during the 10-year budget estimating period. The largest component of the proposals, the marginal rate cuts, will provide incentives for more work, investment, and savings.
[2] Estimate assumes that any constitutional challenge based on the use of Federal Case registry data would not be successful.
[3] Loss of less than $500,000.
[4] Provision includes interaction with other provisions in Provisions for Expanding Coverage.
[5] Provision includes interaction with the Individual Retirement Arrangement Provisions.
[6] Estimate provided by the Congressional Budget Office.
[7] Effective for costs paid or incurred in taxable years beginning after December 31, 2001, with respect to qualified employer plans established after such date.
[8] Generally effective with respect to years beginning after December 31, 2004. In the case of an ESOP established after March 14, 2001, or an ESOP established on or before such date if the employer maintaining the plan was not an S corporation on such date, the proposal would be effective with respect to plan years ending after March 14, 2001.
[9] Directs the Secretary of the Treasury to modify rules through regulations.
[10] Effective for distributions from terminating plans that occur after the PBGC has adopted final regulations implementing provision.
[11] Special Federal income tax rules would apply if the Trust makes an election for its first taxable year ending after the date of enactment.
[12] Effective for taxable years of electing Settlement Trusts ending after the date of enactment, and to contributions made to such trust made after the date of enactment.
[13] Loss of less than $1 million.
[14] Loss of less than $5 million.

[15] Includes the following effect on fiscal year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2001-06	2001-11
outlays (millions)	---	6,226	6,600	7,006	7,081	9,597	9,542	9,360	9,668	11,080	12,244	36,510	88,404

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
[16] Taxpayers affected by the AMT: Present Law (millions of taxpayers)	1.5	3.5	4.3	5.6	7.1	8.7	10.5	12.8	14.9	17.5	20.7
Taxpayers affected by the AMT: Proposal (millions of taxpayers)	1.4	2.7	3.3	5.3	13.0	19.6	23.9	29.1	32.1	35.5	20.7

WILLIAM THOMAS,
DICK ARMEY,
Managers on the Part of the House.

CHUCK GRASSLEY,
ORRIN HATCH,
FRANK H. MURKOWSKI,
DON NICKLES,
PHIL GRAMM,
MAX BAUCUS,
JOHN BREAUX,
Managers on the Part of the Senate.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 5 o'clock and 18 minutes a.m.), the House stood in recess subject to the call of the Chair.

□ 0651

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. LAHOOD) at 6 o'clock and 51 minutes a.m.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 1836, ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

Mr. REYNOLDS, from the Committee on Rules, submitted a privileged report (Rept. No. 107–85) on the resolution (H. Res. 153) waiving points of order against the conference report to accompany 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 referred to the House Calendar and ordered to be printed.

ANNOUNCEMENT OF AMENDMENT PROCESS FOR H.R. 1699, COAST GUARD AUTHORIZATION ACT OF 2001

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

Mr. REYNOLDS. Mr. Speaker, a ''Dear Colleague'' letter will be sent to all Members informing them that the Committee on Rules will meet the week of June 5, 2001, to grant a rule for the consideration of H.R. 1699, the Coast Guard Authorization Act of 2001. The Committee on Rules may grant a rule which would require that attachments be printed in the CONGRESSIONAL RECORD prior to their consideration on the floor.

The Committee on Transportation and Infrastructure filed its report on the bill on May 24. Members should draft their amendments to the bill as reported by the Committee on Transportation and Infrastructure. Members should use the Office of Legislative Counsel to ensure that their amendments are properly drafted and should check with the Office of the Parliamentarian to be certain that their amendments comply with the rules of the House.

WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 1836, ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

Mr. REYNOLDS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 153 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 153

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The yeas and nays shall be considered as ordered on the question of adoption of the conference report and on any subsequent conference report or motion to dispose of an amendment between the houses on H.R. 1836. Clause 5(b) of rule XXI shall not apply to the bill, amendments thereto, or conference reports thereon.

The SPEAKER pro tempore. The question is, Will the House now consider House Resolution 153.

The question was taken; and (two-thirds having voted in favor thereof) the House agreed to consider House Resolution 153.

The SPEAKER pro tempore. The gentleman from New York (Mr. REYNOLDS) is recognized for 1 hour.

Mr. REYNOLDS. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, the rule provides that the conference report shall be considered as read and further provides for 1 hour of debate equally divided and controlled by the chairman and the ranking member of the Committee on Ways and Means.

Additionally, the rule waives all points of order against the conference report and against its consideration. Further, the rule provides that the yeas and nays shall be considered as ordered on the question of adoption of the conference report and on any subsequent conference report or motion to dispose of an amendment between the Houses on H.R. 1836.

Mr. Speaker, we are in the home stretch. We are in the final stages of bringing about real tangible tax relief to all Americans. With surpluses at an all-time high, and the fiscal responsibility to match, it is time for a refund.

In testimony earlier this year before the House Committee on Ways and Means, Treasury Secretary Paul O'Neill presented the following argument: ''Through hard work and ingenuity, Americans have created a booming economy that has spread prosperity around the world. Individuals have created new technologies that have made our industries more productive and have improved the standard of living for millions of Americans. We have no business continuing to collect more in Federal taxes than the cost of the services the government provides. It's not the government's money, it's the people's money, and we should return it to them as quickly as possible.''

Current high rates punish low-income Americans by creating a disincentive to get ahead. We punish thrift and hard work and the innate desire in all Americans to strive to do better, to realize the American Dream. For example, under the current Tax Code a single mom making $25,000 a year pays a higher marginal tax rate than someone making $250,000 a year.

Taxes now claim a greater share of the median two-income family's income than food, clothing, housing, and transportation combined. And Americans are spending a greater percentage of income towards taxes than at any time since World War II, essentially comprising the largest share of the gross domestic product. In the land of equality, where is the fairness in that?

This tax package provides relief to every single taxpayer, removing millions of Americans from the tax roll all together. This plan is predicated on the idea that a sensible tax policy will generate high rates of long-term growth. Reductions in marginal tax rates, will encourage greater work ethic and provide more inducement for taxpayers to save, invest, and build business enterprises.

Families need the flexibility to dedicate their resources towards their most pressing concerns. While some may need more to help pay off their debts, others may need extra money to pay tuition for their child or to invest in their retirement. The point is, government should not be making these decisions for them.

Mr. Speaker, I have had the opportunity to speak to my colleagues and the American people on this measure twice before. While its details have most certainly changed, it includes every aspect of President Bush's tax cut proposal. Most important, its essence remains the same: needed tax relief for working Americans.

When I first stood before the House back in March, I spoke of a constituent of mine, Paul Meloon of Batavia. A husband, father, and teacher, Paul

warned that, ''The people can't afford our high taxes. We can't afford so much year after year on Federal programs. No one asks if the taxpayer can afford a tax hike. It's not a matter of affording a tax cut, we demand it.''

To Paul and his family, and millions more like him, I say simply this: We have heard your demand, and we are acting on it. Historic tax relief is on its way. America, this is your money, and you know how to spend it best. I am asking my colleagues to help give you this refund you have asked for.

Mr. Speaker, I would like to commend the chairman of the Committee on Ways and Means, the gentleman from California (Mr. THOMAS), and the ranking member, my colleague, the gentleman from New York (Mr. RANGEL), for their hard work to make desperately needed tax relief a reality. Mr. Speaker, I urge my colleagues to give America what they need and what they have earned: responsible, commonsense tax relief. I urge my colleagues to support this rule and the underlying legislation.

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

□ 0700

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

Mr. Speaker, I really wish that I had three little shells to put up here on my podium with a pea under one of the shells, because that is what you need to follow this tax bill. They have done something extraordinarily ridiculous just for starters, and I would like to kind of talk about that before I go into my full statement.

Now, let us say you are a person that wants the estate tax repealed. I have gotten a lot of calls like that from people in my district. They repeal the estate tax for 1 year. 1 year. Let me say this again. You have to die in the year 2010 to be able to pay no estate tax. If you die in 2011, you have to pay the estate tax just the way it is today. They sunsetted their repeal of the estate tax in the year 2010. So you have got a 12-month window to die if you want to avoid the estate tax. Between now and then, of course, they gradually raise the exemption, so if you die between now and 2009 you do not have to pay quite as much in the estate tax and if you die in 2010 you do not have to pay any estate tax. But if you have the good fortune to live until 2011, you pay the full estate tax exactly as it is right now.

Now, let us say you were looking forward to the rate reduction. Right now you have a 39.6 percent rate, you are a wealthy taxpayer, and then over a period of the next few years that rate gradually drops down to 35 percent. But viola, in the year 2011, it goes back to 39.6 percent. That applies, of course, to the other provisions in this bill, too. A very, very strange and peculiar way to legislate.

Why did they do this? They did it because they could not make the numbers work. If you extended this stuff beyond 2010 and you did not sunset it, these numbers do not work. You bust that $1.35 trillion cap. All of this has been a game to live within the $1.35 trillion cap that was set in the budget resolution.

Now, you can argue as to whether the $1.35 trillion cap amount is a good amount to be cutting taxes. Everybody would like their taxes cut. I would like my taxes cut. I also would like the government to be able to preserve Social Security and Medicare and not use up the money that we need for Social Security and Medicare in order to give the richest Americans a tax cut. I also would like the government to be able to do a lot of things. I would like the government to be able to have a prescription drug plan for our seniors and I would like the government to have enough money to fund our national defense and I would like the government to be able to fund this wonderful education bill that we recently passed but which everyone on that side knows cannot be funded under the budget resolution we passed because of the size tax cut that we are being asked to vote on today.

As I said, I wish I had those little shells that you have at a carnival show, because that is what this is all about. This is a game. This is a game the Republicans are playing with the American taxpayers and they are not being honest with them. Again, if we are going to cut taxes, let us have a tax cut that makes sense, that goes to middle-income taxpayers, that does not go primarily to the wealthy, and let us have a tax cut that the American people can afford so that we can do those other things that we all say we want to do. But let us not engage in a charade. This is a charade at 7:03 a.m. on Saturday morning, after the conference committee dealt with this all night and they suddenly produce something in the wee hours and then we get a little time, maybe an hour to look at it, to try to understand it and to cast one of the most momentous votes that we are going to be called to cast during this session. People have not had adequate time to study this document. But the folks on the other side are not engaged in providing adequate time. They do not want us to be able to really understand it, but I think I understand it enough and we do have a little summary that was provided, summary of provisions contained in the conference agreement for H.R. 1836, provided by the Joint Committee on Taxation.

If you look at that summary on page 13, you will see what I was talking about. I want to read this to you. It says, Roman numeral IX, Sunset. I want to read it to you just so you know I am not making this up. You could not make this up, Mr. Speaker.

''To ensure compliance with the Congressional Budget Act of 1974, the conference agreement provides that all provisions of the bill generally do not apply for taxable plan or limitation years beginning after December 31, 2010.''

In other words, now you see it, now you don't.

Mr. Speaker, I have been in this body for a while. The American people need to be dealt with on the level. I do not always agree with the things that the other side wants to do. That is what politics is all about. But I believe we should be honest with the American people. I do not think we ought to be telling them we have given you this wonderful tax cut but King's X, it all goes away in 2010, and you better die in the year 2010 if you want to avoid the estate tax because if you happen to plan foolishly enough and happen to hang around until 2011, you are going to pay the full estate tax.

Mr. Speaker, I have a fairly lengthy statement that I want to submit for the record which details all of this. But the hour is early, or late, depending upon your perspective and a lot of my colleagues would like to talk about this particular conference report. And so, Mr. Speaker, at this time, I urge my colleagues to try and understand what we are being asked to do today and to understand how ridiculous and ludicrous this approach is and how shortsighted it is for the American taxpayer, because we are denying the American taxpayer the needed resources for our government to preserve Social Security and Medicare, to provide education funding, to provide for our national defense, and to do the other things we all agree should be done so that we can provide a very large tax cut for the wealthiest of Americans during the next 10 years and then change it all at that time.

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

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

I listened to my distinguished colleague talk about his view of having been part of what the left has been on a growing government, a bigger government, more spending. While I have not been in this body a lengthy time, I have been elected now over a quarter of a century, and I have learned at the town and the county and the State level as well as right here on the Federal level, if you leave a pile of money on the table, it is going to get spent.

The simple fact is that even after we pay down America's debt, strengthen and secure Social Security and Medicare, improve education and bolster America's defense, we still have enough left over to relieve overtaxed and overburdened American families. We are going to do this in the light of day today. We are going to do it with a bipartisan vote, I am willing to predict,

as this rule is passed and we move forward with the debate on the tax bill.

But there is also no question that in 1993, the majorities of the two houses and the then President of the United States imposed the largest tax increase in the history of America. It is also true right now that we are paying more taxes now than any time since World War II. The bottom line is that this agreement, a consensus worked out by Republicans and Democrats in this House and in the other body, has brought a result of compromise, what this bill is that is going to be coming up before us today. I urge passage of the rule and onward with the tax cut.

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

Mr. FROST. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from New York (Mr. RANGEL), the ranking member of the Committee on Ways and Means.

Mr. RANGEL. Mr. Speaker, it took so many years for the other body to come up with some plan to jeopardize Social Security and Medicare, these programs that the American people have come to rely on for so many, many years, the pride and the dignity that older folks had that they did not have to depend on their children and their grandchildren for survival.

We knew a long time ago when Mr. Stockman was here with President Reagan that it was not a question of just fiscal irresponsibility, it was not a question of tax cuts. No President has to campaign around the country to encourage the people to support a tax cut. No, the American people knew exactly what was happening. It is, ''Get the money out of Washington. Why? Because they will spend it. This is your money. This is not the Congress' money.''

Well, whose is the deficit? Is that the Congress' deficit or does it belong to our Nation? Is this what we want which we had after Reagan, a country that was spending more money on interest on our debt than paying for health care? And what about the cases that we have of the education program, the prescription drug program, all of the things that were adopted during the President's campaign but we do not hear anything about that today. No, the real question is that in 10 years, all of this is over. Whatever benefits anyone receives under this tax bill, it is over. Because the Republican accountants and tax writers in the middle of the night came up with the strangest gimmick of all. It is called sunset. And so the big balloon at the end of this tax cut means an increase in taxes. I hope someone figures it out, because the entire bill is sunsetted in the year 2010, and it means that whatever the tax rates are today, they come back. But something else happens. Over 40 million American people will be eligible for health care because they are senior citizens, and they will be eligible for Social Security at the very time that the revenues will not be there. And God forbid if the surplus is not there, then what do we do? We have one of two choices: We can increase taxes, and those of us in 1993 who thought that was the right thing to do because we wanted to get on with the deficit, we wanted to protect Social Security, we wanted to protect Medicare but to do this we had to vote for the Clinton tax increase, and we lost 52 Members by doing the right thing. Everyone wants to enjoy the benefit of a surplus, but very few want to pay for the surplus. It means sound fiscal policy. Now we are going back to the days of old. I only hope the rule is defeated so we do not do this to our Congress, we do not do this to our country, and we do not do this to the American people.

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

Mr. FROST. Mr. Speaker, I yield myself 30 seconds. I believe the other side is a little embarrassed about this product and they do not have too many speakers. We have a lot of speakers and we are going to take our full time.

Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. LEVIN).

Mr. LEVIN. Mr. Speaker, we are discussing a bill that almost none of us have seen, a $2 trillion plus bill. And where is it? I am not shocked, but I am deeply saddened. The House majority here is hell-bent on this bill even if it means replunging us into the fiscal hell of the deficits of the 1980s.

What you have done is to use the gimmick of all gimmicks. You lop off the 10th year. Who is ever going to believe this is real? Who is ever going to believe this is a $1.35 trillion bill when you ignore the 10th? We do not have the bill, let alone the real analysis, let alone any critique by the so-called Joint Tax Committee.

□ 0715

Common sense says that if one adds the tenth year, they are going to add $200 billion. This is a $1.6 trillion bill, plus the increased interest; $2 trillion plus. Some of my Republican colleagues have the gall to get up here and talk about a House consensus. The gall. And somebody thanks the gentleman from New York (Mr. RANGEL) for joining with the gentleman from California (Mr. THOMAS) when I do not think he was in any of the discussions.

This is a masquerade. They have added a little bit of sugar amidst a potful of fiscal irresponsibility, fiscal irresponsibility, and they can't hide that by taking one year off. Why do they not take a second year off and make it smaller yet?

They are hurdling this country potentially over a cliff. They are fiscally irresponsible, and it does not matter if they bring this up at 1:00 in the morning, which was their original intent, or 7:00 in the morning. The daylight will show they are fiscally irresponsible, playing with fire, gambling the future of this country, education, prescription drugs. Three hundred bucks a month in pills will cost seniors more than the 300 bucks people might get, as important as that is to some families. When one looks at this altogether, my Republican colleagues are fiscally irresponsible. They are repeating the sins of the 1980s times two.

I urge we defeat this rule.

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

Mr. Speaker, tax relief and tax fairness is not a Republican solution. It is a combined House solution.

Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. TRAFICANT).

Mr. TRAFICANT. Mr. Speaker, I am not embarrassed by this bill. No one should be embarrassed by this bill. I think Congress should be embarrassed for what we have allowed to develop over many periods of years. Anybody in America can see that most Americans, in fact, do not even like the government. They do not even want to be involved with the government. They see the government as a separate entity that hopefully is going to send them their Social Security check and maybe will not audit them or cause them any problem.

This nexus that should exist because it is our government does not exist anymore, and the genesis of it is right here in the House floor; the politics in the Congress. Politics of division, minority versus majority, old versus young, worker versus company, man versus woman. Is it any wonder the country is screwed up?

Look, income taxes started out headed right to the Supreme Court and were struck down as unconstitutional and, my God, I believe they are still. If one looks at the original language and the common sense of America, income taxes are not what the American people ever wanted, nor were they designed to be that which was intended by the Founders.

I give credit to the majority party. Taxes in America are too high and they are trying to reduce them. Yes, there are some things the gentleman from New York (Mr. RANGEL) is doing I certainly can vote for, that is for sure, and I commend him for the fight that he has taken, but taxes are too high.

We should not be penalizing those who marry. My God, we reward people who do not marry. Is it any wonder that we have so many illegitimate children? We subsidize illegitimacy. We reward dependency with a Tax Code that every businessman is in partnership with. They must look at the Tax Code before they decide they are going to make an investment. Beam me up.

Thank God. It may not be perfect, but this is a good bill for America. I stand here today and say, yes, I am

going to vote for it and I am going to vote as long as I can to continue to refine and improve the Tax Code of this country.

There should be no disconnect between the American people and our government. It is our government and, quite frankly, there are many things being done in this bill that we the Democrats should have done and we should have done them a long time ago. But there is one thing that all Congress should do, and that is take the American people and the American government and put them back together again as one unit. This is a good place to start.

Mr. FROST. Mr. Speaker, I yield 2½ minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank the gentleman from Texas (Mr. FROST) for yielding me this time.

Mr. Speaker, we are going to leave here and go home and participate in Memorial Day celebrations all across the country honoring those who have made our country free, who have stood down the challenge of fascism in World War II, stood down the challenge of Communism by prevailing in the Cold War.

What I had hoped my contribution to the future of this country would be would be not in the national security area, they have already done such an excellent job there, but in terms of promoting the fiscal health of this country, leaving us more financially secure for our children than we ourselves have in this country with the passage of the bill the majority has brought forward. I now deeply regret that that will not be possible.

We will not pay off the national debt to the fullest dimensions possible. We will not fully be in a situation to preserve the Social Security and Medicare trust funds.

Three quick points of analysis on this bill. Is it fair? The top 1 percent gets 37 percent of the break. The bottom 60 percent get a mere 15 percent. That is not fair. It is not fair in any way, shape or form.

Does this bill make sense? This is the phase-ins and phase-outs of this bill. This bill is a matter of here today, gone tomorrow. It is the most screwed up bill we have ever seen in terms of bringing taxes in and phasing them out. Marriage penalty phase-in starts in 2005; fully phased in by 2009, repealed in 2010. Estate tax, it is there in 2009. It is repealed in 2010. It is back in 2011. College tuition deduction starts in 2002, phase-in in 2003; fully phased in 2004 and 2005, and then it is repealed. AMT relief, it is there in 2001. It is there through 2004 and then it is repealed.

One needs certainty in the Tax Code so they can plan, and this is anything but certain.

Does this bill allow for any other national priorities? This bill has been constructed so that it explodes in the next 10 years. $1.3 trillion, it will actually be more than that, about $1.6 trillion in the first 10 years to $4 trillion in the second 10 years, just at the time baby-boomers move into retirement and the cost of Social Security and Medicare escalates.

There is nothing in the measure before us for the additional defense spending we know is going to be coming, and there is insufficient allocation for the resources we are going to need in education.

Mr. REYNOLDS. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from New York (Mr. REYNOLDS) for yielding me this time.

Mr. Speaker, on this early Saturday morning, on the East Coast, perhaps some folks are blurry-eyed and perhaps a little frustrated. Perhaps they remember the words to the great country song, That Is My Story and I Am Sticking to It, even though the facts would suggest otherwise. In lieu of incendiary rhetoric, let us just go back to the central concept of what we will do in this Chamber today and it is something that I think interestingly has gained bipartisan support.

We have overcharged the American people. We have asked them to pay too much of their paycheck in taxes, and now we are simply giving them a very modest refund. It is not perfect. It is not overly ambitious. It is not risky. In fact, it reaffirms what I think people of goodwill on both sides of the aisle want to do; to understand the truism and the basic wisdom of letting parents and families provide for themselves while maintaining a social safety net and the long-standing commitments that Americans have come to depend on, and indeed we have seen this as a bipartisan initiative through the years.

Forty years ago, President Kennedy reminded us a rising tide lifts all boats in terms of fair and equitable tax relief. Twenty years ago, President Reagan made that point.

This is a bipartisan measure, and to the extent there is waling and gnashing of teeth and setting off of false alarms, I understand that good people can disagree but I believe in the final analysis, Mr. Speaker, people will come to understand that what we do today for the American people is to take a first significant step for letting them put their financial houses in order and in the process putting our entire economy back in order.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Speaker, it takes no courage to vote for this bill today. All it takes is a capacity to ignore the greatest opportunity we have had in a generation to really fundamentally improve the quality of public services for every American family. It is incredibly short-sighted.

We have two choices here today. We can either take every dollar of available surpluses available for the next 10 years, or close to it, and use that money to provide individual gratification through the Tax Code primarily for high income people, or we can make that tax cut modest enough in size so that we leave enough money on the table to fundamentally fix long-term our preexisting obligations in the area of Social Security, in Medicare, and in education.

It is incredibly short-sighted and we will regret this moment more than any action that we have taken in the last 17 years.

As far as the appropriations are concerned which will follow, we will probably be able to put enough patches on the innertube to get the car down the road for 2 or 3 miles for one year but in the outyears this package also destroys our ability to rebuild our science base. It destroys our ability to put our dollars where our mouths were just a few days ago on the education bill. It destroys our ability to really do something to deal with the fact that 40 million people in this country have no health insurance.

This essentially says that in terms of providing quality public services, we are satisfied with the status quo and will remain so for the next 10 years.

We can do better. We should have done better. If the majority party in this House had given anything but lip service to the idea of bipartisan cooperation, we would have done better. This deserves to be put together in the dead of night because that is the only way that this package looks good. This is the biggest mistake that we have made since 1981, and it destroys our ability to say to people at the end of this decade that we guaranteed them a secure retirement, we finally brought justice to this country on the health care front and we indeed did do things that were transformational with respect to education.

All of that long-term is gone. So congratulations for the short-term thinking that this bill represents. It is a typical 2-year election vehicle which weakens the country long-term.

Mr. REYNOLDS. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, I am delighted to be here at 7:30 in the morning on a Saturday passing a bill that will help Americans.

We have heard a lot of conversation this morning about deficits on the other side of the aisle, and they probably know a lot about them because they created them through their 40-year rule.

They talk about Social Security and restoring it. Well, the other side borrowed from Social Security for generations to pay for ongoing government spending.

□ 0730

Yes, we had deficits, and I have heard the blame cast on Ronald Reagan. However, the majority party at that time was Democrats who had to bring to the floor the bills that the President offered to the American public. Bills do not just become law because the President says so. The exercise over the last couple of weeks demonstrates that the President can merely recommend to Congress. But I am delighted to see that the Senate, some Democrats, some Democrats seeking reelection, are, in fact, supporting this package, because it is a balanced approach.

Mr. Speaker, we can talk about dead of night, deals cut in the midnight hours, but we are here on a Saturday on a Memorial Day weekend to ensure that the American public recognizes that we are looking out for their interests. Yes, we can increase education funding, as we did on this House Floor last week, and the bill passed in a bipartisan fashion. Yes, we can increase national security; and we can increase money being spent on the environment, as we are doing in Florida on the Everglades. Yes, we can shore up Social Security, and we can restore the fiscal health of Medicare. And we can do that all within the confines of the budget and the tax package being voted on here on the floor today.

What we need to recognize, though, and we have said it many times on this House floor is that the money we are talking about, in fact, belongs to the people not on the House floor, but the people watching us speak this morning, the American taxpayers who work every week and on Fridays they come home and hope they can enjoy time with their families. But no, they often have to work one and two and three jobs to make ends meet and pay taxes well past April. In fact, into May we are paying taxes: excise taxes, unemployment taxes, property taxes, State taxes, sales taxes, income taxes. You name it, it is taxed. Today we are here to give just a little bit of a break over 11 years to the American consumer, over 11 years. One would think the conversation today would indicate we are throwing it out in buckets this morning.

Mr. Speaker, this is a balanced approach. This is a good approach. This provides some real return to the American public. Money back this year, lump sum, to single taxpayers, single parents, married taxpayers.

So let us salute this final agreement made by some great Members of this body, both here and on the other side of the aisle; and let us salute the American public, because they have been waiting a long time for some relief.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK. Mr. Speaker, the gentleman from Florida claimed inaccurately that Ronald Reagan had a Democratic Congress. In fact, for 6 of the 8 years under Ronald Reagan, the Senate was Republican, so he was not faced with a Democratic Congress.

I would have to say, however, that the gentleman's economics makes his history look good. He says under this tax scheme we will have enough for Medicare to restore it. In fact, that is the heart of what we are talking about. People talk about the money belonging to the people, and of course, it does.

People have two sets of needs. They have needs that can best be dealt with individually, but they also have needs that can only be dealt with if we do them together.

In my own district, I am often asked about funding for Superfund, for transportation, for law enforcement. All of these are being cut in the President's budget. The President tells people that he cannot afford, under his budget with this tax cut, to provide any help on prescription drugs for people who make more than $17,000 a year. He canceled, because of the need to pay for the tax cut, the Public Housing Drug Elimination program that provides police officers to be in the public housing projects.

In fact, we have a terrible crisis in the provision of medical care, nursing homes, and home health care agencies. Hospitals all over the country are in difficulty, and it is getting worse. We underpay the hard-working people in these facilities. We have a terrible nursing shortage because women are no longer coerced into nursing; and now that they have a better choice of professions, we are not paying enough to attract them.

This bill takes away from the people the funds that they could use to adequately fund Medicare, a prescription drug program, nursing homes, long-term care. None of those can be addressed without the revenues that this bill does away with.

Now, I do understand that it sunsets the tax cuts. That is odd. When the Republicans were facing Bill Clinton as President, they said if they got in power, they would sunset the Tax Code. Apparently they misunderstood themselves, because this bill does not sunset the Tax Code, it sunsets the tax cuts.

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

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. NADLER).

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

Mr. Speaker, there is a real plot here in this Tax Code. In 1981, I do not think Ronald Reagan understood what he was doing. It was said for a long time that the Democrats are the party of tax and spend. The Republicans of the 1980s and 1990s turned out to be the party of borrow and spend. From George Washington through Jimmy Carter, the national debt that was accumulated for 200 years when Ronald Reagan took office was a little under $800 billion. The next 12 years of Republican Presidents and half that time, a Republican Senate, that national debt more than quadrupled to $4.3 trillion. David Stockman admitted why. He said they knew what they were doing, because only by deliberately creating multi-hundred billion dollar annual deficits can you politically withstand the demand of the American people for more health care, for decent numbers of nurses in the hospitals, for shoring up Medicare and Social Security.

And what does this tax cut do? It is deliberately designed to create multi-hundred billion dollar annual deficits in the future, $4 trillion of tax cuts in the next decade if it does not sunset, so that we will be able to stand on this floor 10 years from now or 6 years from now and say, we have to cut Social Security benefits, we have to increase the retirement age, we have to cut back on Medicare, we cannot think about prescription drugs for Medicare, we cannot build the highways and bridges and roads we need, we cannot put the money into education, because we have a $300 billion annual deficit this year.

Mr. Speaker, that is the purpose of this tax cut, because the people who are doing it really do not believe that government ought to fund Social Security or Medicare or prescription drugs under Medicare and all the other things, because the purpose of this tax cut and the effect of it will be, because it is so huge and we are told we have these huge surpluses for 10 years; 10 year surplus projections are about as reliable as 10-year weather projections.

If we pass this, we are deliberately creating multi-hundred billion dollar deficits in order to justify cutbacks in all of the programs that the people of this country want.

Mr. REYNOLDS. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. BLUNT).

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

I rise at 7:40 in the morning on a Saturday morning to get this work done, to get this work done as Americans are going to work all over the country. Those who have the day off may be watching what we do and wondering how it is going to impact their family. The truth is that American families can spend their money for the benefit of their family in almost all instances better than the Federal Government can.

We are going to hear a lot, not only today, but in the future, and just did,

about the projections of revenue. We never hear revenue projections questioned when we talk about spending. We only hear revenue projections questioned when we talk about giving the money back to the people who are sending it in. There is a tax surplus; and even after we return this much of that tax surplus, there is still not only money left to grow the government at a rate much faster than inflation, but a contingency fund beyond that and money to secure the trust funds in ways that did not happen here for 29 years.

Mr. Speaker, we are balancing the budget, we are letting government grow at a rate that many Americans would argue is too high, it is higher than their businesses are able to grow, it is higher than their home budgets are able to grow. But what we are doing today is giving the tax surplus, the money we have said in every projection of Federal spending we would need, back to the families that are sending it in.

Mr. Speaker, this is the right thing to do. This is the right day to do it. This gives the American people the ability to plan what they can do for their families, how they can create jobs and growth in their small businesses. This bill will pass today, it will make a difference in America. It is what we should do.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, it is about 7:30 in the morning on Saturday morning; and there is no complaint by those of us who choose to work for the people of the United States in being here. There is a question about whether or not democracy equates to participation. I wonder why the ranking member of our caucus and the ranking member of the Committee on Ways and Means failed to be included in a participatory fashion to be able to design a tax plan that will respond to all Americans. Instead, what we have is a tax plan that feeds the top fifth of wage-earners or wealth-owners of the United States, some 1 percent of those, the richest, are the ones that are getting some 36.9 percent of this tax bill.

I beg to differ with my colleague who says that if we cooperate and collaborate, we cannot get a balance between the budget and spending. In 1997, we put forward under the Clinton administration in this Congress a balanced budget. I would have stood here today and supported an economic stimulus, one that would have been about $40 billion, the same $300 check and $600 check for married couples and $300 for singles that they are going to get if they file their taxes for the year 2000. That is a reasonable response to give to the American people.

But it is not reasonable to tell them that they are getting a marriage penalty deduction when it takes effect in 2009, 2010. It is not reasonable to suggest that they are getting estate tax relief, particularly when we could have done one that would have been more reasonable, if they would know that they have to wait to die in 2010, between 2010 and 2011.

This way, as we spend this money, Mr. Speaker, we do not have the money for the enormous education bill when we said ''leave no child behind.'' Dollars are needed to invest in special needs children, to invest in title I and to invest in paying our teachers. We have no money at the end of this process, because it sunsets, to pay for Medicare and Social Security or energy research and development. There is no money to run the government as the people of the United States, Mr. Speaker, would like us to do. I wish we could have done this together with a reasonable tax cut for all Americans.

Mr. Speaker, I rise in opposition to this conference report process because it is a violent abuse of the House rules, the rights of the minority, the people of the United States, and the entire Congressional budget process.

Since this budget first started moving through Congress, the minority has been shut out of the process, and our voices silenced. Once again, members of the minority are being forced to vote on a conference agreement without having had time to review or study it. It is shameful that members of Congress should be expected to vote on something as important as the budget for the entire nation which touches each and every American, without actually knowing what's in it.

Mr. Speaker, this manipulation of the rules and departure from standard House procedure has the effect of silencing the voices and usurping the rights of millions of Americans, all for the sake of a tax cut that overwhelmingly serves the wealthiest of Americans.

I cannot believe, after all that has been said of bipartisanship and compassionate conservative idealism, that the majority would pass up this rare opportunity to work together with the minority of this House; the people's house; to come together for all of the American people. President Bush promised to be every American's President. I call on Congress today to truly represent all Americans, and support a budget that is fair for everyone. Sadly, this budget before us is not the one.

Mr. REYNOLDS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. MICA).

Mr. MICA. Mr. Speaker, this is a bad day for the tax-and-spenders. They have had a terrible morning. It has sort of been like giving birth to a porcupine. But most of the suffering is over and at least until June 5, the people of this Nation will have an opportunity to have some of their money returned.

Part of the problem they had, Mr. Speaker, is they did not hear the roar. They did not hear the roar. Most of my colleagues were out on that rainy day like this morning when we inaugurated George W. Bush on the west side of the Capitol building and some people did not hear the roar. I remember everyone politely applauded after George W. gave different lines in his inaugural statement, but the people on the platform, the elected officials, some of them did not hear the roar. They all applauded politely. But when the President was giving his inaugural remarks, he pledged a tax cut. He pledged to give people back their own money and there was this huge roar and there was silence among the politicians, because some people did not hear the roar.

So this morning we have an opportunity, today we have an opportunity to hear the roar, to give back a little bit of the money to the people who are out there today and tomorrow working, saving, earning, and sending that money, that hard-earned money to Washington. Some people heard the roar.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. MORAN).

□ 0745

Mr. MORAN of Virginia. Mr. Speaker, we are all entitled to our own opinions, but we are not all entitled to our own facts.

The facts will show in fact that since President Clinton took office, every one of his budgets was less than the Republican Congress, which came in in 1995 actually appropriated. So I think what this is all about is trying to save us from ourselves, from the Republican standpoint.

They are in control of the White House, they are in control of the House, but now what they want to do is to foist upon the American people a true bait and switch tax bill. This is unbelievable. If it did not sunset at the end of 10 years, it would cost $4 trillion for that next 10 years.

So what do we do? We assume that we are taking savings, and that enables us to have deep tax cuts for the first 10 years.

Let us look at those deep tax cuts. The estate tax, for example, that does not even do a good turn for the very rich. They have to wait 10 years before it is phased in, and then it sunsets in 2010. So in 2009, that is the death bubble year. That is the time they sell their inherited assets, but there is still a tax-free step-up in basis for capital assets in 2009. That is not up until then.

People with real money realized what a step-up basis is. They realize this does very little for them, and in fact it does not take care of the gift tax.

When we look at the marriage penalty, as the gentleman from North Dakota (Mr. POMEROY) said earlier, the marriage penalty starts in 2005. It is fully phased in in 2009. In 2010 it is repealed. How can that be a high priority?

When we look at the pension plan, we all voted in favor of it. That does not

become effective until the latter part of this decade.

Mr. Speaker, this is not a good bill for the American people. It is bait and switch. When they see what was foisted upon them, they will know that the right vote is no on this.

Mr. MORAN of Virginia. Mr. Speaker, we are all entitled to our own opinions, but we are not all entitled to our own facts.

The facts will show that every year that President Clinton was in office, and the Republicans were in control of the Congress, the Republicans spent more than the Democratic White House asked for. But now, hypocritically, this Republican Congress is trying to deceive the American people into thinking that we can have it all, all the tax cuts we want and all the government we need.

This tax cut bill is unbelievably irresponsible. If it did not sunset at the end of 10 years, it would cost $4 trillion for the next 10 years. The only way to get the money for that $4 trillion of lost tax cut revenue is to take it out of the Medicare and Social Security Trust Funds just as we did to pay for President Reagan's 1981 tax cut.

So what do we do to hide this unavoidable raid on the Social Security Trust Fund? This bill terminates all the tax cuts at the end of the first 10-year forecast period.

Let us look at those deep tax cuts. The estate tax, for example, does not even do a good turn for the very rich. They have to wait 10 years before it is phased in, and then it sunsets the next year. So in 2009, that is the "death bubble" year. That is the only time they can sell their inherited assets, because there is still a full tax-free step-up in basis for capital assets in 2009. After 2009, the step up basis is reduced.

People with real money realize what a step-up basis is. They realize that for most of the next decade this does very little for them, and in fact it does not take care of the gift tax.

When we look at the marriage penalty, as the gentleman from North Dakota (Mr. POMEROY) said earlier, the marriage penalty starts in 2005. It is fully phased in in 2009. In 2010 it is repealed. How can that be a high priority?

The Alternative Minimum Tax takes back ⅔ of the benefits of this tax cut for taxpayers through the 99th percentile of income, but only takes back 11 percent of the tax cut for the top 1 percent of taxpayers and the top 400 taxpayers don't have to give up anything to the AMT.

When we look at the pension plan, that we all voted for that does not become effective until the very latter part of this decade.

Mr. Speaker, this is not a good bill for the American people. It is bait and switch, when they see what was foisted upon them, a false promise, they will know that the right vote is a no vote on this. It leaves $3½ trillion dollars of debt as well as our retirement costs to our kids' generation to pay. Yes, this surplus revenue is our money, but the public debt is also ours, it's not our kids' and it's not fair to stick them with it. This phony unfair bill should be defeated.

Mr. REYNOLDS. Mr. Speaker, I yield 3 minutes to the gentlewoman from Washington (Ms. DUNN).

Ms. DUNN. Mr. Speaker, I want to compliment the people in this body who put together what I believe is a very well-balanced and well-thought-out tax relief proposal.

I believe it is very important for people to recognize at the very beginning that this amount of taxes, $1.35 trillion in revenue, is provided in tax cuts only after every other part of the Federal government is funded. In fact, in total, the Federal budget is funded at almost 5 percent of an increase.

I think it is very important that we have been responsible in funding the other elements of our government; in fact, giving an 11.5 percent increase to education, setting aside Social Security surpluses, setting aside dollars for Medicare, paying down over the next 10 years, the period of this budget, $2.3 billion in debt owed to the public.

I think it is also very important, Mr. Speaker, to recognize what people want around the country now. People want, for one thing, a lot more control over their dollars. That is what we are giving them in this tax relief proposal. I want to speak briefly to one provision that I am very interested in; that is, the repeal of the death tax or the estate tax.

The estate tax right now is at the point of putting a burden of up to 55 percent on the backs of people who are basically folks who have bought a home, put money into it for years, provided responsibly for their retirement. This tax rests on the shoulders of middle-income people.

On this estate tax relief, we will find that in the first year, 2002, the rate goes down from 55 to 50. It decreases over the next 9 years. We get rid of this death tax in 9 years. January 1, 2010, the death tax is gone. Immediately, the rate of deductibility rises to $1 million. This is a huge change from what we had before. I think that the American public is getting a very good deal with this tax relief bill.

On the death tax, we are sitting there with a farm we have had in the family for generations. The time comes when the owner dies, and within 9 months one has to pay in cash up to 55 percent of the value of that property. What does a farmer do who is cash poor and land rich? He sells his land, often creating a situation where the land does not produce enough to support that family.

The same thing has happened over and over in my neck of the woods, Washington State, with timber properties, and the community loses. This is a very bad thing.

So we have taken into consideration small businesspeople, middle-income people, folks who own farms, people who want to keep businesses in the hands of their families. We have made it easier for them to do that. Everything will phase out by the year 2010, January 1.

I do not know why they are complaining about this. They should have done it years ago. Now we have done it. It is a great plan. I want everybody to get behind it.

Mr. FROST. Mr. Speaker, I yield myself 15 seconds.

To my friend, the gentlewoman from Washington, I would only point out that while the estate tax is repealed in 2010 and 2011, it is back.

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

Mr. SHERMAN. Mr. Speaker, we have heard from the others, and it is interesting. They have told us the deficits of Reaganomics are so bad that they try to blame the Democratic Congress. We are told that if there is a large pile of money left in Washington, D.C., it will be spent. They are right. There is $2 trillion in the Social Security trust fund, and this Congress will spend it on tax cuts for the wealthy and on missile defense.

But in years to come, people will look at the back of their tax returns and they will see a huge AMT, alternative minimum tax, added to their tax bill. They will remember a bill that was written at midnight, and they will believe that all the tax benefits went to those less worthy and more wealthy than themselves.

They will be right. Look at what this bill does to the upper middle class. It throws them into the alternative minimum tax. With the change in the Senate, we will not be in a position to fix that. We have almost no AMT relief in this bill.

Mr. FROST. Mr. Speaker, I yield 1½ minutes to the gentleman from Maryland (Mr. HOYER).

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

Mr. HOYER. Mr. Speaker, I knew we were on the precipice of triple-digit deficits, a national debt in the trillions, and destructive and profound dislocations throughout the American economy.

David Stockman, David Stockman, admitted the knowledge that he had as he presented the 1981 economic program to the Congress. As it was proposed and submitted to the Congress, it was the same rhetoric that we have heard about giving Americans back their money.

That is good rhetoric. It is politically attractive rhetoric. But we are fiduciaries of that money. They collectively give us that money to apply to the needs of their country and of themselves and of their families.

In the 1980s, the debt that we created was also theirs. As a result of the creation of that debt, they today pay billions, billions of their dollars in interest, and receive essentially nothing in return except what a previous generation bought with that money.

This is a sad day, as was 1981, because, like David Stockman knew, it

will be the result of profound dislocations in America in the days ahead. Defeat this rule. Defeat this bill.

Mr. REYNOLDS. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. WELLER).

Mr. WELLER. Mr. Speaker, I stand in support of the rule. I stand in support of this legislation. I stand in support of this commonsense, balanced package of tax relief that will pass this house with bipartisan support today.

If we think about it, if we look at the big picture, this does make a lot of common sense. We have, thanks to the fiscal responsibility of this Congress, and particularly this House, we have a projected surplus over the next decade of $5.6 trillion, a tax surplus of extra money. This package takes less than one-fourth of that tax surplus and uses it to help the average family in America, a $1.3 trillion tax cut.

Our friends in the news media will of course try to determine who the winners are here. Clearly, the biggest winner is the taxpayer. The winners in this room are also those Republicans and Democrats who have worked together to provide tax relief for working families.

I particularly want to commend my Democratic friends, those on the other side of the aisle, who set aside partisanship to work together with the President and with the Republicans to help families by lowering taxes.

I also want to salute the President, who made education and tax relief the number one and two priority of his agenda for his presidency, because this week we passed his education proposal, and today we are going to send to his desk for signature into law his tax cut proposal. This is clearly a big victory for President Bush.

But who does it help? Clearly this tax cut helps everyone. If anyone pays taxes, they will receive relief. Under this proposal, the across-the-board tax cut helps every American taxpayer.

All of us are concerned about the direction of the economy. The President inherited a weakening economy, and we are all committed to find a way to help ensure that we can boost this economy. Clearly the tax rebate, $300 for a single, $600 for a married couple, will put some extra cash in the hands of taxpayers so they can pay off some bills, as well as have extra spending money to meet the needs of their family. That clearly will help our economy.

I also want to note that this legislation helps bring about tax fairness. We have often talked in this House about the need to address the marriage tax penalty. Beginning in 2002, next year, we begin providing relief for the married tax penalty suffered by 28 million married working couples who pay on average $1,400 more in higher taxes just because they are married. Low-income couples who participate in the earned income tax credit will see their marriage tax penalty relieved.

Lower-income families who do not itemize but use the standard deduction to pay their taxes will see marriage tax relief. And middle-class families who itemize their taxes because they own a home will see marriage tax relief.

It is a commonsense package. It deserves bipartisan support. I am proud to stand here in support of the biggest tax cut we have had in a long time.

Mr. REYNOLDS. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma (Mr. WATKINS).

Mr. WATKINS. Mr. Speaker, I heard mentioned several times about 1981. I was seated on the other side of the aisle in 1981. The time and circumstances are totally different than today.

I remember quite well the budget then was based on deficits. Today we have surpluses. The economic assumptions used in building that budget were in excess. They were very liberal type assumptions that David Stockman put there. This budget is based on conservative estimates, and we are basing it on surpluses, not on deficits.

We are paying more taxes today as a percentage of the GNP since World War II. I think our people, the taxpayers, are entitled to a refund. I think this is not the last day in this Congress. There are a lot of things that can happen. We will probably tweak different things along the way in the next decade.

Is everything in the tax bill that I like? No. The chairman knows that, the leadership knows it. We are not covering everything we should be, but we need to be trying to provide the opportunities for economic and job growth, and this bill would do that. I think it will spur the economic growth of this country.

□ 0800

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

Mr. Speaker, we are in the countdown to real meaningful tax reform for America. It has been said by myself and other speakers today, Americans are spending a greater percentage of their income toward taxes now than any time since World War II, essentially comprising the largest share of the gross domestic product. In the land of equality, where is the fairness in that?

This tax package provides relief to every single taxpayer, removing millions of Americans from the tax roll altogether. This tax plan is predicated on the idea that a sensible tax policy will generate high rates of long-term growth.

Reductions of marginal tax rates will encourage greater work effort and provide more inducement for taxpayers to save, invest and build in business enterprises. America, this is your money, and you know how to spend it best. I am asking my colleagues to give you the refund you have asked for.

Mr. Speaker, I urge my colleagues to give America what they need and what they have earned: responsible, commonsense tax relief. I urge my colleagues to support this rule and the underlying 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. LAHOOD). The question is on the resolution.

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

Mr. FROST. 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 213, nays 177, not voting 43, as follows:

[Roll No. 148]

YEAS—213

Aderholt	Everett	LaHood
Akin	Ferguson	Largent
Armey	Flake	Latham
Bachus	Fletcher	LaTourette
Baker	Foley	Leach
Ballenger	Fossella	Lewis (CA)
Barr	Frelinghuysen	Lewis (KY)
Bartlett	Gallegly	Linder
Bass	Ganske	LoBiondo
Bereuter	Gekas	Lucas (OK)
Biggert	Gibbons	Manzullo
Bilirakis	Gilchrest	McCrery
Blunt	Gilman	McHugh
Boehlert	Goode	McInnis
Boehner	Goodlatte	McKeon
Bonilla	Goss	Mica
Bono	Graham	Miller (FL)
Brown (SC)	Granger	Miller, Gary
Bryant	Graves	Moran (KS)
Burr	Green (WI)	Morella
Burton	Greenwood	Myrick
Buyer	Grucci	Nethercutt
Callahan	Gutknecht	Ney
Calvert	Hall (TX)	Northup
Camp	Hansen	Norwood
Cannon	Hart	Nussle
Cantor	Hastert	Osborne
Capito	Hastings (WA)	Otter
Castle	Hayes	Oxley
Chabot	Hayworth	Paul
Chambliss	Herger	Pence
Coble	Hilleary	Peterson (PA)
Collins	Hobson	Petri
Combest	Hoekstra	Pickering
Condit	Horn	Pitts
Cooksey	Hostettler	Platts
Cox	Houghton	Pombo
Crane	Hulshof	Portman
Crenshaw	Hunter	Pryce (OH)
Culberson	Hutchinson	Putnam
Cunningham	Hyde	Radanovich
Davis, Jo Ann	Issa	Ramstad
Davis, Tom	Istook	Regula
Deal	Jenkins	Rehberg
DeLay	Johnson (CT)	Reynolds
DeMint	Johnson (IL)	Riley
Diaz-Balart	Johnson, Sam	Rogers (KY)
Doolittle	Keller	Rogers (MI)
Dreier	Kelly	Rohrabacher
Duncan	Kennedy (MN)	Ros-Lehtinen
Dunn	Kerns	Roukema
Ehlers	Kingston	Royce
Ehrlich	Kirk	Ryan (WI)
Emerson	Knollenberg	Ryun (KS)
English	Kolbe	Saxton

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
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—177

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

NOT VOTING—43

Ackerman
Baca
Barton
Becerra
Bentsen
Bishop
Blumenauer
Boyd
Brady (TX)
Clayton
Coyne
Cubin
Doggett
Gillmor
Hall (OH)
Hastings (FL)
Hefley
Hoeffel
Honda
Isakson
Jones (NC)
Kaptur
King (NY)
Lipinski
McCarthy (MO)
McDermott
McIntyre
Meek (FL)
Millender-McDonald
Moakley
Oberstar
Ose
Quinn
Rahall
Rodriguez
Rush
Scarborough
Skelton
Towns
Walsh
Waters
Waxman
Wynn

□ 0823

Mr. SANDLIN changed his vote from ''yea'' to ''nay.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. OSE. Mr. Speaker, on rollcall No. 148, I was unavoidably detained. Had I been present, I would have voted "yea."

Stated against:

Ms. MCCARTHY of Missouri. Mr. Speaker, during rollcall vote No. 148, due to difficulties associated with my travel logistics, I was unavoidably detained. Had I been present, I would have voted "nay."

REMOVAL OF NAMES OF MEMBERS AS COSPONSORS OF H.R. 1990

Mr. GEORGE MILLER of California. Mr. Speaker, I ask unanimous consent to withdraw the following names of Members as original cosponsors of H.R. 1990. These names were inadvertently included as cosponsors of H.R. 1990. I also ask that the first printing of the bill reflect these changes:

SANFORD BISHOP, Georgia;
LUIS GUTIERREZ, Illinois;
DENNIS KUCINICH, Ohio;
PATSY MINK, Hawaii;
ELEANOR HOLMES NORTON, District of Columbia;
JANICE D. SCHAKOWSKY, Illinois;
DAVID BONIOR, Michigan;
ELIJAH CUMMINGS, Maryland;
BENJAMIN GILMAN, New York;
RUBÉN HINOJOSA, Texas;
SHEILA JACKSON-LEE, Texas;
STEVE LATOURETTE, Ohio;
CONSTANCE MORELLA, Maryland;
MAJOR OWENS, New York; and
ROBERT C. SCOTT, Virginia.

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

There was no objection.

CONFERENCE REPORT ON H.R. 1836, ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 153, I call up the conference report on the bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002.

The SPEAKER pro tempore. Pursuant to House Resolution 153, the conference report is considered as having been read.

(For conference report, see prior proceedings of the House of today.)

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

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

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

Well, the day has arrived. There was a contest for President last year. There were very clear and particular themes underscoring the candidacies of each of the gentlemen running for President. One of them said he wanted to bring a different atmosphere to Washington and he wanted to return some of the taxpayers' money. Governor George W. Bush became President. There is a different climate in Washington, and this morning we are returning some of the taxpayers' money. The conference agreement on H.R. 1836 is clear evidence of that different environment.

I want to thank the Speaker of the House of Representatives, the gentleman from Illinois (Mr. HASTERT). Without his ability to focus, guide, support and nurture, this conference report would not be before us. I want to thank the majority leader, the gentleman from Texas (Mr. ARMEY), for his willingness to stand shoulder to shoulder in trying to produce a responsible product. But probably more important than that, I want to thank the chairman of the Senate Committee on Finance, the gentleman from Iowa, Mr. GRASSLEY, and the ranking minority member of the Senate Committee on Finance, the gentleman from Montana, Mr. BAUCUS, because they decided that the only way legislation as significant and sweeping as this could pass the Senate would be if from the beginning it was a bipartisan effort.

It does not take too much analysis to realize that if you have a Committee on Finance divided evenly between 10 Republicans and 10 Democrats, you are not going to be able to move anything unless it is bipartisan.

□ 0830

But they were committed to returning the taxpayers' money enough that they built a bipartisan product from its instigation in the Senate, carried it through the floor and into conference. And along with the gentleman from Louisiana (Mr. BREAUX), we put together a bipartisan product coming out of the conference.

Now, I know there is some consternation because not every member of the conference signed the conference report. What is important to note is there was a bipartisan signature structure because the underlying legislation is bipartisan in itself.

There have been a number of statements about this piece of legislation which I do think need to be addressed. There are individuals who are still using a statistical analysis of a fictitious piece of legislation in terms of the distributional effects on the taxpayers based upon the tax changes.

I would urge my colleagues in a number of places on the floor to pick up the

material entitled Distributional Effects of the Conference Agreement for H.R. 1836 prepared by the bipartisan Joint Committee on Taxation to give you some feeling of the way this bill has been constructed. Notwithstanding the rhetoric you are going to hear once again about how this goes only to the wealthy, if you will simply look at the change in Federal taxes and the percent of the benefit going to particular income groups, for example: in those income categories between $10,000 and $20,000, in this calendar year, 11.5 percent of the benefits go to the $10,000 to $20,000; $20,000 to $30,000 9.4 percent; $30,000 to $40,000, 6.4 percent; $40,000 to $50,000, 5.4 percent; $50,000 to $75,000, 4.5 percent; $75,000 to $100,000, 3.5 percent; $100,000 to $200,000, 2.6 percent; $200,000 and over, 1.3 percent. In other words, those who have the lowest income get the greatest benefit.

In other words, if your income category is $10,000 to $20,000 a year, you get 11.5 percent of the benefit. If it is $200,000 and over, you get 1.3 percent. In fact, it is a numerical cascading structure in which every increment moves in the direction you would expect if it is a fair distributional structure.

In addition to that, I have heard statements about the fact that this particular package will destroy Medicare, that once again Social Security is under threat. I wonder how long the bumper sticker political rhetoric is going to be continued. The Senate Budget Committee, the House Budget Committee, those responsible for examining the budgetary structure, say in every year of this agreement, the HI or the Medicare Trust Fund is fully protected and the Social Security Trust Fund is fully protected. This agreement meets the requirement of the budget that we passed to protect Social Security and Medicare in every year of the 10 years of the agreement.

Now, let me address the 10 years because that clearly was one of the most popular themes during the rule. I am sure there will be a number of speakers to take the well to say, hey, this agreement is phony because it only lasts 10 years.

This legislation was considered under the budget reconciliation rules that apply to the Senate. Under budget reconciliation, it is possible to pass legislation limiting the rules of the Senate in terms of debate and hours to debate a subject normally unlimited and only require 51 votes to do so. It was created because it was almost impossible to move legislation just like this through the Senate without the limitations that are currently available in the reconciliation structure. It is a two-edged sword. It means you are able to get through the Senate legislation like this, but under the rules of the Senate it can only be for 10 years and that if any revenue bill extends its effect outside the 10-year window, it is, as we say, subject to a point of order and, therefore, the entire package fails.

I will tell my colleagues that if you want permanent tax change, it requires 60 votes in the Senate to accomplish that. I have before me what a 60-vote bill would look like. It is, if you notice, a blank piece of paper, because that is what the tax bill would be if it were to be permanent. You would not have $1.35 trillion of tax relief for hardworking American taxpayers. You would not have a lump sum payment in lieu of withholding adjustment of almost $40 billion going out to Americans to help stimulate the economy this year. You would not have permanent rate reduction. You would not have the refundability for child credit that is in this bill. You would not have anything.

So I appreciate the wringing of the hands and the concern that this only lasts 10 years. I tell my colleagues, every one of you who are worried about this only lasting 10 years, join with me, let us walk across the Capitol, and you produce 60 votes. If you produce 60 votes, you will have it permanent. If you do not, it is as simple as that. Unfortunately, under the rules in which the Senate must operate to have a clear majority express its will, it can only be done within the 10-year framework.

So we will hear the argument that all of this is only for 10 years. But if it is only for 10 years, what a 10 years it will be. More than $1.3 trillion in a time of surplus will be returned to the hardworking taxpayers. I know some of you are concerned that it is not going to be available to continue to feed the Federal dog. The problem, of course, we know is that when you start one of your programs, it is a cute little puppy but as you continue to feed it with hardworking taxpayers' dollars, it grows into an enormous, large dog that eats almost all the resources. We have seen it over and over again. That is why we were in deficit year after year after year. What we have, courtesy of the gentleman from Iowa (Mr. NUSSLE), is a budget under which we are required to work with, yes, provides this kind of taxpayer relief but also provides a responsible, over-the-cost-of-living growth structure for the Federal Government.

I know you are used to unrestrained growth. A little discipline is not necessarily a bad thing. Frankly, a little relief for the American taxpayer is not necessarily a bad thing, either.

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

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

I have been here for 3 decades, and I have never heard such poppycock in my life.

What we are talking about, the 10-year end of this bill, is because the Senate made me do it? It is true that we have violated every constitutional principle we could think of in terms of writing law and raising revenue but, my God, is the new Republican thing ''it wasn't me, the Senate made me do it''?

We are supposed to create revenue here. We are the ones that are supposed to write the tax bills. But what did we send over to the other side? Nothing. And so now we are sorry because they have shoved this piece of legislation down our throats.

Bipartisanship. Let me tell you, Mr. Speaker, when you appointed me to serve on the conference committee along with our distinguished majority leader and the distinguished chairman of the Committee on Ways and Means, I was so proud because I would have been the only Democrat in the House of Representatives, where the people govern, to at least try to guide this away from just the rich and maybe reflect the concerns of the moderate and the hardworking people of America. So as soon as I was appointed, I waited and I waited and I waited for an invitation to the meeting. But the invitation never came.

Now, I do not know where the bipartisanship is unless one of the Republicans is a closet Democrat, but I can tell you this, I went looking for the meeting. The White House was at the meeting, Republican Members of the House were at the meeting, Republicans from the Senate were at the meeting. But guess what? Not one Democrat from the House was at the meeting.

Now, the chairman of the committee waves a piece of paper saying, this is what the bill would look like if the Senate had not made them accept it. Well, do not wave empty paper. Where is the bill, I ask the gentleman from California? Why is it that Members of this House have no copy of this bill that explodes in 10 years? Show us the bill if you are so proud of it. Or should we beam it up on the Web net as we have been advised and that is the only way we are going to find out what is going on?

I tell you this: If you were proud of this document, it would not have been patched up in the middle of the night. We would not be here on Saturday morning. We would not have meetings in the darkness of the night where people do not know where they are, but we would have been walking forward, Democrats and Republicans, proud of what we were doing. Instead of that, we have no bill, we have a lot of sarcasm, and yet we are expected now to go home and be proud.

Mr. Speaker, I reserve the balance of my time. Better than that, I yield 2 minutes to the distinguished gentleman from Missouri (Mr. GEPHARDT), the leader of the Democratic Party. Maybe he can find the bipartisanship,

but for 3 days I have searched for it and it was not to be found in this Capitol.

Mr. GEPHARDT. Mr. Speaker, on my way in here this morning in the dawn's early light, I was thinking of proper titles for this bill. I am sure it has some classy title that has been given it by its sponsors.

How about the ''Special Interest Relief Act''? How about the ''Deficit Re-Creation Act''? How about the ''Plunder Medicare and Social Security Act''?

Mr. Speaker, I ask Members to vote against this bill. It has been a long night, a long night of a conference to put together the biggest tax bill in the history of our country. And as the gentleman from New York just said, it was done in a cloud of secrecy. Democratic Members of the House were not allowed in the meetings where this bill, the largest tax bill in our history, was put together. And so what we have today is a giant relief act for special interests in this country, not for the people of this country. And we are not acting on the most important crisis that faces our country today which are runaway, back-breaking electricity prices on the West Coast of the United States.

The President said he came as a uniter, not a divider. He said that he would collaborate with Democrats and that the parties would work together.

□ 0845

Yet from day one on this bill, it has been my way or the highway every day.

I dare say there was more collaboration in this conference between Republican Members and special interests than between Republicans and Democrats to find the right bill.

In fact, the chairman of the committee had this to say in this morning's Washington Post: He said the decision to scale back numerous provisions rather than jettison a few reflected a political calculation. He said a number of groups in the Senate pushed for individual provisions so negotiators sought, and I quote, ''to fit in as many of those special interest groups as possible.''

Look at what had to be done to shoehorn in as many of those special interests as possible. We moved, in effect, the sunset date back a year. Why was it not moved back five more years? Why was every special interest in the country not shoehorned into this bill?

We wind up with becoming the laughing stock of the country because one has to die before 2010 in order to get the full benefit of the estate tax.

Someone said in the morning paper, this is going to be a Saturday Night Live routine, and it is. Can one imagine the routines that can be done?

Now let me give three quick reasons why this bill should be defeated: first, we believe that this tax cut comes over 20 years to over $5 trillion, over $5 trillion. It is backloaded. It is backloaded. It is backloaded. It explodes in the final years. It will cause the largest deficits this country has ever seen, and precisely at the time when the baby boomers are going to be coming into the Medicare system and the Social Security Trust Fund. We are going to be raiding those funds of needed dollars to take care of future generations.

Secondly, it is weighted to the top. The top 1 percent get 36 percent of the benefits of this bill.

We have no argument with people who have made a lot of money. We bless them. Thank God people can make a lot of money in this country and all of our citizens feel they can make a lot of money. We bear no grudge. We welcome their ability to do this, but we make a choice when we give that much of the tax cut to the people at the top. It means we do not give enough to the people in the middle class and the people trying to get in the middle class.

This is the opportunity society. We want people to feel they can get wealthy. We want people to work hard. But how will they take a tax bill that gives everything at the top?

Finally, it is fiscally irresponsible. We have worked so hard, we have worked so hard in this country, to get us back to a time of surpluses and not deficits. And tonight, today, this morning, we take a U-turn. We turn away from the most important achievement of this country and this economy.

I began to think that citizens had lost all faith in us because we could not deal with the deficit, and finally we summoned the courage in the early 1990s to take care of the deficit. We made the hard decisions, and I would argue that the Members of this Democratic Party sacrificed their seats so that we could return to fiscal responsibility.

It is what Senator JEFFORDS talked about in such ringing terms 2 days ago, and now we turn our back on this most important achievement. Again, if we were doing this risky scheme to give a larger tax cut to the middle class, maybe one could justify it. But, no, that is not what we are doing. We are doing this for special interests. We are doing this so the largest, wealthiest special interests in this country can get all of their things shoehorned into this bill.

Let me just say this this morning, or yesterday morning, and even in some places this morning, children are going to school in trailers in this country because we have not built the school buildings to house them. Our forests and our public lands need protecting. Our seniors, especially on the West Coast, need low-income energy assistance. People want more cops on the beat so that we feel safe on our streets, and middle-income families who are paying $2.25 a gallon for gasoline would like to have the majority of this tax cut.

Incidentally, Mr. Speaker, this is a tax bill, probably the last tax bill. The President sent us an energy plan last week. It has all kinds of tax incentives to produce alternative energy in this country. There is not one red cent in this bill to advance the energy interests of this country. This is not what we ought to be doing this morning.

Twenty years from now people will look back on this morning as a momentous, defining moment in the economic history of this country and the social history of this country. I urge Members on both sides of the aisle to examine the facts and examine their conscience. This bill, in my opinion, is an outrage. It is an outrage to the common sense and decency of the American people, and I ask each of the Members to consider carefully their vote because I believe with all my heart it will be remembered for their entire career and will be remembered by them for the rest of their lives.

Please do the right thing and reflect the values of the great American people: decency, honesty, fiscal responsibility, and common sense. Vote no on this tax bill.

Mr. THOMAS. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I want to thank the minority leader for providing us with a defining statement. I think it can be made no clearer in terms of the difference here on the floor today. The gentleman from Missouri (Mr. GEPHARDT) said, mark my words, this is the last tax bill. He said this is the last tax bill.

He must know something we do not. Obviously, he is consulting with the new majority leader of the Senate, TOM DASCHLE from South Dakota; and apparently the new majority leader has assured him this will be the last tax bill.

If one wants to know the difference, the defining statement between the two sides, we think there ought to be more tax relief bills. Clearly the statement indicates there will not be any more. He knows more than we do about the way the Democrats are going to run the other body.

Mr. Speaker, it is my pleasure to yield 4 minutes to the gentleman from Iowa (Mr. NUSSLE), chairman of the Committee on the Budget and a member of the Committee on Ways and Means, someone who created the structure which allowed us to provide this kind of legislation to come to the floor.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair would remind all Members that personal references to the Senators are not allowed under the Rules of the House.

Mr. NUSSLE. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS) for yielding me this time.

Mr. Speaker, I congratulate the gentleman and all of those that have

worked on this bill. It fits within the budget. It is a good product, and it is not an outrage. The minority leader said it is an outrage. If it is such an outrage, why will the majority party today be joined by as many as 40 Democrats who support this bill? If it is such an outrage, why will it be that at least 10 Democrats in the Senate will join with the majority party in support of this bill? If it is such an outrage, why is it that this is supported by the American people in great numbers across our country? Because they know, as we know, who should be spending the money in this country.

This bill, I think, is a stark contrast between excuses and opportunities. What we just heard from the minority leader is a number of excuses, excuses that we have heard for a number of years as to why we cannot have a tax cut.

I have heard so many times people say tax cutting is easy; I am for tax cuts; coming to the floor and cutting taxes is one of the easiest things we can do. Then why is it since World War II that we have only done it twice before? If it is so easy, why is it that this is only the third time that we have been able to have this kind of tax relief for the American people since the end of World War II? It is because it is not easy. It is difficult.

Why is it difficult? Because there are so many excuses for why people cannot have their resources back and why the government should be spending that money itself.

What are some of those excuses that we have been hearing? The number one excuse was we cannot provide tax relief to the American people because it dips into Social Security. For one of the first times we have a budget that says we are not touching any of Social Security. This tax bill fits within that budget. We do not touch Social Security. We will not touch Social Security. That was a bipartisan decision. I hope that that holds, and it fits within this budget.

The second is that we should not do it because it touches Medicare. The minority leader said that this bill touches Medicare. That could not be farther from the truth. It does not touch Medicare. It should not touch Medicare. It will not touch Medicare. That also was a bipartisan agreement, and we should continue that practice here today.

The third excuse was we should pay down the national debt first. In fact, this budget accomplishes the largest reduction of the debt held by the public in our history. This bill does not change that in one way, shape or form; and by the end of the 10 years of this budget we will have eliminated the debt held by the public, except for that which is needed for the cash flow.

We have heard this is for the rich, and the minority leader mistakenly said 36 percent of the relief goes to the top 1 percent. Could not be farther from the truth; could not be farther from the truth. Read the distribution tables. Of course, that is a little hard to do, but, in fact, that is not the case.

We have heard it is the wrong time, the wrong way. It is the wrong process. We have heard it is too dark at night. We have heard every excuse in the book, except for the one that really matters, and that is the opportunity that this gives to the American people itself.

The real issue here today is who should spend the money. Do we believe that individuals and families make the best decisions about how to spend their money, or do we believe government is in the best position to do so? The special interests that we heard from the minority leader are in this bill. Want to hear what they are? People who are married, people who have children, people who are worried about the education of those kids, people who are worried about their small business and farms, and people who are worried about more and more money that goes to Washington that is not available to pay for higher energy bills, higher college costs and higher expenses.

Vote for this bill. It fits within the budget.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. STARK), a distinguished member of the Committee on Ways and Means.

Mr. STARK. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL), the distinguished ranking member, for yielding me this time.

Mr. Speaker, this bill is an obscene hoax on the American people, and it is not about taxes. It is about the Republican plan to fundamentally cripple the ability of government to do its job. It is about sacrificing our Nation's priorities on the altar of tax breaks to the wealthiest among us.

The Republican leaders would like nothing more than to hamstring our Federal Government's ability to function. They know it and we know it.

They praise the President's leadership, and on that note I will join them. The President's leadership led to one of the most outstanding acts in the political scene of this year and perhaps this century when the gentleman from Vermont decided to switch parties. In his statement he said ''that in the past, without the Presidency the various wings of the Republican Party and Congress have had some freedom to argue and influence and ultimately to shape the party's agenda. The election of President Bush changed that dramatically.

□ 0900

We do not live in a parliamentary system, but it is only natural to expect that people like myself, who have been honored with positions of leadership, will largely support the President's agenda and yet, more and more I find I cannot. Those who do not know me may have thought I took pleasure in resisting the President's budget or that I enjoyed the limelight. Nothing could be further from the truth. I had serious substantive reservations about that budget, as you all know, and the decision it set in place for the future.

Looking ahead, I could see more and more instances where I will disagree with the President on very fundamental issues. The issue of choice. The direction of the judiciary, tax and spending decisions, missile defense, energy and the environment, and a host of other issues, large and small. Now, for some, success seems to be measured by the number of students moved out of public schools. In order to best represent my State, I will leave the Republican Party and become an independent. I hope my colleagues on the other side of the aisle will follow the President's leadership and take that good advice.''

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). Again, the Chair will remind all Members that personal references to Senators are not in order, except to identify them as sponsors of legislation.

Mr. THOMAS. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. HULSHOF).

Mr. HULSHOF. Mr. Speaker, I rise in support of this very likely last tax relief measure in this Congress.

Mr. THOMAS. Mr. Speaker, it is my privilege to yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN) who, on a bipartisan basis, was responsible for a major portion of this bill, the pension and IRA area.

Mr. PORTMAN. Mr. Speaker, I thank the gentleman for yielding me this time. I want to congratulate the Chairman and his colleagues for excellent work on this tax relief measure. I know I am not supposed to talk about Democrat Senators, but I will talk about them in terms of sponsors.

Senator MAX BAUCUS, who did sponsor the legislation on the Senate side, and Senator JOHN BREAUX, who is one of the sponsors on the Senate side, worked very hard with Senator CHUCK GRASSLEY, chairman of the Finance Committee, and the gentleman from California (Mr. THOMAS), chairman of the Committee on Ways and Means; and they did a fantastic job in putting together a great bill.

A couple of points need to be made. One is that this is about 25 percent of the tax surplus that is permitted to go back to the hardworking American people that sent, after all, every dime of that surplus to Washington. That is certainly fair and not consistent with what we have heard on the other side.

In terms of special interests, let us talk about the special interests here.

First, all of the President's major proposals are here, the ''big four.'' Across-the-board tax relief that benefits every single American, while those at the lower- and middle-income levels get a disproportionate amount of the tax relief under this provision. An increase in the child tax credit, allowing all American families to have a little more to be able to raise their kids and the expenses incurred by that. It is also refundable, so it helps folks that do not pay any Federal income taxes, some who pay payroll taxes, some who pay no payroll taxes or Federal income taxes. Marriage penalty relief. All of us know about that, we have been fighting for that for years.

Finally, in this legislation, we get relief to folks who are married so they are not paying more just for the benefit of being married. Death tax repeal; very important to small businesses around this country, and those four are all in this legislation. All finally, after so many years of talking about them, so much discussion here on the House floor, we will have enacted into law to help the American people, not special interests, but the people who work hard every day to make this country work.

Other things are also added. The adoption tax credit to let people adopt children more readily. Education tax credit to help with tuition, to help with student loans; and, finally, the retirement security provisions which are extremely important to let every American save more for their own retirement. Raising the IRA contribution from $2,000 to $5,000. Had it been indexed to inflation originally, it would be a little over $5,000 a day. We are doing a catch-up there where it should be. On the 401(k) side, helping people to save more, again, for their own retirement.

This is a good bill. That is why 68 percent of the American people, 55 percent Democrats, support it.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. MATSUI), a distinguished member of the Committee on Ways and Means.

Mr. MATSUI. Mr. Speaker, I thank the gentleman from New York for yielding me this time. I might just express my disappointment to the gentleman from New York (Mr. RANGEL), because over the last few days I had given him a number of provisions that I thought other Members of this body, Democratic Members particularly, would find helpful in terms of this tax bill, so perhaps we could have voted for it. But, then I found, after the gentleman had received all of these tax proposals that I had, that well, he was not allowed to go into the conference or allowed to go into the meetings. So I am sorry that I burdened the gentleman with that information, because it is pretty obvious that the gentleman was shut out. So I just want to make this effort to thank him for his effort.

Mr. RANGEL. Mr. Speaker, will the gentleman yield?

Mr. MATSUI. I yield to the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I would like the gentleman from California to know, when I found out that I was excluded from the meeting, I did seek to see whether or not another member of the Democratic leadership perhaps had been invited; but as I said to the gentleman early this morning, the gentleman should know, not one Democrat in this House of Representatives got the chance to participate in this bill.

Mr. MATSUI. Mr. Speaker, I thank the gentleman. I think the good news is the fact that the Senate will change in another week. This will be the last extreme bill that we will have before the body that will be sent to the President.

I would like to point out a few things. One, the document that showed that we have a $5.6 trillion surplus over the next 10 years, that same document said that there was only a 50 percent chance of accuracy that these 5-year numbers are correct and they have no basis to make an accuracy projection on the 10-year numbers. This could have been $8.9 trillion or $1.6 trillion or perhaps 0. So we are basing this $5.6 trillion surplus on speculation, and that is exactly what this bill is all about.

Now, let me just make a couple of observations. The chairman of the committee says that this will not affect Social Security, because in the 10-year window, it will not have any impact on Social Security. The reason for that is because in the year 2014, 13 years from now, is when Social Security has the cash flow problem. So basically, yes, for the next 10 years, it may not have an impact on Social Security, but it will have a devastating impact on Social Security in terms of its long-term survivability.

I will say that a ''yes'' vote on this bill, will mean that senior citizens will, in fact, have significant reductions in their benefits. There is no question about it. The chairman of the Committee on the Budget made an interesting observation. He said that this bill really does not go to the wealthy. The problem is that he is using a 5-year projection. Of course, in the 5-year projections, it is not until the 6th to the 10th year that the tax benefits for the wealthy actually phase in. As a result of that, those people that earn $1.1 million a year on their tax returns will get 38 percent of these benefits. That is not good budget policy.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from Florida (Mr. YOUNG), the chairman of the Committee on Appropriations, who certainly, over the course of the rest of this session of Congress, is going to have something to say about whether or not this tax bill will encroach on Social Security or Medicare.

Mr. YOUNG of Florida. Mr. Speaker, I appreciate the gentleman yielding me this time.

I just wanted to say this, that I am not going to report an appropriations bill that spends one penny from the Social Security or Medicare funds.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from Florida (Mr. SHAW), a member of the Committee on Ways and Means who is the chairman of the Subcommittee on Social Security.

Mr. SHAW. Mr. Speaker, I would like to congratulate the gentleman from California (Mr. THOMAS) and all of those responsible for bringing this conference report to us.

It absolutely is appalling how we continue to hear, particularly from the other side, that every time we are going to give tax relief that is going to stop us from doing all of these other things and that it is going to in some way impact upon the Social Security Trust Fund. Believe me, this tax bill does not spend one nickel of the Social Security Trust Fund.

The surpluses are going to be out there until 2016. Instead of throwing rocks at what we are trying to do, giving Americans some tax relief, I would invite my Democrat friends to join with me in solving the problem of Social Security, because beginning in 2016, there is going to be some problems, because the surplus is going to go away in 2016. By using just one-third of that surplus right now, we could solve the Social Security problem for all times.

So let us quit using this as a political hammer, and let us recognize that we need to legislate for the next generation and not the next election.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. CARDIN a distinguished member of the Committee on Ways and Means.

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

Let me start off by complimenting the conferees on the retirement and pension provisions that are in this conference report. As the chairman mentioned frequently, that bill had been worked in a very bipartisan way, and I think in conference that spirit was continued, and I am very pleased with the provisions that are included in the conference report as it relates to the pension and retirement provisions.

However, Mr. Speaker, I regret that I will be forced to vote against a bill that I worked very hard on because of the other provisions that are included in here. The pension retirement provisions are less than 4 percent of the revenue costs of the bill; but the other

provisions explode in costs, and I have spoken on this floor several times about this legislation. It does make it much more difficult for us to pay down our debt.

As the chairman of the Committee on Appropriations said, I did not know we were appropriating the Social Security benefits. Maybe the Committee on Appropriations is trying to take the jurisdiction away from the Committee on Ways and Means on the Social Security system. But this bill if, in fact, we are off by 1 percent on the growth rate of our Nation, we will find that we have appropriated all of the surplus during the next 10 years for this tax cut. I would hope that during the next 10 years, we will have priorities in addition to tax cuts, that we could deal with education, that we could deal with prescription medicines.

What I am concerned about is that we are putting into effect today tax relief that will jeopardize our ability to provide these other priorities for the American public. This is a reckless bill, and I urge my colleagues to vote against it.

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that the gentleman from Florida (Mr. SHAW) control the remainder of time on our side.

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

There was no objection.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), a distinguished member of the Committee on Ways and Means.

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

Mr. Speaker, this morning we are hearing again a very interesting debate. The gentleman from Maryland (Mr. CARDIN), who worked in a bipartisan way for meaningful pension reform and relief, now abandons the larger measure. The gentleman from California (Mr. MATSUI) speaks of speculation. Mr. Speaker, it is interesting that when I was in the private sector and I watched Washington spend more and more and more and more of the people's money, including Social Security funds, it was interesting how those forecasts and estimations never seemed to make a difference in the minds of the previous majority.

I heard the gentleman from California (Mr. STARK), reduced to reading a statement from someone in the other body that had nothing to do with the tax relief today; and I heard the gentleman from Missouri (Mr. GEPHARDT), the minority leader, speak of a Saturday Night Live sketch. Perhaps he was thinking about the fictional character of Tommy Finnagan as portrayed by Jon Lovitz years ago who was somewhat factually challenged, because indeed the presentation from the left has been completely factually challenged this morning.

Mr. Speaker, I invite my colleagues to join us to offer meaningful relief in the marriage penalty, to finally put the death tax to death, for marginal rate reductions, and for the American people getting some of their hard-earned money back immediately. Rather than have the incendiary comments, let us work together.

Mr. Speaker, I believe today on this floor, despite the wailing and gnashing of teeth, despite the extreme rhetoric of the other side, we will have meaningful tax relief for the American people; and it is about time. Wouldst that my friends would join us again; but they are already saying today, just one, no more. How sad that is. But at least on this one, I say to my colleagues, let us join together for commonsense tax relief, because the money belongs to the people, not to the Washington bureaucrats.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. MCNULTY), a member of the Committee on Ways and Means.

Mr. McNULTY. Mr. Speaker, I do not want to go back to the days of deficit spending. There are a lot of numbers flying around Washington, D.C. these days, and I know a lot of people do not know who to believe. So I am not going to use any of the numbers of the gentleman from New York (Mr. RANGEL) or any of the numbers of the gentleman from Missouri (Mr. GEPHARDT) or any of the Daschle numbers; I am going to use the President's numbers.

□ 0915

He stood in this Chamber not long ago and he projected we would have over the next 10 years a $5.6 trillion surplus. Some people think that is a guess, some people think it is a gamble, some think it is a dream. But sometimes dreams come true. Let us assume it happens.

He wants to pay down $2 trillion on the national debt. As a fiscally conservative Democrat, I want to do that. I like that. That takes us down to $3.6 trillion.

Then he says, as we all have said, ''We are not going to touch the Medicare or Social Security trust fund monies.'' Now, 400 of us voted not to do that. The chairman of the Committee on Appropriations just said we are not going to do that. We subtract that out and we are down to $700 billion.

Now what do we do? We are going to have a tax cut in the amount of $1.35 trillion. I rounded that down to $1.3 trillion, and the result is a $600 billion deficit—using the President's numbers! With no new program funding, nothing extra for education, nothing extra for millitary pay, nothing further as far as any spending is concerned, we have a $600 billion deficit, using the President's numbers.

Mr. Speaker, here is the deal. We have a $5.7 trillion national debt. Last year, we paid $329 billion in interest on the national debt. Let us not go back to the days of deficit spending. For the sake of our children and grandchildren, let's defeat this irresponsible proposal.

Mr. SHAW. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut (Mrs. JOHNSON), a distinguished member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I stand in strong support of this legislation, and hope Members will help our constituents to see how much help it is going to give to young families getting started in life. It not only drops the taxation on part of their income to 10 percent, but it also gives them two 15 percent brackets before they move up into the higher bracket, so they will be able to earn much more income, give their family a much better start before they begin to carry the kind of burden they carried today. Not only will they get the double 15 percent bracket, the advantage of the 10 percent bracket, but they will have the double child tax credit over time, $1,000 per child.

We are going to keep young families out of those mid ranges of our Tax Code for most of the years of their raising their young children. This is an enormous change in the sort of launching of children and families in our society. I am very proud that we are making it possible.

Let me say lastly that I am sort of astounded at what I hear from the other side. It is absolutely as legitimate to, in a sense, spend the surplus through the tax vehicle as through the spending vehicle.

I know many of them want to increase spending in this area and that area. Because we spend $80 billion a year through the Tax Code, America has a primarily employer-provided health care system. All that, the private sector health plans that employers provide to their employees, is made possible because we exempt those premiums through the Tax Code.

We spend over $80 billion every year through the Tax Code. I want another tax bill that provides that same tax equity and tax support to everyone who pays their own health insurance premiums. That is every bit as intelligent and effective a way to expand access to health insurance as a subsidy program from Washington, which I know many of them support.

Mr. Speaker, I thank the chairman for the tax bill. It is going to make a big difference in people's lives.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Missouri (Mr. SKELTON).

Mr. SKELTON. Mr. Speaker, much has been said about this bill jeopardizing Social Security, Medicare, prescription drugs, but somebody needs to speak for the American soldier.

I am on the Committee on Armed Services. I take this work very, very seriously. This bill jeopardizes dollars for defense, as so aptly pointed out by the gentleman from South Carolina (Mr. SPRATT) just a few weeks ago.

Later on this year, during either the appropriation process or an amended budget process, I will take this floor, Mr. Speaker, and I will do my best to get additional dollars for the American soldier, because the roofs are leaking on the family housing, the spare parts bins are empty, training is being curtailed.

As a matter of fact, in Missouri there are more non-flyable helicopters because of lack of spare parts than those that fly. I think this jeopardizes the national security. We must look at that.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1½ minutes to the gentleman from Georgia (Mr. KINGSTON).

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

Mr. Speaker, several months ago I was at Johnson High School talking to the seniors, and a little girl named Julie Long sat in the front. I asked her if she had a job, how much she got paid. She had a job, she made $7 an hour.

I said, ''Julie, if you work for 2 hours, you take home $14.'' She said, ''No, Mr. KINGSTON, of course not, I pay taxes, about $4 worth.'' Okay, so on the $14 that she has earned, she was paying $4 in taxes. Now, she understands we need to pay for the military, we need to pay for education, roads and bridges and functions of government. She said, ''Yes, sir.'' I said, ''Julie, what if you found out that I could do all that for $3.50, not $4. What would you want me to do with the other 50 cents?'' She said, ''It is my money, Mr. KINGSTON. Give it back to me.''

That is what this bill is all about. All it says is that we are going to take care of Social Security, Medicare, normal functions of government, especially education; come on, I say to the gentlemen, it is the President's education package. Then we are going to pay down the debt. With what is left, we are going to return it to the American taxpayers.

It is not time for class warfare, to bring out the same arguments we heard on health care reform, Medicare reform, regulatory reform. It is not time for all the fearmongering. Let us just say who this money belongs to, which is the taxpayer, not us in Washington, and let us say it is their money and we are going to return it to them.

That is what this bill is all about. I urge my colleagues to support the conference report.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from Wisconsin (Mr. KLECZKA).

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

Mr. Speaker, the chairman of the committee, the gentleman from California (Mr. THOMAS), a while ago said when this President ran for office, he said there was going to be a change in the environment in Washington, D.C. Over the last few months we have seen that. In fact, most recently we have found that the fundraising in this town has moved from the Lincoln bedroom in the White House to the Cheney bedroom. So already we are seeing this big change that was talked about.

What I would like to do this morning is just make some observations on the bill. We are being told by our Republican colleagues that we must give the money back. Taxpayers have been overcharged. Well, let us analyze those two statements.

Number one, we have to give the money back, but the problem is, the money is not here. The money is not here. It is a projected surplus over the next 10 years. We hope and pray it is going to be here, but it is not today. So I say, Mr. Speaker, we cannot give the money back if we do not have the money.

But this bill does expend all that money, and know full well, if there is a downturn in the economy worse than today, the first thing to go is cutbacks in programs, and not going back on these tax cuts. This will be sacrosanct, we are not going to be able to touch it.

As far as overcharging the taxpayers, the taxes that have been coming in over the years have for the most part been going to pay down the annual debt. The gentleman from New York (Mr. MCNULTY) indicated what the interest charge was per year, so taxpayers were not being overcharged. They were being charged for the excesses that started with the tax cut of the Reagan administration.

Let me say a couple words about this new thing that is added to the bill. That is the fact that we are going to send checks back. Maybe the chairman of the Committee knows how much that would cost, but to send a check to taxpayers in a month or so is going to cost millions and millions of dollars. Those same millions of dollars could be going for more teachers and more police on the beat.

I just want to tell a little story about sending checks back. It comes from an experience in the State of Wisconsin. Then Tommy Thompson, the Governor, signed legislation a little over a year ago to send the checks back to Wisconsinites because of a projected surplus. So we all got about $320 back, very close to what we are going to get today.

Mr. Speaker, Tommy Thompson got out of town. He left the State, and that State that sent the checks back today is faced with a $760 million deficit. So I want to thank all for the checks from the Wisconsinites. It is going to go to increased gas and to pay back that $320 to the State.

Mr. Speaker, the Tax Conference Report before us today is the result of the surplus dollars projected to be available over the next ten years. The White House and Republican authors of this bill looked at the Congressional Budget Office report, which predicted that $2.7 trillion would be available over the next ten years, and like a kids in a candy store, their eyes got big like saucers. Unfortunately, my Republican colleagues got so excited about the CBO's guesstimate that they forgot to finish reading the report. CBO was so unsure of its surplus estimate that they felt the need to devote an entire chapter to explaining the uncertainty of their projection. If my Republican colleagues had taken the time to review the entire budget document, they would have read that ''a downturn in the economy, depending on its severity and duration, could greatly diminish or even eliminate surpluses over the next few years.''

This tax bill is a gamble. Locking in a tax cut of the proportion will gamble our ability to provide for a sound fiscal future. Looking at the nation's long-term fiscal health, beyond 2011, reveals massive deficits as we try to deal with the costs of providing for our children's education, defense needs, prescription drug benefits, and the solvency and soundness of the Social Security trust fund. The Comptroller General tells us that deficits will occur ten years from now even if we don't pass this $1.35 trillion tax cut!

The Conference Report before us is filled with back-loaded tax cuts. It is a ticking time bomb that is set to explode at precisely the same time that the baby boomers begin to retire. It is in the second 10 years that the true cost of this tax bill will be known—precisely the same time that the bulk of baby boomers are retiring. According to the Center on Budget and Policy Priorities, the cost of the bill in the second ten years is $4.1 trillion. To accomplish this, the bill delays marriage penalty relief for 5 years and waits until 2011 to repeal the estate tax—hiding the true cost outside of the 10-year budget window.

By the authors' own admission, this bill is a floor not a ceiling for additional tax cuts. Other bills the Republican Leadership has indicated will likely be considered include a business tax package to accompany the minimum wage, tax extenders, adjustment in the Alternative Minimum Tax, and various tax incentives for health care and education. In addition, the Conference Report does not take into account the hundreds of billions in interest costs that will have to be paid because passage of this bill will jeopardize our ability to pay down the debt. When the debt and all of the remaining tax bills are added together, the total cost is nearly $3 trillion! That's more than the $2.7 trillion in projected surpluses that are available outside the Social Security and Medicare Trust Funds. Inevitably, the Republican tax bills will collapse under their own weight.

The tax plan is déjà vu. Twenty years ago, Congress passed a large tax cut that quickly tripled the deficit and quadrupled the national debt. Apparently, my friends on the other side of the aisle seem to have selective recall when it comes to that part of our history.

Mr. Speaker, the Tax Reconciliation Conference Report before us today is an irresponsible tax proposal that will be paid out of the pockets of our children. I urge its rejection.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 30 seconds to the gentleman from Iowa (Mr. GANSKE).

Mr. GANSKE. Mr. Speaker, this is not complicated, it is simple. People are either for tax relief, or they are not.

This bill provides tax relief for families with children, for married couples, for farmers, for small businesspeople. Mr. Speaker, when the year 2011 comes around, we will sure want a Senate that reaffirms tax relief, not one that increases taxes, like in 1993. Vote for this bill.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. LEWIS), an outstanding American and a member of the Committee on Ways and Means.

Mr. LEWIS of Georgia. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, the Republican tax bill is not the way to go. It is going to take the country down the wrong road. What if we are wrong? The Republican tax bill is based on a 10-year forecast that we know probably will not happen. In fact, the people who made the forecast have said that it is not going to come true. According to them, there is only a 10 percent chance that their forecast will be correct.

We cannot afford to be wrong on this one. We are locking ourselves into a 10-year plan when we are not even sure that the money would be there.

The gentleman from New York (Mr. RANGEL), does he know what this would be like? It would be like counting the chickens before the eggs hatch. That would not be fair for the American people. What if we are wrong? What if the surplus does not happen?

The administration, the Republicans, somebody is not telling the whole truth. They are not telling us the whole story. They need to be honest with the American people, honest about the true costs of the tax bill, honest about what will happen if the surplus does not materialize, honest about what will happen to Social Security, honest about Medicare and other priorities.

We have an obligation, a mission, and a mandate to tell the truth, the whole truth, and nothing but the truth. The Republicans are playing with the numbers. It is deceptive, it is a sham, and it is a shame. We should be paying down the debt, saving Social Security and Medicare, taking care of the basic needs of all of our people.

The Republican bill is not right for America. It is not fair and it is not just. We should vote down this bill. We should do it for the American people. We have an obligation to vote it down.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, in the tradition of the gentleman from Iowa (Mr. NUSSLE), I should have worn a paper bag down here today.

How can anyone look the American people in the eye and say we have a surplus when we owe the Social Security trust fund $1 trillion? There is no account. There is no money. They have nothing but IOUs. But somebody else is going to get a tax break today.

We owe the Medicare trust fund at this moment $228 billion. There is no lockbox. There is no bank account. They have an IOU.

We owe our Nation's military retirees, the people who they are all going to go give speeches to next Monday and tell them how much we value them, we owe them $163 billion. There is no account. There is no bank account. They took the money and they are going to give it to somebody else.

We owe our Nation's civil servants $501 billion.

□ 0930

Now, how can anyone look me in the eye and say we have a surplus when we owe those folks that money? My colleagues have taken money out of their paychecks with the promise that my colleagues were going to set it aside for their retirement.

It is not there. This is wrong for America. We have a unique opportunity to start paying down the debt; and, instead, my colleagues are giving their big contributors a tax break. Shame on you.

Mr. RANGEL. Mr. Speaker, my colleagues have no response?

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from New York (Mr. RANGEL) has 6 minutes remaining and the gentleman from California (Mr. THOMAS) has a couple of speakers.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Texas (Mr. STENHOLM), an outspoken Member on our government's budget.

Mr. STENHOLM. Mr. Speaker, I want to choose my words very carefully today, because tomorrow I may eat them, just as I have heard many statements made on this floor today that I think are going to be eaten.

When you govern this country based on political promises and polls rather than sound economics and good policy, the market will correct us.

Let me remind everyone to start looking at what is happening to long-term interest rates as we have been debating this tax cut. They have gone up 4 percent, which means a tax increase on all soon-to-be homeowners.

Now, this budget bets the ranch that the surpluses that everybody talks about are going to be there. If they are not, we are going to have a difficult time governing in this body in a bipartisan way.

Social Security has been mentioned, and my number one disappointment in this budget is the fact that there is no money left for us to do the kind of bipartisan Social Security reform that I wanted to work with my President for. My colleagues have spent it all. Then my colleagues come in and sunset in 2011.

Mr. Speaker, I wanted to do something for estate taxes. I wanted to have an immediate $4 million exemption for small businesses owners all over the country effective now. This one does not survive the laugh test. It does not even deserve the laugh test.

We heard defense mentioned a moment ago. I know that the die is cast. I was here in 1981. I have heard a little revisionist history on the floor this morning.

The facts, as the gentleman from Mississippi (Mr. TAYLOR) spoke of, were the result of the 1981 vote; and we are in danger of repeating it.

I hope I am wrong. I hope I will be able to eat the crow you will dish out to me in a year from now, if I am wrong. But if I am right, get your knives and forks out.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. ARMEY), the majority leader, and a colleague and a companion on the conference committee that produced this document.

Mr. ARMEY. Mr. Speaker, as a young professor, I remember the despair that my profession of economics had in the 1970s dealing with the malaise of that decade, the stagflation, the hopelessness, and the helplessness of the economy that caused the American people to turn to Ronald Reagan when we just did not seem to be able to get the economy to move.

Ronald Reagan, God bless his heart, broke the back of inflation, and by cutting taxes and reducing government regulation on the economy, he got this economy into 2 decades now of growth that have never been paralleled in the history of the economy.

But here is the fact, here is the fact: because Ronald Reagan cut taxes, enabled the economy to grow, the fact is the American people doubled the amount of money they sent to Washington in the decade of the 1980s. That is a fact. It happened. Because we had better jobs, we had a growing economy, we spent more money.

What did Washington do? Washington spent $1.56 for every increased dollar we sent to Washington, not Ronald Reagan. This Congress spent that money year after year after year. Not only did they spend all of that, but they spent every surplus dime of payroll taxes that decent men and women in this country paid expecting it to go to mom and dad's Social Security.

The Democrat Congresses wasted those Social Security surpluses year after year after year on every risky

spending scheme they could trump up. That went on until 1993. And in 1993, the President of the United States raised taxes and the deficits went on and the spending went on until 1995.

Since 1995, the American people have continued to do their job and continued to send increased amounts of money to Washington, but something changed with that new Republican majority.

Since 1995, for every dollar we have sent to Washington, government spending has gone up by less than 50 cents. That is where the surplus comes from. We restrain this lust for spending other people's money, and the surplus is there.

We were able under these circumstances to stop the 40-year raid on Social Security. We did that. It was a simple little ethical thing. We just looked at our children; and we said, why do we not honor them while they honor their parents when they pay those payroll taxes and let us stop this business of wasting it on every new, risky spending scheme somebody could concoct?

Here we are today, a great day for the American people, a day where, thanks to George Bush, for the first time in 2 decades, we are talking about across-the-board reduction in taxes for every American that pays taxes. That is a remarkable thing to be celebrating in this country. And what do we hear over here? Oh, do not do that. Do not do that. We have new spending schemes, new risky spending schemes. You will deny us the money for our new risky spending schemes.

Well, the party is over. The party has moved. The party is no longer in Washington. The addicts are going to have to take the cure. We are no longer going to get stoned on other people's money and our new spending programs. No.

We are going to move the party to America where people will spend their own money on things that are healthy, beneficial, and, in fact, assure a brighter future for their own children because of one simple thing, because they love their children best.

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

Mr. Speaker, let me take this time to thank the gentleman from Texas (Mr. ARMEY), the distinguished majority leader, for taking my place in the tax conference. Had I been there, I would have been able to have a different view, but I thank the gentleman so much.

Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I was here in 1981. The gentleman from Texas (Mr. ARMEY) was not. He was then an economist, perhaps not so successfully because he came to Congress.

Ronald Reagan asked the Congress of the United States to spend every nickel of Social Security surplus in his budgets. George Bush first asked the Congress of the United States to spend every nickel of Social Security and Medicare surplus.

The Congress of the United States from 1981 to 1993 spent less money than Ronald Reagan and George Bush asked us to spend. Those are the facts, my friends. Those are the facts.

Very frankly, my colleagues knew the facts in 1981. I mentioned them a little earlier today. Let me recite them again so that my colleagues understand the premise that was underlying 1981. He was not a liberal. He was not a Democrat. His name was Stockman. He knew what you were doing in 1981, notwithstanding the same kind of rhetoric that we heard on this floor today.

He said that we knew that the budget we were passing would result in triple digit debts, deficits. We knew that we would escalate the debt. We knew that interest rates would remain high and at historically high levels in 1980.

You light a time bomb today that will blow up for generations yet to come. It is your duty, your responsibility to defeat this bill. Do so.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. SOLIS).

Ms. SOLIS. Mr. Speaker, as a freshman here in the House, I waited to see where we could work together on a bipartisan effort so that we could provide the much-needed relief that Californians are crying out for.

When I go home today and I meet those folks that I represent, the people who are not going to get one iota of a tax break on relief, the people in my district currently are probably the hardest working folks, senior citizens, that have paid their way, that have given us the riches that we have in this country.

They are waiting. They are waiting to see what action is going to take place here. The folks in my district want to keep the lights on in California. They get no help from this budget on the energy crisis. There is an energy crisis.

There are children who are crying because they want to know that they are going to be able to have school rooms that are not going to fall down on them because they are going to be built to secure their education and their livelihood there. That is not in this budget.

What about the promises we made to seniors for Medicare and Medicaid reform to help them? What about those people in my district that have been gouged by those energy producers from Texas?

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

Ms. PELOSI. Mr. Speaker, the Republicans are attempting to justify their tax bill by saying this tax break for their wealthy friends is needed to offset a slowdown in the economy.

My Republican colleagues, in case you have not noticed, the biggest threat to the economy is the energy crisis which will be felt throughout the country. There is a solution, and these solutions are the wave of the future, renewable energy and energy efficiency.

Yet this tax cut necessitates a cut by 50 percent in research and renewable energy and 30 percent in energy efficiency. Instead of passing this reckless tax bill, and, yes, instead of letting this House lie silent for two whole days, we should have taken up an energy bill. We should have passed the Inslee bill to help the entire West.

Do not let the Republicans tank the economy with their reckless tax vote. Vote no. Vote responsibly. Vote no on this bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. HINCHEY), my friend.

Mr. HINCHEY. Mr. Speaker, I listened very carefully to the gentleman from Texas (Mr. ARMEY), the distinguished majority leader, just a few moments ago, and I was reminded about the capacity of the human mind to deceive itself.

Ronald Reagan never sent a balanced budget up to this Congress, not once in all the 8 years that he was there. This bill is a mistake today. Anyone can make a mistake and any group of people can make a mistake, but it takes a certain level of foolishness to make the same mistake over again.

In 1981, we passed a tax bill under the direct urging of a new Republican President. The result of that bill was deep recession and huge deficits, $5 trillion of deficits today as a result of that tax cut.

□ 0945

Now we are being asked to do the same thing over again. If we do it, we know what is going to happen; and our Republican colleagues intend it to happen. There will be no money to deal with crumbling schools. There will be no money to deal with prescription drugs. There will be no money to deal with the problem of 13 million children living in poverty. All of those things our Republican colleagues do not want to address. That is why they want this tax cut passed. Let us defeat this bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Washington, Mr. INSLEE.

Mr. INSLEE. My Speaker, my Republican colleagues' fiscal plan is a little like a money-laundering machine because every dollar they give to the American taxpayer, the taxpayers are going to give $2 to the energy companies, and the Republicans will not do a single thing about it.

While energy prices go up a thousand percent, they do nothing. Last night, I was reading Tom Brokaw's book about the greatest generation. He quoted Roosevelt saying, ''This generation has a rendezvous with destiny.'' Well,

under this plan, the baby boom generation has a rendezvous with a fiscal disaster when we start to retire. The Republicans have put us on the horns of this dilemma. When the baby boomers start to retire 10 years from now, when the Republicans sunset the repeal of the estate tax, which gives a whole new meaning to estate planning, the Sopranos may have a job under the Republicans' plan in the year 2010. If this goes through, Saturday, March 26th, 2001, will be a day of fiscal infamy.

Defeat this bill. Join us in a fair plan where the baby boom generation will stand up for fiscal responsibility.

Mr. RANGEL. Mr. Speaker, it is my understanding that my colleague on the other side of the aisle will be yielding the remainder of his time to our distinguished Speaker to close.

Mr. THOMAS. Mr. Speaker, I advise the gentleman that the Speaker will close, but he has honored me with just a statement at the end which would take 10 seconds, so it is a closing on this side.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time, and I want to sincerely thank the Speaker for thinking enough of the Democrats and the Committee on Ways and Means in appointing me to the conference. I only wish that he had told the majority leader and the chairman of the committee that he had done that. Because somehow this conference turned from a Ways and Means conference to a Republican conference; Republicans from the White House, from the House, and from the Senate.

I just cannot understand what was in this bill that was so terrible that my colleagues did not want one Democrat to be able to see it. And I say this because as we leave here on this Memorial weekend, not one Member of our side has been able to see my colleagues' bill. They have come and asked me for the bill, I have referred to it to the majority leader, and I guess he has referred it to the Speaker. But ultimately, we should be right there on our television, on our Web site, seeing what you rascals have really done, because you never really brought anything to this floor.

Mr. Speaker, I am waiting to go hear just exactly what happened.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Illinois (Mr. HASTERT), the Speaker of the House. Without his focus, attention, and diligence we would not have had the atmosphere to bring this accomplishment to fruition.

Mr. HASTERT. Mr. Speaker, I thank the gentleman from California, and I thank him for his diligence and his hard work.

I thank my friends on the other side of the aisle. And to my good friend, the gentleman from New York, we are all in this process, and I think there were a couple of Democrats that were involved very heavily in this conference for a lot of hours. I am just advising my colleagues that revisionist history and trying to talk about different things, facts still remain facts.

Let me just say that maybe we just ought to tone down our rhetoric this morning, because it is not a Republican victory nor is it a Democrat victory if this bill passes today. The American people win. The American people, who get up in the morning, the farmer in Nebraska this morning that has been up for 3 hours doing chores, he is going to get a better break on his taxes. And that farm he spent his whole life on he may be able to pass on to his children and grandchildren.

The truck driver driving across the delta of Mississippi this morning, trying to get home to his family for Memorial Day, he is going to get a better tax break so he can take better care of his kids and plan for his kids' education. He wins on this.

It is the single mother in California, whose kids were up early this morning watching the TV. Not this. They are watching cartoons. Maybe it is the same thing. But anyway, that mother will be able to take care of her children. She gets a better tax break. She can plan for her children. And there are benefits for her that have never been in another tax bill.

I hear a lot about the budget, and I hear about Presidents in the past. It was 1996 and 1997 and 1998 and 1999 and 2000 and 2001 that this Congress balanced the budget for the first time in 40 years. And because we balanced the budget, we started to pay down the debt. And, yes, in September of this year we will have paid $650 billion down in public debt, and we have a surplus that allows us to give back to the American people. It is time we give to the American people. Because if we do not give them that surplus, we will spend it and we will have bigger government, and we will have more programs and we will not see a surplus again.

It is time that we get on with this issue, it is time we get on with this work, and it is time we give the American taxpayer a tax break.

Mr. THOMAS. Mr. Speaker, I yield myself the balance of my time, and I want to thank the Speaker and my colleagues for the opportunity and privilege of serving. H.R. 1836 was created by a bipartisan team following President Bush's blueprint. There is a new direction in Washington, both in substance and in bipartisan cooperation. For a decade of growth and for some relief to the American taxpayer, let us vote ''yes'' on 1836.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in grave opposition to this Conference Report on H.R. 1836, the Tax Cut Reconciliation bill, and the conservative Republican budget.

All that glitters is not gold in this tax cut. Americans need relief now, and most of all, they need leadership. Sadly, the Majority has sought to twist and abuse the House process to benefit the wealthy.

The Minority has been shut out of this process and kept waiting through the night, only to be given a the draft of the plan 1 hour before it going to the floor of the House.

The tax bill is fundamentally unfair. This bill is designed to benefit the rich, cutting the four highest rates, and doing little for the rest of America. Fully 70% of this tax bill goes to the top fifth of taxpayers. The richest 1% of Americans earn 39.9% of the cut, while most Americans get a raw deal, with the bottom fifth of all taxpayers getting only 1.0% of the cut. This simply is not a good plan for America. I would have voted for the one-time economic stimulus package, which would have provided $85 billion in relief to taxpayers this year. Now, it has grown to $421 billion.

The bill provides no marriage penalty relief until 2005, despite the fact that the sponsors campaigned on the need for such relief. The bill repeals the estate tax, which overwhelmingly helps the wealthy, but does nothing about the gift tax. The repeal is effective only for the estates of decedents dying on or after January 1, 2010, and before January 2, 2011. This is not the kind of real tax relief that Americans need. We can and must do better.

If we worked together in a bi-partisan fashion like we did in the 1997 Clinton balanced budget, Americans would have the relief that they need today. Instead, under this plan we are faced with is a serious crisis in Social Security and Medicare, all for the sake of this huge tax cut.

What is really needed is progress that helps all Americans, and not just the wealthy few. We need a reasonable energy policy now. We need research and development for Lupus, Sickle Cell, and HIV AIDS, which currently have no cure. And under the ''Leave No Child Behind'' rhetoric, our children are left behind because we short-change the nation's educational needs.

I call on the Congress to do what is fair and what is right for all Americans.

Mrs. MALONEY of New York. Mr. Speaker, after eight years of hard work, we finally have our financial house in order.

When I was elected in 1992, we had a $290 billion surplus.

This year, CBO projects a non-Medicare, non-Social Security surplus of $92 billion and the combined surplus is projected at $275 billion; under the President's budget, the non-Medicare, non-Social Security surplus would never again be that large within the ten-year budget window.

At a time of unprecedented surpluses, we should have tax cuts—but I believe in responsible tax cuts—tax cuts that allow us to pay down the debt and pay for domestic priorities such as prescription drug coverage for seniors and improvements in education.

I favor the Democratic plan of dividing the surplus into thirds.

One-third for tax cuts, One-third for debt reduction, and One-third for national priorities such as education and prescription drugs.

I believe in fixing the marriage penalty, but not delaying its implementation for four years as the Bush plan proposes.

I believe in relief from estate taxes, but not for billionaires, and not for a plan that hides its cost by not phasing in for 10 years.

I believe in giving the relief now—not ten years from now in a move that will blow a hole in the budget and leave us with massive deficits.

We need to be clear about one thing.

The Bush tax cuts are based on 10-year budget projections that can vary greatly and potentially lead us back to deficits.

Despite the current surplus the federal government is enjoying, danger lies just over the horizon.

The uncertainty of the next ten years is trumped by the certainty of the second ten.

Starting in the later half of this decade the baby boomers will begin to retire, drastically increasing our entitlement commitments. Should we find ourselves facing deficits in 2008 we will truly be in a dire predicament.

Most misleading about this tax bill is that it treats taxpayers with similar incomes far differently based on the state in which they reside.

This is because it greatly increases the impact of the Alternative Minimum Tax which eliminates deductions for state taxes.

While the tax cut itself is large, it is not so large that it provides relief to the lower income Americans who pay the majority of the taxes through payroll taxes rather than income taxes.

I don't believe in selling a tax cut as an economic stimulus package when most of the relief will come years from now, long after this economic cycle has passed.

The President says people should use the tax cut to pay their skyrocketing energy bills.

However, without provided relief from payroll taxes the Bush plan does nothing for people who are most affected by energy costs.

And I don't believe that we should cut taxes so far that we run the risk of going back into deficit spending.

Mr. NEAL of Massachusetts. Mr. Speaker, this is a sad day for America, but one everyone knew was coming. The bill we have before us repeats the mistakes of the 1981 Tax Bill, mortgaging our future for immediate political benefits.

The only question is: Who is going to play the role of Senator Dole this time? Who is going to have the courage to begin to turn this boat around once the immediate euphoria has passed, and the reality of what has been done is reflected in budget estimates? How are we going to act when the delayed effective dates come due and the hemorrhaging of revenue occurs just as the baby boom generation begins to retire, and our only choices are to reverse this tax bill or make deep cuts in Medicare and Social Security?

Having said that, let me make a few comments about how the pension provisions came out, as I understand them. I am willing to concede that this procedure makes it difficult to know exact details, so I will rely on the Chairman correcting me if I have misconstrued something.

I understand that the nonrefundable retirement savings account proposal is in the conference report, as is the small business credit for administrative costs for start up pension plans. Those are two of the three provisions I have been working for these past three years, so I thank the Chairman and those who supported these provisions. These provisions, when combined with the many solid provisions like portability, make this a better bill than when it left the House.

On the downside, I understand the House version of the nondiscrimination rule and the top-heavy rule has prevailed, thereby in my view weakening pension coverage for some low income workers. In addition, the application of nondiscrimination rules to the catch up provision has for the most part been dropped. I know Mr. CARDIN was the chief proponent of this very good policy, so I regret that outcome.

I suppose the theme of the pension provisions, as with this entire bill, is that it is built around a number of good provisions but on the whole it simply goes too far. And we will eventually have to clean it up. It would be better to simply vote this down, and start again to build a bill that solves problems in the tax code like the alternative minimum tax and other complex issues, to the extent we can afford to do so. I suspect that will not happen, but still I would hope Members would vote this down and start again.

Ms. HARMAN. Mr. Speaker, I rise to oppose the reconciliation conference report.

For close to a decade, I have made every hard vote to balance the budget, eliminate the deficit, and reduce our $5 trillion nation debt.

I made these votes because they were responsible, and because the alternative for my constituents and future generations was continued economic hardship, high unemployment, high interest rates, high mortgage rates, and a decline in the standard of living that my generation has enjoyed.

This is another of those brutally hard choices.

I support tax cuts and have recently voted for marriage penalty relief and eventual elimination of the estate tax.

I expect to vote for needed tax cuts in the future, including true relief from the AMT, a package of relief for small business, and a permanent research and development tax credit.

But none of these important tax cuts is included in today's package.

It includes some good features, such as improved pension portability, expanded IRA contributions and marriage penalty relief, but it is riddled with gimmicks and it is backloaded. Taxpayers in my district will be enormously disappointed when they see how little relief they actually get, and learn that, despite promises to the contrary, Social Security and Medicare trust funds are included in budget projections.

My family and I would personally benefit from a reduction in the top tax rate. But to their credit, they agree with me that the right vote is not about our personal interest, but about our country's interest.

John Kennedy was right. The question is what can I do for my country? And the answer is I can stand for principle and say ''no'' to the easier vote.

I hope the Congressional Budget Office reestimate of our surplus in July is positive. But given current indicators, it is likely to be negative. Should this be the case, the vote we take today will plunge us back into multi-billion dollar annual deficits.

I cannot do this. I have risked my political career fighting for fiscal responsibility. The right vote on this package—which emerged after an all-nighter of the 107th Congress—is ''no''.

We can write a better tax cut bill and we should.

Mr. PORTMAN. Mr. Speaker, I rise in strong support of this conference report providing needed tax relief for the American people and for our economy. The retirement security provisions are excellent and will help everyone save for retirement.

Unfortunately, several retirement security provisions had to be dropped from this bill because of the Byrd rule, a Senate rule that applies to tax bills passed under budget reconciliation rules.

Several of these provisions would make it easier for small businesses to offer defined benefit pension plans. For example, one provision would allow small businesses who adopt a new pension plan to pay more reasonable PBGC insurance premiums in the early years of the plan. Another would simplify annual reporting requirements for small plans.

We hope to work with the Education and Workforce Committee Chairman BOEHNER and Subcommittee Chairman JOHNSON, and ranking members GEORGE MILLER and ROB ANDREWS to get these and the other important ERISA and tax provisions enacted that had to be dropped from this bill for procedural reasons.

Mr. BLUMENAUER. Mr. Speaker, I am disappointed as we vote on this tax bill for the fifth time that no substantive change has been made to make it more fiscally responsible and direct more help to those who need it the most. Accordingly, I have decided keeping commitments to my constituents in Oregon was a higher priority than voting ''no'' for the fifth time, which I most definitely would have done.

Luckily change is in the air as recent events on Capitol Hill have demonstrated the need for true bipartisanship and working together in a cooperative fashion. This hopefully will mean an opportunity to improve this package in the course of the year, and I remain committed to doing so in a way that makes sense for the people I represent in Oregon and the long-term fiscal stability of the country.

Mr. BEREUTER. Mr. Speaker, while this member enthusiastically votes for H.R. 1836 to give a tax cut to American taxpayers he continues his strong opposition to the total elimination of the estate tax on the super-rich. The reasons for this opposition has been publicly explained on numerous occasions, including statements in the CONGRESSIONAL RECORD. On the other hand, this member is strongly in favor of substantially raising the estate tax exemption level and reducing the rate of taxation on all levels of taxable estates. However, to totally eliminate the estate tax on billionaires and mega-millionaires would be a terrible idea for the American society and for continuing to foster very large charitable contributions for colleges and universities and other worthy institutions in our country. Fortunately, I believe it will never be eliminated in the year 2010.

Relatedly, this member includes the following opinion piece by William H. Gates, Sr. as it appeared in the Washington Post edition of May 25, 2001.

A TAX BREAK'S UNFORTUNATE LEGACY

(By William H. Gates, Sr.)

The power of organized money has won another round, as the Senate's vote to repeal the estate tax has demonstrated.

The proponents of wholesale repeal were able to wage a campaign based largely on symbolism and distortion of fact. They cited the plight of farmers, but when a reporter asked for living examples of real small farmers who had lost their farms, they couldn't be found. The deliberative tradition of the Senate caved under the pressure of ideology over reality.

Missing has been a debate about the potential dangers of eliminating our estate tax. What will it cost in lost federal revenue? How will state treasuries manage without their revenue linked to the federal estate tax? What effect will it have on charitable giving and the nonprofit civic sector? What happens to democracy and equality of opportunity in a society with such great inequities of wealth and power?

And more technical questions: Are there ways to reform the tax to address concerns about family enterprises? How would a repeal of the ''stepped up basis,'' which exempts estates from capital gains taxes, be administered? Instead of discerning these vital questions, our elected leaders have punted. By structuring full repeal to take effect 10 years down the road, they have obscured the cost and downside of repeal and shifted the burden onto future generations.

A hundred years ago, we did have a rigorous debate about the need to tax large accumulations of wealth. Then, as now, wealthy people took a stand in favor of inheritance taxes. Andrew Carnegie personally testified before Congress in favor of the estate tax.

The petition effort that I launched with Responsible Wealth is a similar effort. More than a thousand prominent investors and business leaders—from families that have paid or will pay estate taxes—have called for reform but not repeal of the tax. Many of the signers are owners of small businesses who understand that concentrations of wealth and power are not friendly to small enterprise.

The fate of the estate tax goes to the heart of the American experiment. What has made America distinct from Europe is our effort not to create hereditary aristocracies and our suspicion of concentrated wealth and power weakening our democracy. It was understood a century ago that the estate tax was an attempt to balance conflicting American values: on the one hand, our respect for private enterprise and personal wealth, and on the other, our concern for democracy and equality of opportunity. Today's debate is missing this historical concern. In its place, we have come to worship a myth of individual merit and success. But the unspoken little secret is that great wealth is never entirely the result of individual achievement. We underestimate the role of luck, privilege and God's grace in our good fortune. And we dismiss the incredible contribution our society makes to creating the fertile soil for successful private enterprise through public investment.

My own perspective celebrates individual achievement and the hard work of entrepreneurs and leaders in our free-enterprise system. But I also recognize that society has played an important role in the creation of wealth. Take anyone of the Forbes 400 and drop them into rural Africa and see how much wealth they would amass.

Imagine that two infants are about to be born. God summons their spirits to his office and makes them a proposition. One child will be born in a prosperous industrialized country, the United States. Another child will be born into a country of society-wide abject poverty. God proposes an auction for the privilege of being born into the United States. He asks each new child to pledge a percentage of his earthly accumulation at the end of his life to the treasury of God. The child who writes the highest percentage will be born in the United States. Does anyone think either child would pledge as little as 55 percent, the current top-estate tax rate?

This is not a slight of the vibrant community and human qualities that exist in less-developed countries. I have traveled the world in my work on health and am struck by the quality of the human spirit. But our society has facilitated wealth-building by creating order, protecting freedom, creating laws to govern property relations and our marketplace, and investing in an educated work force. What's wrong with the most successful people putting one-quarter of their wealth back into the place that made their wealth and success possible? Many people repay their universities this way. Why not their country?

For the sake of our grandchildren, I hope we can revive this vital debate. It may not be happening in the halls of Congress, but perhaps we can take it to the town square.

Mr. ROGERS of Michigan. Mr. Speaker, I rise in support of the Economic Growth and Tax Relief Reconciliation Act as it fulfills two key principles. First is the moral imperative to reduce the tax burden on all American taxpayers, who are being taxed at historic levels. I believe it is morally right to return some of that money back into the pockets and purses of Americans. Quite simply, I believe tax relief is about freedom. The more of your money you are allowed to keep, the more freedom you have to save, spend or invest your money as you see fit.

The second principle addressed by this legislation is economic growth. Central to America's economic growth and continued prosperity is education; but, too often students and families educational opportunities are limited by the cost or prospect of a crushing debt-load. The best answer to this dilemma is to encourage advanced family savings.

I am pleased this conference agreement recognizes the need to provide federal tax incentives to help and encourage families to save for college. This legislation provides for tax-free treatment of distributions from state-sponsored prepaid tuition or college savings plans. This bill's language on tax-free distributions mirrors the primary provision in legislation I introduced earlier this year, the Securing Affordable collegiate and Vocational Education (SAVE) Act.

The cost of attending college, whether at a public or private institution, continues to rise steadily. In order to send their children to college, American families increasingly rely upon debt to meet these rising college or vocational training costs. All 50 states have responded by establishing, within section 529 of the federal tax code, state qualified tuition programs that are free from state income taxes.

As the author of Michigan's recently-enacted Michigan Education Savings Program I have witnessed first-hand the demand for such common-sense education savings plans. Although Michigan's program was only launched in November 2000, it has been a smashing success as more than 16,000 accounts have been opened with over $34 million in investments.

The power of compounding makes these plans especially appealing to families who can save only in smaller increments. For example, in Michigan, families can put away as little as $10 a week over the first 18 years of a child's life and, based at a conservative earnings rate of 8 percent, have about $20,000 by the time he or she is ready for technical school.

When it comes to saving for college and vocational training, we need to help our families turn from a borrowing class into a saving class. Today's legislation takes a large step in that direction by providing for tax-free treatment of distributions from State Qualified Tuition Programs, like the Michigan Education Savings.

I salute Chairman THOMAS for his hard work on this excellent legislation and thank him for including this education provision that will help millions of families nationwide. I strongly urge my colleagues to support this legislation.

Mr. MCDERMOTT. Mr. Speaker, here we go again—rushing to get this outright deception of a tax cut through—signed, sealed and delivered by Memorial Day. There is absolutely nothing in here for Social Security and Medicare and even the President's plan to partially privatize Social Security, but rather, it raids the money that is so desperately needed for these programs. This bill slashes spending on health care. There is nothing left for emergencies. Of course not, we have an emergency right now with the energy crisis, and there is not a single cent devoted to it. How many hundreds of heat-related deaths this summer will it take for the Administration to realize that the high energy prices is the true emergency, not tax relief?

By pursuing this tax cut, the Administration and my Republican colleagues are consciously choosing to deny the existence of a very serious energy crisis. In light of a potential 250% Bonneville Power Administration (BPA) rate increase next year, the estimated Northwest regional job loss is 224,484. Seattle City Light, serving an area of half a million, has raised rates 30 percent.

Today, the Bush administration would say that we must rush to meet the Memorial Day deadline for this tax bill in order to help hard-working Americans confront the energy crisis. So much for their earlier explanation that the economy was on the brink of a recession and could only be saved by this massive tax cut.

I see—all the tax cut dollars will go towards paying energy bills and stimulating the profits of the big oil companies—oil companies such as Houston-based Enron and Dynegy that have reportedly seen revenues climb by 400 percent in the past two years while the Californian utilities spiraled into debt.

As for the working American families who owe no federal taxes and get zero to nominal benefits from this blatant deception of a taxcut, how will we help them pay their energy bills? Roughly twenty percent of families with children will get absolutely nothing under this bill. We will just send them into debt with utility bills. But that seems all right with the administration. According to them, knowing you will get $100 child credit in 18 months will have a

psychological effect and cause the parent to go shopping and stimulate the economy.

The Administration simply is closing their eyes and ears to the facts, and hiding behind the fraudulent pretext that this tax cut is the one and only solution for all of our country's challenges. Next, this tax cut will decrease teen pregnancies.

It's a nutshell game. Is the money under the shell for the big oil companies or is it for the wealthiest one percent to go on a shopping spree?

This whole package is really about sending hard-working Americans and our country into debt—all for the benefit of the extraordinarily rich and major oil companies, many of whom are in Texas. A vote for this fraud is a vote to gamble away our Nation's prosperity.

Mr. BENTSEN. Mr. Speaker, the Republican tax plan simply does not allow them to keep all their political promises. First, we must realize this 11-year $1.35 trillion amalgam of tax cuts does little to provide immediate tax relief. Next we must confront the fact that the costs of these cuts are pushed back just behind the 10-year budget horizon, concealing their true cost.

This tax plan leads us down the path of "spend today, borrow tomorrow" policy that will leave no room for adequately funding the nation's priorities or protecting against unforseen economic downturns. As I have said before, I support a substantial tax cut but not at the expense of hard-fought fiscal ground and long-standing domestic priorities, such as strengthening Social Security and Medicare, providing a universal prescription drug benefit, and adequately funding education and defense. With the passage of this tax cut, I do not see how we can even fund the president's own spending priorities, such as an expensive national missile defense system.

Mr. Speaker, I give the Republicans credit for providing a "tax refund" by reducing marginal income tax rates, the cornerstone of the President's plan. This measure puts a 10% bracket on the first $6,000 of taxable income for single filers and $12,000 for couples. However, taxpayers subject to the 15%, 28%, 31%, and 39.6% will not start seeing a reduction in their taxes until 2002 or 2005 or 2007, when each of the remaining tax brackets are reduced. Putting aside the merits of how the tax relief is distributed, I am disappointed that much of the delay in negotiations over this package was over how much relief to give 0.7% of taxpayers, those subject to the top marginal rate of 39.6%.

During the negotiations, I am pleased that the conferees were convinced not to scale back the Senate's child refundable tax credit that will now be available to working poor families. The per child tax credit will be doubled from $500 to 1000 and will be partially refundable to those parents earning $10,000 or more and will be retroactive to the beginning of this year.

I am also disappointed that the Republicans, after years of vilifying the Federal Estate and Gift Tax by calling it the "Death Tax" are making the uncertain move of repealing the tax over the next 9 years. The estate tax plan that I support, as was proposed by Mr. RANGEL, would have immediately exempted 75% of those currently subject to the tax by raising the exemption to $4 million per couple this year. These individuals would then not have to wait until 2010 as set out under the Republican plan. Another troubling aspect of the Republican's approach is that, in the absence of a federal estate and gift tax, it appears that inherited property would be subject to carryover basis rather than step-up in basis.

Mr. Speaker, well, how about the Republican's promise to remove the so-called marriage tax penalty? Remarkably, here again, the Majority willing to let the American taxpayer wait and pay. Under this package, not until 2005 is the standard deduction for married couples raised to twice the standard deduction available to single individuals. The plan that I and many of my Democratic colleagues in the House support would create an immediate standard deduction for married couples equal to twice the standard available to single individuals. Thus, the current law standard deduction of $7,800 per couple would be increased to $9,300 immediately, not in 2005. Mr. Speaker, since marriage penalty relief is a major priority for Congress, why don't we provide it until 2005?

Next, I would like to point out the white elephant in the middle of the room that everyone seems intent on ignoring, the alternative minimum tax (AMT). While 1.5 million taxpayers will be subject to the AMT this year, the Joint Committee on Taxation projects that 21 million taxpayers, including nearly half of all families of four or more, will fall under the AMT by 2011. If the AMT is not completely corrected, the expected tax relief for many families simply will not be realized. What will we say in 2011 to the 19.5 million taxpayers wondering why they are subject to the AMT?

Mr. Speaker, my central objection to this legislation is that the conferees have hidden the true costs of the plan. We cannot claim fiscal responsibility and overlook the structure and timing of this legislation. I support many of the tax cuts in this package, but not when they are clearly crafted to threaten fiscal responsibility. We all know that the lengthy phase-ins for almost all provisions make the package look affordable, but the more back-loaded the package the greater the second 10-year costs as compared to the first ten-year costs. Members and the public are told that the tax package costs $1.35 trillion. As a senior member of the House Budget Committee, I must report that if the true costs were reflected by assuming that all the provisions that expire are made permanent, the cost over the period 2001 to 2011 would be at least $1.7 trillion, excluding interest costs. Most importantly, the cost in the second ten years is estimated to be about $4.1 trillion. Thus, this measure that provides little immediate relief to few Americans leaves little room for funding national priorities such as defense and education or a universal Medicare prescription drug benefit, paying down the debt or reforming Social Security.

Perhaps the brightest spot of this bill is the inclusion of the bipartisan Portman-Cardin pension legislation approved by the House. I am thankful that this bill included tax credits taken from legislation I introduced with my colleague. Mr. BLUNT, to promote the establishment of retirement savings plan by small businesses. Unfortunately, lifting of the limits on IRA and 401(k) contributions has been slowed, reducing the amount that Americans can save over the next decade. The time is upon us to plan for the retirement of the Baby Boom generation. We cannot keep putting off Social Security reform or providing a prescription drug benefit or, for that matter, enhancing pension savings.

For reasons of fiscal responsibility, Mr. Speaker, I oppose the Conference Report to H.R. 1836.

The SPEAKER pro tempore (Mr. LAHOOD). Without objection, the previous question is ordered on the conference report.

There was no objection.

The SPEAKER pro tempore. The question is on the conference report.

Pursuant to House Resolution 153, the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 240, nays 154, not voting 39, as follows:

[Roll No. 149]

YEAS—240

Abercrombie	Emerson	Larsen (WA)
Aderholt	English	Latham
Akin	Everett	LaTourette
Armey	Ferguson	Leach
Bachus	Flake	Lewis (CA)
Baker	Fletcher	Lewis (KY)
Ballenger	Foley	Linder
Barcia	Fossella	LoBiondo
Barr	Frelinghuysen	Lucas (KY)
Bartlett	Gallegly	Lucas (OK)
Barton	Ganske	Manzullo
Bass	Gekas	Matheson
Bereuter	Gibbons	McCarthy (NY)
Berkley	Gilchrest	McCrery
Biggert	Gilman	McHugh
Bilirakis	Goode	McInnis
Blunt	Goodlatte	McKeon
Boehlert	Gordon	Mica
Boehner	Goss	Miller (FL)
Bonilla	Graham	Miller, Gary
Bono	Granger	Moore
Brady (TX)	Graves	Moran (KS)
Brown (SC)	Green (WI)	Morella
Bryant	Greenwood	Myrick
Burr	Grucci	Nethercutt
Burton	Gutknecht	Ney
Buyer	Hall (TX)	Northup
Callahan	Hansen	Norwood
Calvert	Hart	Nussle
Camp	Hastert	Osborne
Cannon	Hastings (WA)	Ose
Cantor	Hayes	Otter
Capito	Hayworth	Oxley
Capps	Hefley	Paul
Carson (OK)	Herger	Pence
Castle	Hilleary	Peterson (MN)
Chabot	Hobson	Peterson (PA)
Chambliss	Hoekstra	Petri
Clement	Hooley	Pickering
Coble	Horn	Pitts
Collins	Hostettler	Platts
Combest	Hulshof	Pombo
Condit	Hunter	Portman
Cooksey	Hutchinson	Pryce (OH)
Cox	Hyde	Putnam
Cramer	Israel	Radanovich
Crane	Issa	Ramstad
Crenshaw	Istook	Regula
Culberson	Jenkins	Rehberg
Cunningham	John	Reynolds
Davis, Jo Ann	Johnson (CT)	Riley
Davis, Tom	Johnson (IL)	Roemer
Deal	Johnson, Sam	Rogers (KY)
DeLay	Keller	Rogers (MI)
DeMint	Kelly	Rohrabacher
Diaz-Balart	Kennedy (MN)	Ros-Lehtinen
Dooley	Kerns	Ross
Doolittle	Kingston	Roukema
Dreier	Kirk	Royce
Duncan	Knollenberg	Ryan (WI)
Dunn	Kolbe	Ryun (KS)
Ehlers	LaHood	Sandlin
Ehrlich	Largent	Saxton

Schaffer
Schiff
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simmons
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Tiberi
Toomey
Traficant
Turner
Upton
Vitter
Walden
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NAYS—154

Allen
Andrews
Baird
Baldacci
Baldwin
Barrett
Berman
Berry
Blagojevich
Bonior
Borski
Boswell
Boucher
Brady (PA)
Brown (FL)
Brown (OH)
Capuano
Cardin
Carson (IN)
Clay
Clyburn
Conyers
Costello
Crowley
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank
Frost
Gephardt
Gonzalez
Green (TX)
Gutierrez
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hinojosa
Holden
Holt
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larson (CT)
Lee
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCollum
McGovern
McKinney
McNulty
Meehan
Meeks (NY)
Menendez
Miller, George
Mink
Mollohan
Moran (VA)
Murtha
Nadler
Napolitano
Neal
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Phelps
Pomeroy
Price (NC)
Rangel
Reyes
Rivers
Rothman
Roybal-Allard
Sabo
Sanchez
Sanders
Sawyer
Schakowsky
Scott
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Udall (CO)
Udall (NM)
Velázquez
Visclosky
Watt (NC)
Weiner
Wexler
Woolsey
Wu

NOT VOTING—39

Ackerman
Baca
Becerra
Bentsen
Bishop
Blumenauer
Boyd
Clayton
Coyne
Cubin
Doggett
Gillmor
Hall (OH)
Hoeffel
Honda
Houghton
Isakson
Jones (NC)
Kaptur
King (NY)
Lipinski
McCarthy (MO)
McDermott
McIntyre
Meek (FL)
Millender-McDonald
Moakley
Oberstar
Quinn
Rahall
Rodriguez
Rush
Scarborough
Spence
Towns
Walsh
Waters
Waxman
Wynn

□ 1011

So the conference report 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. McDERMOTT. Mr. Speaker, on rollcall No. 149, final passage of H.R. 1836, adoption of the conference report, I was unable to be present. Had I been present, I would have voted "nay."

Ms. McCARTHY of Missouri. Mr. Speaker, during rollcall vote No. 149, due to difficulties associated with my travel logistics, I was unavoidably detained. Had I been present, I would have voted "nay."

GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the conference report on H.R. 1836.

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

There was no objection.

THE JOURNAL

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to clause 8, rule XX, the pending business is the question of the Speaker's approval of the Journal of the last day's proceedings.

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

ADJOURNMENT OF THE HOUSE FROM FRIDAY, MAY 25, 2001 OR SATURDAY, MAY 26, 2001 TO TUESDAY, JUNE 5, 2001, AND RECESS OR ADJOURNMENT OF SENATE FROM SATURDAY, MAY 26, 2001 OR SUNDAY, MAY 27, 2001 OR TUESDAY, MAY 29, 2001 TO TUESDAY, JUNE 5, 2001

Mr. TIAHRT. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 146) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 146

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on the legislative day of Friday, May 25, 2001, or Saturday, May 26, 2001, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand adjourned until 2 p.m. on Tuesday, June 5, 2001, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns at the close of business on Saturday, May 26, 2001, Sunday, May 27, 2001, or Tuesday, May 29, 2001, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Tuesday, June 5, 2001, or until such time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1015

CONDITIONAL ADJOURNMENT OF THE HOUSE TO TUESDAY, JUNE 5, 2001

Mr. TIAHRT. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it stand adjourned until 2 p.m. on Wednesday, May 30, 2001, unless the House sooner receives a message from the Senate transmitting its concurrence to House Concurrent Resolution 146, in which case the House shall stand adjourned pursuant to that concurrent resolution.

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

There was no objection.

AUTHORIZING SPEAKER, MAJORITY LEADER, AND MINORITY LEADER TO ACCEPT RESIGNATIONS AND TO MAKE APPOINTMENTS AUTHORIZED BY LAW OR THE HOUSE NOTWITHSTANDING ADJOURNMENT

Mr. TIAHRT. I ask unanimous consent that notwithstanding any adjournment of the House until Tuesday, June 5, 2001, the Speaker, majority leader, and minority leader be authorized to accept resignations and to make appointments authorized by law or by the House.

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

There was no objection.

DISPENSING WITH CALL OF PRIVATE CALENDAR ON JUNE 5, 2001

Mr. TIAHRT. Mr. Speaker, I ask unanimous consent that the call of the Private Calendar be dispensed with on Tuesday June 5, 2001.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, JUNE 6, 2001

Mr. TIAHRT. Mr. Speaker, I ask unanimous consent that business in order under the Calendar Wednesday

rule be dispensed with on Wednesday, June 6, 2001.

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

There was no objection.

APPOINTMENT OF HONORABLE FRANK R. WOLF TO ACT AS SPEAKER PRO TEMPORE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS THROUGH JUNE 5, 2001

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
May 26, 2001.

I hereby appoint the Honorable FRANK R. WOLF to act as Speaker pro tempore to sign enrolled bills and joint resolutions through June 5, 2001.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

The SPEAKER pro tempore. Without objection, the appointment is approved.

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BACA (at the request of Mr. GEPHARDT) for today on account of family business.

Mr. BISHOP (at the request of Mr. GEPHARDT) for today on account of personal business in the district.

Mr. BLUMENAUER (at the request of Mr. GEPHARDT) for today on account of official business.

Mr. BOYD (at the request of Mr. GEPHARDT) for today.

Mr. HOEFFEL (at the request of Mr. GEPHARDT) for today on account of attending his son's graduation.

Mr. OSE (at the request of Mr. ARMEY) for today until 8:30 a.m. on account of family commitments.

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. MCNULTY) to revise and extend their remarks and include extraneous material:)

Ms. CARSON of Indiana, for 5 minutes, today.

(The following Members (at their own request) to revise and extend their remarks and include extraneous material:)

Ms. SCHAKOWSKY, for 5 minutes, today.

Mr. GARY G. MILLER of California, for 5 minutes, today.

Mr. DEFAZIO, for 5 minutes, today.

Mr. COLLINS, for 5 minutes, today.

Ms. JACKSON-LEE of Texas, for 5 minutes, today.

Mr. PENCE, for 5 minutes, today.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 378. An act to redesignate the Federal building located at 3348 South Kedzie Avenue, in Chicago, Illinois, as the ''Paul Simon Chicago Job Corps Center''; to the Committee on Transportation and Infrastructure.

S. 774. An act to designate the Federal building and United States courthouse located at 121 West Spring Street in New Albany, Indiana, as the ''Lee H. Hamilton Federal Building and United States Courthouse''; to the Committee on Transportation and Infrastructure.

BILLS PRESENTED TO THE PRESIDENT

Jeff Trandahl, Clerk of the House reports that on this day he presented to the President of the United States, for his approval, the following bills.

H.R. 801. Veterans' Survivors Benefits Improvements Act of 2001.

H.R. 1727. 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.

ADJOURNMENT

Mr. TIAHRT. Mr. Speaker, pursuant to House Concurrent Resolution 146, 107th Congress, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore. Accordingly, the House stands adjourned until 2 p.m. on Tuesday, June 5, 2001, pursuant to House Concurrent Resolution 146, or, under the previous order of the House, until 2 p.m. on Wednesday, May 30, 2001, if not sooner in receipt of a message from the Senate transmitting its concurrence in House Concurrent Resolution 146.

Thereupon (at 10 o'clock and 19 minutes a.m., legislative day of May 25, 2001), pursuant to House Concurrent Resolution 146, the House adjourned under the previous order of the House until 2 p.m. on Tuesday, June 5, 2001, if not sooner in reciept of a message from the Senate transmitting its concurrence in House Concurrent Resolution 146, until Wednesday, May 30, 2001, at 2 p.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

2216. A letter from the Acting Administrator, Agricultural Marketing Service, Department of Agriculture, transmitting the Department's final rule—Tobacco Fees and Charges for Permissive Inspection and Certification; Fee Revisions [Docket No. TB–00–04] (RIN: 0581–AB86) received May 24, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2217. A letter from the Secretary, Department of Defense, transmitting a letter on the approved retirement of Vice Admiral James F. Amerault, United States Navy, and his advancement to the grade of vice admiral on the retired list; to the Committee on Armed Services.

2218. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a report involving U.S. exports to Brazil, pursuant to 12 U.S.C. 635(b)(3)(i); to the Committee on Financial Services.

2219. A letter from the Managing Director, Federal Housing Finance Board, transmitting the Board's final rule—Maintenance of Effort—Minimum Number of Annual Bank Board of Directors Meetings [No. 2001–06] (RIN: 3069–AB05) received May 25, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

2220. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—National Emission Standards for Hazardous Air Pollutants from Petroleum Refineries [AD FRL–6967–5] (RIN: 2060–AD94) received May 25, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2221. A letter from the Chief, Accounting Policy Division, Common Carrier Bureau, Federal Communications Commission, transmitting the Commission's final rule—Federal-State Joint Board on Universal Service [CC Docket No. 96–45] Multi-Association Group Plan of Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers [CC Docket No. 00–256] received May 25, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2222. A letter from the Deputy Chief, Accounting Policy Division, Common Carrier Bureau, Federal Communications Commission, transmitting the Commission's final rule—Jurisdictional Separations and Referral to the Federal-State Joint Board [CC Docket No. 80–286] received May 25, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2223. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with the Republic of Korea [Transmittal No. DTC 058–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2224. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Japan [Transmittal No. DTC 051–01], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

2225. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed Manufacturing License Agreement with Germany [Transmittal No. DTC 053–01], pursuant to 22 U.S.C. 2776(d); to the Committee on International Relations.

2226. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Saudi Arabia [Transmittal No. DTC 009–01], pursuant to 22

U.S.C. 2776(c); to the Committee on International Relations.

2227. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Israel [Transmittal No. DTC 011–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2228. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Norway, Belgium, The Netherlands, Denmark, Portugal, SABCA [Transmittal No. DTC 036–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2229. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to France [Transmittal No. DTC 040–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2230. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting notification of a proposed Technical Assistance Agreement for the export of defense articles or defense services sold commercially to France [Transmittal No. DTC 037–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2231. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Japan [Transmittal No. DTC 059–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2232. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to the Republic of Korea [Transmittal No. DTC 060–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2233. A letter from the Acting Assistant Secretary for Legislative Affairs, Department of State, transmitting certification of a proposed license for the export of defense articles or defense services sold commercially under a contract to Belgium [Transmittal No. DTC 057–01], pursuant to 22 U.S.C. 2776(c); to the Committee on International Relations.

2234. A letter from the Executive Director, District of Columbia Retirement Board, transmitting the personal financial disclosure statements of Board members, pursuant to D.C. Code section 1–732 and 1–734(a)(1)(A); to the Committee on Government Reform.

2235. A letter from the Attorney/Advisor, Department of Defense, transmitting a report pursuant to the Federal Vacancies Reform Act of 1998; to the Committee on Government Reform.

2236. A letter from the Chairman, Federal Maritime Commission, transmitting a copy of the Federal Maritime Commission's Inspector General's Semiannual Report for the period October 1, 2000, through March 31, 2001, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Government Reform.

2237. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Inland Waterways Navigation Regulations; Ports and Waterways Safety [CGD 09–00–010] (RIN: 2115–AG01) received May 24, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2238. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Shipping Safety Fairways and Anchorage Area, Gulf of Mexico [CGD 08–00–012] (RIN: 2115–AG02) received May 24, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2239. A letter from the Chief, Office of Regulations and Administrative Law, USCG, Department of Transportation, transmitting the Department's final rule—Safety Zone Regulations; Guayanilla, Puerto Rico [COTP San Juan 00–095] (RIN: 2115–AA97) received May 24, 2001, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Filed on May 26 (legislative day of May 25), 2001]

Mr. THOMAS: Committee of Conference. Conference report on H.R. 1836. A bill to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002 (Rept. 107–84). Ordered to be printed.

Mr. REYNOLDS: Committee on Rules. House Resolution 153. Resolution waiving points of order against the conference report to accompany the bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002 (Rept. 107–85). Referred to the House Calendar.

DISCHARGE OF COMMITTEE

Pursuant to clause 2 of rule XII, the Committee on Government Reform discharged from further consideration. H.R. 1088 referred to the Committee of the Whole House on the State of the Union and ordered to be printed.

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. ABERCROMBIE (for himself, Mr. BONIOR, Mr. BACA, Mr. EVANS, Mr. HINCHEY, Mr. FROST, Ms. HOOLEY of Oregon, Mr. UDALL of New Mexico, Mr. MCGOVERN, Mr. HALL of Ohio, Mr. MORAN of Kansas, Ms. KILPATRICK, Mr. PALLONE, Ms. MCKINNEY, Mr. KILDEE, Mrs. WILSON, Mr. RAHALL, Mr. RUSH, Mr. GRAHAM, Mr. PASTOR, Mr. SHOWS, Mr. STRICKLAND, Mrs. MINK of Hawaii, Mr. TAUZIN, Mr. RANGEL, Mrs. JONES of Ohio, Mr. OTTER, Mr. KUCINICH, and Mr. FALEOMAVAEGA):

H.R. 2012. A bill to amend title 5, United States Code, to eliminate an inequity in the applicability of early retirement eligibility requirements to military reserve technicians; to the Committee on Government Reform.

By Mr. ALLEN (for himself, Mr. MCGOVERN, Mr. ANDREWS, Mr. BRADY of Pennsylvania, Mr. EVANS, Ms. BALDWIN, Mr. MARKEY, Mr. STARK, Mr. FRANK, Mr. TIERNEY, Mr. DOGGETT, Mr. BLUMENAUER, Mr. SNYDER, Mr. KUCINICH, and Mr. BERMAN):

H.R. 2013. A bill to provide the President with flexibility to set strategic nuclear delivery system levels to meet United States national security goals; to the Committee on Armed Services.

By Mr. ANDREWS (for himself and Mrs. KELLY):

H.R. 2014. A bill to amend the Fair Debt Collection Practices Act with regard to liability for noncompliance, and for other purposes; to the Committee on Financial Services.

By Mr. COSTELLO:

H.R. 2015. A bill to redesignate the Federal building located at 3348 South Kedzie Avenue, in Chicago, Illinois, as the ''Paul Simon Chicago Job Corps Center''; to the Committee on Transportation and Infrastructure.

By Ms. DEGETTE:

H.R. 2016. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to ensure full Federal compliance with that Act; to the Committee on Energy and Commerce, and in addition to the Committee on Transportation and Infrastructure, 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. GREEN of Wisconsin (for himself, Mr. RYAN of Wisconsin, Mr. SENSENBRENNER, Mr. PETRI, Mr. BARRETT, Mr. KLECZKA, Mr. WELLER, Mr. JOHNSON of Illinois, Mr. KIRK, Mr. KENNEDY of Minnesota, and Mrs. BIGGERT):

H.R. 2017. A bill to direct the Administrator of the Environmental Protection Agency to conduct a study of the feasibility of developing regional vehicle fuel specifications for the United States and of implementing the use of a uniform blend of gasoline in the Midwest region of the United States; to the Committee on Energy and Commerce.

By Ms. HART (for herself, Mrs. JONES of Ohio, Mr. WELDON of Pennsylvania, Mr. BACHUS, Mr. ENGLISH, Mr. ADERHOLT, Mr. SMITH of New Jersey, Mr. PITTS, Mr. STEARNS, Mrs. JO ANN DAVIS of Virginia, Mr. HOEKSTRA, Mrs. MYRICK, Ms. ROS-LEHTINEN, Mr. SOUDER, Ms. PRYCE of Ohio, Mr. WELDON of Florida, Ms. JACKSON-LEE of Texas, Ms. LEE, Mr. GREENWOOD, and Mr. RYUN of Kansas):

H.R. 2018. A bill to authorize States to use funds provided under the program of block grants to States for temporary assistance for needy families to support infant safe haven programs; to the Committee on Ways and Means, 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. HUTCHINSON:

H.R. 2019. A bill to amend the National Labor Relations Act; to the Committee on Education and the Workforce.

By Mr. JONES of North Carolina:

H.R. 2020. A bill to amend title 38, United States Code, to extend the period over which an individual must make payment to the Secretary to become entitled to educational assistance under the Montgomery GI Bill, to prospectively permit any servicemember to withdraw an election not to enroll under the Montgomery GI Bill, and to provide for certain servicemembers to become eligible for educational assistance under the Montgomery GI Bill; to the Committee on Veterans' Affairs, and in addition to the Committee on Armed Services, 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. KIND (for himself, Mr. LEACH, Mr. LUTHER, Mr. GILCHREST, Ms. MCCOLLUM, Mr. GUTKNECHT, Mr. EVANS, Mr. SHIMKUS, Mr. BOSWELL, Mr. HULSHOF, Ms. BALDWIN, Mr. POMEROY, Mr. PETRI, Ms. HOOLEY of Oregon, Mr. ETHERIDGE, Mr. BLUMENAUER, and Mr. BARRETT):

H.R. 2021. A bill to reduce flood losses; to the Committee on Transportation and Infrastructure.

By Mr. LAFALCE (for himself, Mr. KANJORSKI, Mr. HOUGHTON, Mr. GUTIERREZ, Mr. SOUDER, Mr. GONZALEZ, Mrs. THURMAN, Mr. OWENS, and Mr. UNDERWOOD):

H.R. 2022. A bill to amend the Internal Revenue Code of 1986 to provide assistance to first-time homebuyers; to the Committee on Ways and Means.

By Mr. LEWIS of Kentucky (for himself, Mr. ROGERS of Kentucky, Mr. WHITFIELD, Mr. FLETCHER, Mr. LUCAS of Kentucky, and Ms. ROS-LEHTINEN):

H.R. 2023. A bill to amend the Internal Revenue Code of 1986 to reduce the rate of tax on distilled spirits to its pre-1985 level; to the Committee on Ways and Means.

By Mrs. LOWEY:

H.R. 2024. A bill to amend title 18, United States Code, to prohibit desecration of Veterans' memorials; to the Committee on the Judiciary.

By Mr. MANZULLO:

H.R. 2025. A bill to amend the Internal Revenue Code of 1986 to allow all individuals a deduction for Federal, State, and local highway motor fuel sales taxes; to the Committee on Ways and Means.

By Mrs. MINK of Hawaii:

H.R. 2026. A bill to make appropriations for fiscal year 2002 for the establishment and operation of a plant genetic conservation center; to the Committee on Appropriations.

By Mr. MORAN of Kansas (for himself, Mrs. EMERSON, and Mr. BERRY):

H.R. 2027. A bill to amend the Agricultural Market Transition Act to extend for the 2001 and 2002 crop years the temporary eligibility of producers for loan deficiency payments when the producers, although not eligible to obtain a marketing assistance loan, produce a contract commodity; to the Committee on Agriculture.

By Mr. NEY:

H.R. 2028. A bill to extend the deadline for commencement of construction of a hydroelectric project in the State of Ohio; to the Committee on Energy and Commerce.

By Mr. PICKERING:

H.R. 2029. A bill to amend title 23, United States Code, to require the Secretary of Transportation to carry out a grant program for providing financial assistance for local rail line relocation projects, and for other purposes; to the Committee on Transportation and Infrastructure.

By Ms. ROS-LEHTINEN (for herself, Mr. SMITH of New Jersey, Mr. ROHRABACHER, Mr. BURTON of Indiana, and Mr. CHABOT):

H.R. 2030. A bill to prohibit issuance of a visa, or admission to the United States, of any physician who is a citizen of the People's Republic of China and who seeks to enter for the purpose of training in organ or bodily tissue transplantation; to the Committee on the Judiciary.

By Ms. ROYBAL-ALLARD (for herself, Ms. LEE, Mrs. JONES of Ohio, Mr. GUTIERREZ, Mr. FRANK, Mr. KLECZKA, Mr. GEORGE MILLER of California, Ms. SOLIS, Ms. BALDWIN, Ms. SANCHEZ, Mr. KILDEE, Mr. ACEVEDO-VILA, and Mr. UNDERWOOD):

H.R. 2031. A bill to amend the Fair Credit Reporting Act to allow any consumer to receive a free credit report annually from any consumer reporting agency; to the Committee on Financial Services.

By Ms. ROYBAL-ALLARD (for herself, Ms. LEE, Mr. THOMPSON of Mississippi, Mr. FROST, Mr. FILNER, Ms. JACKSON-LEE of Texas, Mr. FRANK, Ms. RIVERS, Mr. GEORGE MILLER of California, Mr. BONIOR, Ms. SOLIS, Ms. BALDWIN, Ms. SANCHEZ, Ms. WOOLSEY, Mr. KUCINICH, Mrs. CLAYTON, Mr. ACEVEDO-VILA, and Mr. UNDERWOOD):

H.R. 2032. A bill to amend the Truth in Lending Act to protect consumers from certain unreasonable practices of creditors which result in higher fees or rates of interest for credit cardholders, and for other purposes; to the Committee on Financial Services.

By Ms. ROYBAL-ALLARD (for herself, Ms. CARSON of Indiana, Mr. FILNER, Mr. FROST, Mr. HINCHEY, Mr. KUCINICH, Ms. LEE, Mrs. NAPOLITANO, Ms. NORTON, Mr. PRICE of North Carolina, Mr. RANGEL, Ms. SANCHEZ, Mr. SANDERS, Ms. SOLIS, and Mr. UNDERWOOD):

H.R. 2033. A bill to amend the Internal Revenue Code of 1986 to provide a credit to promote home ownership among low-income individuals; to the Committee on Ways and Means.

By Ms. ROYBAL-ALLARD (for herself, Mr. ACEVEDO-VILA, Mr. BORSKI, Ms. CARSON of Indiana, Mr. DAVIS of Illinois, Mr. GREEN of Texas, Mr. HINCHEY, Ms. KILPATRICK, Mr. LANTOS, Mrs. MALONEY of New York, Mr. MCGOVERN, Ms. MCKINNEY, Ms. SLAUGHTER, Ms. SOLIS, Mr. UNDERWOOD, and Ms. VELÁZQUEZ):

H.R. 2034. A bill to authorize the Secretary of Housing and Urban Development to make grants to evaluate and reduce lead-based paint hazards at public elementary schools and licensed child day-care facilities; to the Committee on Energy and Commerce, 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. SANDERS:

H.R. 2035. A bill to require the establishment of a Consumer Price Index for Elderly Consumers to compute cost-of-living increases for Social Security and Medicare benefits under titles II and XVIII of the Social Security Act; to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, and 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. SHAW (for himself, Mr. MATSUI, Mr. FOLEY, Mr. KLECZKA, Mr. CAMP, Ms. DUNN, Mr. HAYWORTH, Mr. SAM JOHNSON of Texas, Mr. LEWIS of Kentucky, Mr. RAMSTAD, Mr. TANNER, and Mrs. THURMAN):

H.R. 2036. A bill to amend the Social Security Act to enhance privacy protections for individuals, to prevent fraudulent misuse of the Social Security account number, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, and Financial Services, 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. STEARNS (for himself, Mr. ADERHOLT, Mr. BACA, Mr. BACHUS, Mr. BALLENGER, Mr. BARCIA, Mr. BARR of Georgia, Mr. BARTLETT of Maryland, Mr. BARTON of Texas, Mr. BASS, Mr. BISHOP, Mr. BLUNT, Mr. BOUCHER, Mr. BROWN of South Carolina, Mr. BRYANT, Mr. BURR of North Carolina, Mr. BURTON of Indiana, Mr. BUYER, Mr. CALVERT, Mr. CANNON, Mr. CANTOR, Mr. CARSON of Oklahoma, Mr. CHABOT, Mr. CRAMER, Mr. CRANE, Mrs. CUBIN, Mr. CULBERSON, Mr. CUNNINGHAM, Mrs. JO ANN DAVIS of Virginia, Mr. DELAY, Mr. DEMINT, Mr. DINGELL, Mr. DOOLITTLE, Mr. FLAKE, Mr. LUCAS of Oklahoma, Mr. GIBBONS, Mr. GOODE, Mr. GOODLATTE, Mr. GRAHAM, Mr. GRAVES, Mr. HALL of Texas, Mr. HANSEN, Ms. HART, Mr. HAYES, Mr. HEFLEY, Mr. HERGER, Mr. HILLEARY, Mr. HOLDEN, Mr. HUNTER, Mr. ISSA, Mr. ISTOOK, Mr. JENKINS, Mr. JOHN, Mr. JOHNSON of Illinois, Mr. KELLER, Mr. KERNS, Mr. LARGENT, Mr. LUCAS of Kentucky, Mr. MANZULLO, Mr. MATHESON, Mr. GARY G. MILLER of California, Mr. NEY, Mr. NORWOOD, Mr. OBERSTAR, Mr. OTTER, Mr. PENCE, Mr. PETERSON of Pennsylvania, Mr. PICKERING, Mr. PITTS, Mr. RADANOVICH, Mr. RAHALL, Mr. REHBERG, Mr. ROGERS of Michigan, Mr. ROSS, Mr. RYAN of Wisconsin, Mr. RYUN of Kansas, Mr. SANDLIN, Mr. SCHAFFER, Mr. SCHROCK, Mr. SENSENBRENNER, Mr. SESSIONS, Mr. SHADEGG, Mr. SHIMKUS, Mr. SHOWS, Mr. SHUSTER, Mr. SIMMONS, Mr. SIMPSON, Mr. SKEEN, Mr. SMITH of Texas, Mr. SOUDER, Mr. STENHOLM, Mr. STRICKLAND, Mr. SUNUNU, Mr. TAYLOR of Mississippi, Mr. TERRY, Mr. TIAHRT, Mr. TRAFICANT, Mr. WALDEN of Oregon, Mr. JONES of North Carolina, Mr. WHITFIELD, Mr. WICKER, and Mr. YOUNG of Alaska):

H.R. 2037. A bill to amend the Act establishing the Department of Commerce to protect manufacturers and sellers in the firearms and ammunition industry from restrictions on interstate or foreign commerce; 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. STUPAK (for himself and Mr. POMEROY):

H.R. 2038. A bill to amend the National Telecommunications and Information Administration Organization Act to encourage deployment of broadband service to rural America; to the Committee on Energy and Commerce, and in addition to the Committee on Agriculture, 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. THOMPSON of California (for himself, Mrs. CAPPS, Mr. MCGOVERN, Mrs. DAVIS of California, Mr. BACA, Ms. ESHOO, Mr. MATSUI, Ms. PELOSI, Mr. WEINER, Mr. CAPUANO, Mr. FILNER, Mr. STARK, Mr. CROWLEY, Ms. BERKLEY, Ms. WOOLSEY, Mrs. NAPOLITANO, Mr. GUTIERREZ, Mr. HONDA, Mr. KUCINICH, and Ms. SOLIS):

H.R. 2039. A bill to prohibit certain discriminatory pricing policies in wholesale motor fuel sales, and for other purposes; to the Committee on Energy and Commerce.

By Mr. THOMPSON of California (for himself, Mr. CAPUANO, Mr. LANTOS, Mr. HINCHEY, Ms. MCKINNEY, Mr. BLUMENAUER, Mr. MATSUI, Ms. RIVERS, Mrs. CAPPS, Mr. GEORGE MILLER of California, Mr. CROWLEY, Mr. SANDERS, Mr. SCHIFF, Ms. MCCARTHY of Missouri, Ms. SOLIS, Mr. ALLEN, Ms. PELOSI, Mr. MOORE, Mrs. THURMAN, Mr. MCDERMOTT, Ms. WOOLSEY, Ms. WATERS, Mr. DEFAZIO, Ms. NORTON, Mr. BONIOR, and Mr. STUPAK):

H.R. 2040. A bill to amend the Internal Revenue Code of 1986 to provide for a nonrefundable tax credit against income tax for individuals who purchase energy efficient appliances; to the Committee on Ways and Means.

By Mr. ENGEL (for himself, Mr. GEPHARDT, Mr. GILMAN, Mr. LANTOS, Mr. LEACH, Mr. HASTINGS of Florida, Ms. ROS-LEHTINEN, Mr. BERMAN, Mr. SMITH of New Jersey, Mr. ACKERMAN, Mr. FROST, Mr. ROHRABACHER, Mr. HALL of Texas, Mr. WATTS of Oklahoma, Mr. MENENDEZ, Mr. KING, Mr. WEXLER, Mr. HORN, Ms. PELOSI, Mr. HOEFFEL, Mr. SHERMAN, Mr. DAVIS of Florida, Mr. SCHIFF, Mr. CROWLEY, Ms. BERKLEY, Mr. CANTOR, Mr. WAXMAN, Mr. HINCHEY, Mr. MCNULTY, Mr. HOLT, Mr. WEINER, Mr. FERGUSON, Mr. ABERCROMBIE, Mr. PALLONE, Mr. MCDERMOTT, Mrs. CAPPS, Mr. REYES, Mr. MORAN of Virginia, Mr. LATOURETTE, Mr. HOYER, Mr. SANDERS, Mr. HONDA, Mr. TIERNEY, Mr. CAPUANO, Mr. NADLER, Ms. SOLIS, Ms. KAPTUR, Mr. ENGLISH, Ms. SCHAKOWSKY, Mrs. MALONEY of New York, Mr. OBEY, Mr. GEORGE MILLER of California, Mr. FARR of California, Mrs. MORELLA, Ms. ESHOO, Mr. GONZALEZ, Mr. SERRANO, Mr. STARK, Mrs. NORTHUP, Mr. MCGOVERN, Mr. ISRAEL, and Ms. SLAUGHTER):

H. Con. Res. 145. Concurrent resolution condemning the recent order by the Taliban regime of Afghanistan to require Hindus in Afghanistan to wear symbols identifying them as Hindu; to the Committee on International Relations.

[Introduced May 26 (legislative day of May 25), 2001]

By Mr. KNOLLENBERG:

H.R. 2041. A bill to amend the Internet Revenue Code of 1986 to exclude from gross income gain from the sale of securities which are used to pay for higher education expenses; to the Committee on Ways and Means.

By Mr. KNOLLENBERG:

H.R. 2042. A bill to amend the Internal Revenue Code of 1986 to eliminate the tax on the net capital gain of taxpayers other than corporations; to the Committee on Ways and Means.

By Mr. BUYER (for himself, Mr. VISCLOSKY, Mr. PENCE, Mr. ROEMER, Mr. SOUDER, Mr. BURTON of Indiana, Mr. KERNS, Mr. HOSTETTLER, Mr. HILL, and Ms. CARSON of Indiana):

H.R. 2043. A bill to designate the facility of the United States Postal Service located at 2719 South Webster Street in Kokomo, Indiana, as the ''Elwood Haynes 'Bud' Hillis Post Office Building''; to the Committee on Government Reform.

By Mrs. DAVIS of California (for her self and Mr. SNYDER):

H.R. 2044. A bill to amend title 37, United States Code, to ensure that the rates of the basic allowance for housing for military housing areas inside the United States are sufficient to eliminate out-of-pocket housing costs for members entitled to the allowance; to the Committee on Armed Services.

By Mr. MATHESON (for himself, Mr. ETHERIDGE, Mr. BARTLETT of Maryland, Mr. UDALL of Colorado, and Mr. LANTOS):

H.R. 2045. A bill to authorize the National Science Foundation to provide grants to support research projects in science and technology at secondary schools, and for other purposes; 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. SMITH of Michigan:

H.R. 2046. A bill to reform the coastwise, intercoastal, and noncontiguous trade shipping laws, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committee on Armed Services, 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. TIAHRT:

H. Con. Res. 146. Concurrent resolution providing for a conditional adjournment of the House of Representatives and a conditional recess or adjournment of the Senate; considered and agreed to.

By Mr. DAVIS of Illinois (for himself and Ms. CARSON of Indiana):

H. Con. Res. 147. Concurrent resolution supporting the efforts and activities of individuals, organizations, institutions, and other entities to honor fatherhood on Father's Day; to the Committee on Government Reform.

By Mr. ROGERS of Michigan (for himself, Mr. CAMP, Mr. PENCE, Mr. TIBERI, and Mr. UPTON):

H. Con. Res. 148. Concurrent resolution affirming authority of the Great Lakes Basin; to the Committee on International Relations.

By Mr. DAVIS of Illinois (for himself, Mr. MCHUGH, Mr. BURTON of Indiana, Mr. WAXMAN, Mr. RUSH, Mr. THOMPSON of Mississippi, Mr. KANJORSKI, Mr. JIM DAVIS of Florida, Mr. BLAGOJEVICH, Mr. BROWN of Ohio, Mr. GEORGE MILLER of Georgia, Mr. ACKERMAN, Mr. ALLEN, and Mr. BLUMENAUER):

H. Res. 154. Resolution expressing the sense of the House of Representatives that the United States Postal Service should take all appropriate measures to ensure the continuation of its 6-day mail delivery service; 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. 31: Mr. SANDLIN.

H.R. 61: Mr. KANJORKSI.

H.R. 123: Mr. STEARNS and Mr. WELDON of Florida.

H.R. 134: Mr. FALEOMAVAEGA.

H.R. 144: Ms. MCCOLLUM.

H.R. 294: Mr. KENNEDY of Minnesota and Mr. ROGERS of Kentucky.

H.R. 303: Mr. BUYER.

H.R. 326: Mr. DEFAZIO.

H.R. 432: Mr. JACKSON of Illinois.

H.R. 433: Mr. JACKSON of Illinois.

H.R. 442: Ms. PELOSI.

H.R. 507: Mr. CANTOR.

H.R. 510: Mr. HALL of Ohio.

H.R. 513: Mr. MASCARA, Mr. BLUNT, and Mr. ADERHOLT.

H.R. 527: Mr. PAUL and Ms. MCCARTHY of Missouri.

H.R. 572: Mr. TANCREDO and Mr. TURNER.

H.R. 600: Mr. BURTON of Indiana.

H.R. 602: Mr. SIMMONS.

H.R. 606: Ms. SLAUGHTER.

H.R. 611: Mr. BOYD and Mr. HASTINGS of Washington.

H.R. 612: Mr. BERRY, Mr. SHERMAN, Mr. HASTINGS of Florida, Mr. LARSEN of Washington, Mr. MICA, Mr. CUNNINGHAM, Ms. NORTON, Mr. KIRK, and Mr. MCINNIS.

H.R. 638: Mr. JEFFERSON.

H.R. 647: Mr. GOODLATTE.

H.R. 656: Mr. OXLEY.

H.R. 662: Mr. HOSTETTLER and Mr. LARSEN of Washington.

H.R. 665: Mr. SHERMAN.

H.R. 676: Mr. ROGERS of Kentucky.

H.R. 686: Mr. OWENS.

H.R. 701: Mr. UNDERWOOD, Mr. HINOJOSA, Mr. FORD, Mr. CALLAHAN, Mrs. KELLY, Mr. BAIRD, Mr. SANDLIN, Mr. CONYERS, Mr. DOYLE, and Mr. LARSEN of Washington.

H.R. 703: Mr. THOMPSON of Mississippi, Ms. CARSON of Indiana, Mr. OWENS, Mr. FROST, Mr. HOYER, Mr. BALDACCI, Mr. PASCRELL, and Mr. FRANK.

H.R. 746: Mr. ADERHOLT, Mr. LEWIS of Kentucky, and Ms. SCHAKOWSKY.

H.R. 868: Mr. OXLEY, Mr. LEWIS of Kentucky, Mr. GUTKNECHT, Mr. SIMPSON, and Mrs. CAPITO.

H.R. 912: Mr. CARDIN.

H.R. 921: Mr. JONES of North Carolina.

H.R. 951: Mr. SPENCE, Mr. KILDEE, Mr. BROWN of Ohio, and Mr. SNYDER.

H.R. 978: Mr. BEREUTER, Mr. LANTOS, and Mr. PETRI.

H.R. 1010: Mr. BARRETT, Mr. ETHERIDGE, Mr. SANDERS, Mr. WYNN, Mr. FRANK, Mr. FROST, and Ms. DELAURO.

H.R. 1020: Mr. WHITFIELD and Mr. WALDEN of Oregon.

H.R. 1024: Mrs. THURMAN.

H.R. 1036: Mr. WYNN, Ms. KAPTUR, Mr. KLECZKA, Mr. SPRATT, Mr. LEVIN, Mr. BARRETT, Mr. HASTINGS of Florida, Mr. LAMPSON, Mr. MATSUI, Mr. THOMPSON of California, Mr. TANNER, Mr. THOMPSON of Mississippi, Mr. TOWNS, Mr. CLYBURN, Mrs. JONES of Ohio, Mr. KENNEDY of Rhode Island, Mr. DOOLEY of California, Mr. HOYER, Mr. CONDIT, and Mr. SERRANO.

H.R. 1100: Mr. CANTOR.

H.R. 1143: Mr. GONZALEZ.

H.R. 1155: Mr. GOODLATTE, Mr. MEEKS of New York, Mr. SHIMKUS, Mr. BROWN of Ohio, Mr. GUTIERREZ, Ms. JACKSON-LEE of Texas, Mrs. NAPOLITANO, and Ms. DEGETTE.

H.R. 1187: Mr. PRICE of North Carolina.

H.R. 1192: Mr. SANDLIN.

H.R. 1220: Mr. MORAN of Kansas.

H.R. 1238: Mr. DINGELL.

H.R. 1242: Mr. BACA.

H.R. 1265: Mr. GEORGE MILLER of California.

H.R. 1271: Mr. GRUCCI.

H.R. 1300: Mr. MCINTYRE, Mrs. CLAYTON, and Mr. OSBORNE.

H.R. 1305: Mr. MICA.

H.R. 1316: Mr. KIRK, Mrs. NAPOLITANO, and Mr. OLVER.

H.R. 1318: Mr. PAUL and Mr. WEXLER.

H.R. 1329: Mr. DOOLITTLE.

H.R. 1330: Mr. JACKSON of Illinois.

H.R. 1341: Mr. HUTCHINSON.

H.R. 1376: Ms. WOOLSEY.

H.R. 1383: Ms. MCKINNEY, Mr. HOYER, Mr. STUPAK, Mr. KUCINICH, Mrs. MORELLA, and Mr. YOUNG of Alaska.

H.R. 1401: Mrs. MALONEY of New York, Mr. STUPAK, Mr. WYNN and Mr. BONIOR.

H.R. 1455: Mr. BARTLETT of Maryland.

H.R. 1475: Mr. PASTOR, Mr. JACKSON of Illinois, Mr. THOMPSON of California, Mr. JEFFERSON, Mr. BLAGOJEVICH, Mr. COYNE, Mr. LEACH, Mr. BISHOP, Mr. SNYDER, Ms. BROWN of Florida, Mr. ENGLISH, Ms. HOOLEY of Oregon, Mr. UPTON, Mr. DIAZ-BALART, Mr. GUTIERREZ, Ms. HART, Mr. FOLEY, Mr. BENTSEN, and Mr. GILMAN.

H.R. 1479: Mr. CANTOR.

H.R. 1490: Mr. MCNULTY, Mr. LOBIONDO, Mr. NADLER, Mr. LARSEN of Washington, Mr. GONZALEZ, Mr. LAFALCE, Mr. NORWOOD, Mr. BROWN of Ohio, and Ms. HART.

H.R. 1575: Mr. HOEKSTRA.

H.R. 1577: Mr. DUNCAN, Mr. BARCIA, Mr. ISTOOK, Mr. CLAY, Mr. LANTOS, Mr. GRUCCI, Mr. MCINNIS, Mr. ROEMER, Mr. SHADEGG, and Mr. SCHAFFER.

H.R. 1598: Mr. DAVIS of Florida.

H.R. 1601: Mr. PASTOR.

H.R. 1604: Mr. TURNER.

H.R. 1624: Mr. HORN, Mr. GORDON, Mrs. ROUKEMA, Mr. LATOURETTE, Mr. OBERSTAR, Ms. WOOLSEY, Mr. REHBERG, Mr. WATT of North Carolina, Ms. HART, Mr. BLUMENAUER, Mrs. JO ANN DAVIS of Virginia, Mr. LEVIN, Ms. SCHAKOWSKY, and Mr. BRYANT.

H.R. 1629: Mr. BROWN of Ohio, Mr. DELAHUNT, Mr. GARY G. MILLER of California, Mr. BACA, Mr. ACEVEDO-VILÁ, and Mr. KANJORSKI.

H.R. 1636: Mr. BLUNT.

H.R. 1645: Mr. REHBERG and Mr. WATT of North Carolina.

H.R. 1650: Mr. OWENS and Mr. SANDLIN.

H.R. 1657: Mr. NUSSLE.

H.R. 1669: Mr. GALLEGLY, Mr. GARY G. MILLER of California, and Mr. DEFAZIO.

H.R. 1683: Ms. SLAUGHTER.

H.R. 1700: Mr. DELAHUNT and Mr. LANTOS.

H.R. 1713: Ms. MCKINNEY.

H.R. 1723: Mr. CLEMENT, Mr. WAMP, Mr. BALLENGER, Mrs. BIGGERT, Mr. OWENS, Mr. SAXTON, Mr. WATT of North Carolina, Mr. SUNUNU, Ms. PELOSI, Mr. BRADY of Pennsylvania, Ms. SOLIS, Mr. ALLEN, Mrs. MORELLA, Ms. MCCOLLUM, Ms. JACKSON-LEE of Texas, and Mr. WEINER.

H.R. 1745: Mr. CRANE and Mr. DOOLITTLE.

H.R. 1751: Mr. REYES.

H.R. 1754: Ms. JACKSON-LEE of Texas.

H.R. 1760: Mr. GREEN of Texas.

H.R. 1774: Mr. ISAKSON, Mr. LEWIS of Kentucky, Mr. ROGERS of Kentucky, Mr. DUNCAN, Mr. EVERETT, Mr. ISSA, Mr. WHITFIELD, Mr. DEMINT, Mr. CONDIT, Mr. RADANOVICH, and Mr. TOOMEY.

H.R. 1786: Mr. BLUNT and Mrs. ROUKEMA.

H.R. 1795: Mr. CROWLEY, Mr. WEINER, Mr. SAXTON, Mr. FILNER, Mr. PLATTS, Mr. CARSON of Oklahoma, Mrs. MALONEY of New York, Mr. SESSIONS, Mr. DIAZ-BALART, Mr. LOBIONDO, Mr. ANDREWS, Mr. CANTOR, Mr. STRICKLAND, Mr. HOEFFEL, Mr. HILLEARY, Mr. NADLER, Ms. BERKLEY, Mr. ISRAEL, and Mr. PICKERING.

H.R. 1805: Mr. SESSIONS.

H.R. 1809: Mr. TIERNEY and Ms. SLAUGHTER.

H.R. 1810: Mr. FARR of California, Mr. HOEFFEL, Mr. GEORGE MILLER of California, and Mr. CROWLEY.

H.R. 1818: Ms. MCKINNEY.

H.R. 1839: Mr. OWENS and Ms. ROS-LEHTINEN.

H.R. 1841: Mr. BOEHLERT, Mr. ROTHMAN, Ms. KILPATRICK, Mr. ABERCROMBIE, and Mr. MASCARA.

H.R. 1862: Mrs. MCCARTHY of New York and Mr. DEFAZIO.

H.R. 1864: Mr. INSLEE.

H.R. 1897: Mr. MCNULTY, Mr. LATOURETTE, Mr. BLAGOJEVICH, Mr. GUTIERREZ, Mr. MEEKS of New York, Mr. LANGEVIN, Mrs. JONES of Ohio, Mr. GILLMOR, Ms. NORTON, Ms. JACKSON-LEE of Texas, and Mr. SANDLIN.

H.R. 1929: Mr. REYES, Mr. HONDA, Mr. BAKER, Ms. MCKINNEY, and Ms. WATERS.

H.R. 1944: Mr. ARMEY and Mr. TIBERI.

H.R. 1949: Mr. SABO.

H.R. 1954: Mr. BACHUS, Mr. BALDACCI, Ms. BROWN of Florida, Mr. DAVIS of Illinois, Mr. FARR of California, Mr. MEEHAN, Ms. VELÁZQUEZ, and Mr. CHAMBLISS.

H.R. 1967: Mr. STUPAK and Mr. FRANK.

H.R. 1968: Mr. OWENS, Mr. BLUMENAUER, and Mr. BONIOR.

H.R. 1994: Mrs. THURMAN and Mrs. MINK of Hawaii.

H.J. Res. 6: Mr. FOSSELLA and Mr. SCHROCK.

H.J. Res. 36: Mr. ROEMER and Ms. SANCHEZ.

H.J. Res. 42: Ms. SCHAKOWSKY, Mr. HULSHOF, Mr. STUPAK, and Ms. SANCHEZ.

H.J. Res. 46: Mr. BOUCHER.

H. Con. Res. 3: Ms. JACKSON-LEE of Texas.

H. Con. Res. 25: Ms. LEE and Mr. BEREUTER.

H. Con. Res. 42: Mr. CLEMENT.

H. Con. Res. 54: Mr. SANDLIN.

H. Con. Res. 104: Mr. ALLEN.

H. Con. Res. 106: Mr. GOODLATTE and Mr. BARTLETT of Maryland.

H. Con. Res. 115: Ms. SCHAKOWSKY.

H. Con. Res. 116: Mr. ISSA and Mr. EHLERS.

H. Con. Res. 124: Mr. WATTS of Oklahoma, Mr. CRANE, and Mr. GOODLATTE.

H. Res. 18: Ms. KILPATRICK.

H. Res. 65: Mr. FOSSELLA and Mr. PAUL.

H. Res. 120: Mr. CUNNINGHAM and Ms. HART.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

[May 26, (legislative day May 25), 2001]

H.R. 1990: Mr. GILMAN, Mrs. MORELLA, Mr. SCOTT, Ms. NORTON, Mrs. MINK of Hawaii, Mr. BONIOR, Mr. CUMMINGS, Mr. LATOURETTE, Mr. KUCINICH, Mr. BISHOP, Mr. HINOJOSA, Ms. JACKSON-LEE of Texas, Ms. SCHAKOWSKY, Mr. GUTIERREZ, and Mr. OWENS.

EXTENSIONS OF REMARKS

ALBANIAN VOTERS

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 24, 2001

Mr. TRAFICANT. Mr. Speaker, I submit the following passage and lists for the RECORD:

The list of names enclosed, are considered the "official list of voters" in two district polling stations in Tirana, Albania, as submitted by the current reigning socialist government.

The Democratic Coalition opposing the Socialist Party in the upcoming election, maintains that this list has left off many eligible voters, thus, disenfranchising many Albanians from their right to vote.

In this regard, I submit this list of voters, to memorialize the list so that eventually, a thorough investigation would be possible.

A.—LISTA E ZGJEDHESVE PER ZGJEDHJET PER QEVERISJEN VENDORE

[Data e Zgjedhjeve: 01/10/2000]

[Rrethi, Tirane, Bashkia/Komuna, Tirane, Qendra Votimit Nr. 122]

Nr. Kartes Votuesit, Emri, Atesia, Mbiemri, Datelindja, Firma e Zgjedhesit

1. G00304128E, Gezim, Hasan, Abazi, 04/03/1960.
2. I20202157I, Maringlen, Gezim, Abazi, 02/02/1982.
3. G25605148V, Roza, Nurce, Abazi, 05/06/1962.
4. F90620176F, Enver, Beslim, Ahmetaj, 20/06/1959.
5. G55401187S, Farie, Sinan, Ahmetaj, 01/04/1965.
6. G10423106E, Kujtim, Hamdi, Ahmetaj, 23/04/1961.
7. G35423114H, Valdete, Halit, Ahmetaj, 23/04/1963.
8. D50928015P, Adem, Ahmet, Ajazi, 28/09/1935.
9. G35106059V, Elmije, Ramadan, Ajazi, 06/01/1963.
10. F60201127G, Halim, Hysen, Ajazi, 01/02/1956.
11. G30831050Q, Hiqmet, Adem, Ajazi, 31/08/1963.
12. E15715087Q, Razie, Qamil, Ajazi, 15/07/1941.
13. I01215138V, Agim, Filip, Aliu, 15/12/1980.
14. H35905112J, Drita, Skender, Aliu, 05/09/1973.
15. H40930095P, Gjergj, Filip, Aliu, 30/09/1974.
16. H50127091O, Ilir, Xhevdet, Aliu, 27/01/1975.
17. E20510157H, Xhevat, Ali, Aliu, 10/05/1942.
18. E25420127U, Zymbyle, Kasem, Aliu, 20/04/1942.
19. H50325205O, Genci, Bashkim, Alla, 25/03/1975.
20. H65615208I, Aleksandra, Elmaz, Allajbej, 15/06/1976.
21. G70619122B, Andrea, Tajar, Allajbej, 19/06/1967.
22. H30129098J, Altin, Tajar, Allajbej, 29/01/1973.
23. H40114103W, Mustafa, Rifat, Allmuca, 14/01/1974.
24. E45307086F, Shaje, Zenel, Allmuca, 07/03/1944.
25. H75406148D, Zhevrije, Hamdi, Allmuca, 06/04/1977.
26. G35820191N, Selime, Isa, Almadhi, 20/08,1963.
27. H55706105E, Adriana, Isuf, Aruci, 06/07/1975.
28. D25513053Q, Ishe, Kalem, Aruci, 13/05/1932.
29. D30503085R, Isuf, Xhemal, Aruci, 03/05/1933.
30. G55605174N, Mirjeta, Safet, Aruci, 05/06/1965.
31. G50601287U, Ramis, Isuf, Aruci, 01/06/1965.
32. G50610350R, Ramiz, Isuf, Aruci, 10/06/1965.
33. H65110174C, Shkendije, Isuf, Aruci, 10/01/1976.
34. G16010207W, Xhevrie, Isuf, Aruci, 10/10/1961.
35. H00507154P, Agron, Idriz, Avdia, 07/05/1970.
36. H86102060N, Bujana, Idriz, Avdia, 02/11/1978.
37. G50916067J, Dashnor, Idriz, Avdia, 16/09/1965.
38. H55701143O, Ermelinda, Idriz, Avdia, 01/07/1975.
39. H65323143V, Fellenxa, Idriz, Avdia, 23/03/1976.
40. D70605078F, Idriz, Rexhep, Avdia, 05/06/1937.
41. G65620209R, Lazime, Hysni, Avdia, 20/06/1966.
42. H00331077A, Mendu, Idriz, Avdia, 31/03/1970.
43. G35415240I, Merita, Idriz, Avidia, 15/04/1963.
44. H35610170F, Rajmonda, Idriz, Avdia, 10/06/1973.
45. D35706039W, Vasile, Zak, Avdia, 06/07/1933.
46. G25802094J, Flutura, Fiqiri, Baca, 02/08/1962.
47. E35315195D, Hava, Mahmut, Baca, 15/03/1943.
48. D20303059V, Ramadan, Abaz, Baca, 03/03/1932.
49. G20523093S, Shyqyri, Ramadan, Baca, 23/05/1962.
50. D15930034O, Stela, Ramadan, Baca, 30/09/1931.
51. I20522164I, Gjon, Naim, Bajraktari, 22/05/1982.
52. G25110208J, Laze, Lahim, Bajraktari, 10/01/1962.
53. F80202123E, Naim, Latif, Bajraktari, 02/02/1958.
54. H45111093F, Ajrie, Rushit, Bajrami, 11/01/1974.
55. G90425180H, Arben, Tafil, Bajrami, 25/04/1969.
56. H40415195A, Fatos, Tafil, Bajrami, 15/04/1974.
57. E15110090Q, Kujtime, Ramazan, Bajrami, 10/01/1941.
58. E10310150N, Tafil, Musa, Bajrami, 10/03/1941.
59. C85608020A, Atixhe, Mefail, Bajro, 08/06/1928.
60. G06111357B, Bukurije, Dylbin, Bajro, 11/11/1960.
61. H35519110F, Edlira, Rexhep, Bajro, 19/05/1973.
62. D00607045J, Hisan, Sali, Bajro, 07/06/1930.
63. G81012088M, Jashar, Ihsan, Bajro, 12/10/1968.
64. G00624076L, Selajdin, Ihsan, Bajro, 24/06/1960.
65. G35311115V, Klara, Qirjako, Bala, 11/03/1963.
66. F60618121J, Qamil, Beqir, Bala, 18/06/1956.
67. F55325181R, Alije, Ibrahim, Baliko, 25/03/1955.
68. F10215141O, Ismail Haki, Baliko, 15/02/1951.
69. I15621127L, Irena, Sefer, Balla, 21/06/1981.
70. D91001052B, Sefer, Ali, Balla, 01/10/1939.
71. E06125026W, Selfiaze, Shero, Balla, 25/11/1940.
72. H46015106O, Fidane, Elez, Balliu, 15/10/1974.
73. H10224115D, Naim, Hasan, Balliu, 24/02/1971.
74. G85504119G, Nurie, Qerim, Baloj, 04/05/1968.
75. E25610110F, Nusha, Frok, Baloj, 10/06/1942.
76. G60122106S, Sander, Preng, Baloj, 22/01/1966.
77. E95526063E, Ermira, Nazif, Bardhoshi, 26/05/1949.
78. I10804129H, Avni, Ismail, Basha, 04/08/1981.
79. H35103162K, Gjyle, Ismail, Basha, 03/01/1973.
80. H35123140L, Gjyle, Ismail, Basha, 23/01/1973.
81. G40621073W, Hasan, Ymer, Basha, 21/06/1964.
82. G01202083M, Hysen, Ymer, Basha, 02/12/1960.
83. H15515299C, Lumnie, Sadik, Basha, 15/05/1971.
84. H50514169K, Ramazan, Ismail, Basha, 14/05/1975.
85. H55514180I, Ramazane, Ismail, Basha, 14/05/1975.
86. G95802106V, Selime, Shyqyri, Basha, 02/08/1969.
87. G45320312J, Servete, Ahmet, Basha, 20/03/1964.
88. E65314089U, Servete, Hamza, Basha, 14/03/1946.
89. G60521097V, Astrit, Malo, Basriu, 21/05/1966.
90. H35323148M, Diana, Kujtim, Basriu, 23/03/1973.
91. G90907096E, Edmond, Nazmi, Basriu, 07/09/1969.
92. E75224055P, Fatime, Musa, Basriu, 24/02/1947.
93. H20607124W, Fredi, Nazmi, Basriu, 07/06/1972.
94. G11005097P, Gazmend, Mato, Basriu, 05/10/1961.
95. F90205147U, Gemal, Nazmi, Basriu, 05/02/1959.
96. B40310022C, Irfan, Basri, Basriu, 10/03/1914.
97. G60205119N, Kujtim, Abdurahman, Basriu, 05/02/1966.
98. H25212157V, Merita, Xhevdet, Basriu, 12/02/1972.
99. H85717122G, Mirlinda, Malo, Basriu, 17/07/1978.
100. H46105098R, Natasha, Hamdi, Basriu, 05/11/1974.
101. E00620072D, Nazmi, Irfan, Basriu, 20/06/1940.

102. G35524111O, Rita, Qemal, Basriu, 24/05/1963.
103. H25714111Q, Viollca, Malo, Basriu, 14/07/1972.
104. G10130106H, Xhelal, Irfan, Basriu, 30/01/1961.
105. H66020100Q, Natasha, Malo, Bastri, 20/10/1976.
106. H20611109W, Bashkim, Sefedin, Bastriu, 11/06/1972.
107. F75227093U, Drita, Qazim, Bastriu, 27/02/1957.
108. H35112113F, Mimoza, Qerem, Bastriu, 12/01/1973.
109. G90429119E, Qemal, Sefedin, Bastriu, 29/04/1969.
110. H15723090K, Vjollca, Zeqir, Bastriu, 23/07/1971.
111. E66113032M, Burbuqe, Muharrem, Baushi, 13/11/1946.
112. G80608141W, Eqerem, Ramadan, Baxhia, 08/06/1968.
113. H05812103Q, Eva, Llambi, Baxhia, 12/08/1970.
114. H55623107K, Klodjan, Ramadan, Baxhia, 23/06/1975.
115. C75106026W, Fitnet, Hamit, Beja, 06/01/1927
116. H50928118D, Banush, Beqir, Beqiri, 28/09/1975.
117. H21118077C, Bashkim, Beqir, Beqiri, 18/11/1972.
118. D20506050Q, Beqir, Banush, Beqiri, 06/05/1932.
119. E66024015F, Dituri, Ramadan, Beqiri, 24/10/1946.
120. D85520102U, Fatime, Liman, Beqiri, 20/05/1938.
121. H45516162T, Mirela, Beqir, Beqiri, 16/05/1974.
122. H10717121E, Spartak, Halim, Beqiri, 17/07/1971.
123. H75126124C, Valbona, Mitri, Beqiri, 26/01/1977.
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731. D80309024T, Florjan, Besnik, Spahiu, 09/03/1938.
732. F20628045D, Ismail, Ramazan, Spahiu, 21/03/1962.
733. G25321098G, Lumturi, Xhafer, Spahiu, 21/03/1962.
734. G45216125F, Mejte, Hamdi, Spahiu, 16/02/1964.
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736. H25120160J, Drita, Jonuz, Spirollari, 20/01/1972.
737. G10201173F, Ilir, Thanas, Spirollari, 01/02/1961.
738. D75930038G, Lisaveta, Vangjel, Spirollari, 30/09/1937.
739. D604290280, Thanas, Ligor, Spirollari, 29/04/1936.
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749. F20620139R, Haxhi, Osman, Suti, 20/06/1952.
750. G55707135G, Kumurije, Tush, Suti, 07/07/1965.
751. H95415196A, Miranda, Demir, Tafani, 15/04/1979.
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760. F85210077A, Merita, Kadri, Tolja, 10/02/1958.
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762. G80308178V, Afrim, Shefqet, Topalli, 08/03/1968.
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764. E052130660, Haxhire, Hasan, Tora, 13/02/1940.
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766. G10130107P, Bedri, Zyber, Tori, 30/01/1961.
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769. G75302155I, Minushe, Demir, Tori, 02/03/1967.
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771. D75905055J, Shegushe, Adem, Tori, 05/09/1937.
772. G30902094D, Tomor, Qazim, Tori, 02/09/1963.
773. G05914100N, Valbona, Hasan, Tori, 14/09/1969.
774. G55518133Q, Flutura, Zylyf, Toro, 18/05/1965.
775. H85316189S, Daklije, Qako, Tose, 16/03/1978.
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778. G15422105B, Bukuroshe, Muhamet, Toshkezi, 22/04/1961.
779. D90622023R, Shefqet, Adem, Toshkzi, 22/06/1939.
780. H10201193U, Bashkim, Xhemali, Tota, 01/02/1971.
781. D05420070N, Bije, Elmaz, Tota, 20/04/1930.
782. H85303154H, Gjylsime, Bajram, Tota, 03/03/1978.
783. H15513115N, Hane, Vasil, Tota, 13/05/1971.
784. F90814073U, Miftar, Xhemali, Tota, 14/08/1959.
785. H56125118W, Mimoza, Haki, Tota, 25/11/1975.
786. H36120094N, Nadire, Xhemali, Tota, 20/11/1973.
787. G70205167K, Sabri, Xhemali, Tota, 05/02/1967.
788. G15609064Q, Shyqyrije, Mehdi, Tota, 09/06/1961.
789. F60614093C, Zaim, Xhemali, Tota, 14/06/1956.
790. G95101503S, Dije, Mehmet, Totraku, 01/01/1969.
791. F40207092O, Xhavit, Dali, Totraku, 07/02/1954.
792. C05813020A, Zelie, Ramadan, Totraku, 13/08/1920.
793. F55511102U, Bajame, Fadil, Tufa, 11/05/1955.
794. H95410185G, Elisadera, Iljaz, Tulja, 10/04/1979.
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797. F45418078E, Meriban, Adem, Tulja, 18/04/1954.
798. F70718112O, Esat, Dalip, Tumaj, 18/07/1957.
799. G35415241Q, Narushije, Dali, Tunaj, 15/04/1963.
800. H40310226G, Alfred, Han, Tusha, 10/03/1974.
801. H45704115A, Alma, Rifat, Tusha, 04/07/1974.
802. G30701193N, Arjan, Shahin, Tusha, 01/07/1963.
803. E15515105N, Barije, Sali, Tusha, 15/05/1941.
804. H15319136N, Besarie, Bilal, Tusha, 19/03/1971.
805. H70415169O, Dritan, Han, Tusha, 15/04/1977.
806. G55405226R, Fatmira, Asllan, Tusha, 05/04/1965.
807. G60605174E, Haki, Han, Tusha, 05/06/1966.
808. D40304057M, Han, Limon, Tusha, 04/03/1934.
809. I20318141N, Saban, Han, Tusha, 18/03/1982.
810. H90414150B, Shkelqim, Han, Tusha, 14/04/1979.
811. G00624099D, Ymer, Hysen, Tusha, 24/06/1960.
812. F60620146E, Haxhi, Osman, Tuti, 20/06/1956.
813. F55707079N, Kumurie, Tush, Tuti, 07/07/1955.
814. H76022117V, Ramie, Vait, Vasho, 22/10/1977.
815. F00723053Q, Haxhi, Mehmet, Vathi, 23/07/1950.
816. H90713146A, Klodjan, Haxhi, Vathi, 13/07/1979.
817. F35603068T, Vjollca, Petrit, Vathi, 03/06/1953.
818. E85408072B, Fatime, Hasan, Xhafa, 08/04/1948.
819. H26220105M, Aferdita, Asllan, Xhaferaj, 20/12/1972.
820. G40716083H, Agim, Sulo, Xhaferaj, 16/07/1964.
821. I06016119B, Albana, Dylber, Xhaferaj, 16/10/1980.
822. H05127104J, Anida, Demir, Xhaferaj, 27/01/1970.
823. F05608065R, Fedarie, Mehmet, Xhaferaj, 08/06/1950.
824. E90408074I, Halil, Sulo, Xhaferaj, 08/04/1949.
825. H70630117V, Hidajet, Halil, Xhaferaj, 30/06/1977.
826. H10623101R, Luan, Sulo, Xhaferaj, 23/06/1971.
827. G70219121E, Nexhip, Sulo, Xhaferaj, 19/02/1967.
828. G00510256F, Qamil, Sulo, Xhaferaj, 10/05/1960.
829. D36231056J, Shirko, Besim, Xhaferaj, 31/12/1933.
830. B80604019L, Abedin, Serjan, Xhambazi, 04/06/1918.
831. F50120166C, Agim, Bajram, Xhambazi, 20/01/1955.
832. G05711078V, Ajrie, Ruzhdi, Xhambazi, 11/07/1960.
833. G65620210V, Drita, Ferit, Xhambazi, 20/06/1966.
834. F36101095Q, Drita, Kasem, Xhambazi, 01/11/1953.
835. F21105062D, Haziz, Abedin, Xhambazi, 05/11/1952.
836. H10327142S, Ilir, Hazis, Xhambazi, 27/03/1971.
837. F90930075E, Kadri, Abedin, Xhambazi, 30/09/1959.
838. C05604037M, Rabije, Nexhip, Xhambazi, 04/06/1920.
839. G35421083J, Shazije, Qamil, Xhambazi, 21/04/1963.
840. H25801159A, Zana, Ruzhdi, Xhambazi, 01/08/1972
841. F41028067T, Zenel, Abedin, Xhambazi, 28/10/1954.
842. H80411123L, Arjan, Zenel, Xhanbazi, 11/04/1978.
843. I10616181Q, Ledimir, Zenel, Xhanbazi, 16/06/1981.
844. H60623131U, Zamir, Zenel, Xhanbazi, 23/06/1976.
845. C05210095K, Dile, Kasem, Xheleku, 10/02/1920.
846. H00905115U, Afrim, Xhemal, Xhemali, 05/09/1970.
847. D20927015H, Veli, Haxhi, Ylli, 27/09/1932.
848. E55506045R, Zyle, Shaban, Ylli, 06/05/1945.
849. G25110209R, Alije, Skender, Ymeri, 10/01/1962.
850. 100404121W, Arjan, Xhemal, Ymeri, 04/04/1980.
851. I05401178Q, Balleza, Met, Ymeri, 01/04/1980.
852. G20204100R, Besim, Shefqet, Ymeri, 04/02/1962.
853. G26201122V, Diana, Loni, Ymeri, 01/12/1962.
854. G85713116k, Gurie, Xhevdet, Ymeri, 13/07/1968.
855. G31030060T, Ismet, Aqif, Ymeri, 30/10/1963.
856. H50707127G, Kujtim, Zihni, Ymeri, 07/07.1975.
857. H00101788Q, Malo, Zini, Ymeri, 01/01/1970.
858. E05131029F, Nevres, Beqir, Ymeri, 31/01/1940.
859. H05101789L, Rita, Skender, Ymeri, 01/01/1970.
860. F90323114W, Xhemal, Shefqet, Ymeri, 23/03/1959.
861. D11231049O, Zini, Xhemal, Ymeri, 31/12/1931.
862. H65520258T, Elsa Skender Zela, 20/05/1976.
863. E16124013K, Sabrie, Kalem, Zeneli, 24/11/1941.
864. D806190331, Shefqet, Mehmet, Zeneli, 19/06/1938.

Kio liste permban, 864, Zgjedhes.

B.—LISTA E REKORDEVE TE PAIDENTIFIKUAR

[Data e Zgjedhjeve: 01/10/2000]

[Rrethi, TIRANE, Bashkia/Komuna, TIRANE, Qendra Votimit Nr. 122]

Nr. Kartes Votuesit, Emri, Atesia, Mbiemri, Datelindja, Firma E Zgjedhesit

1. Sudrit, Xhevdet, Abali, 31/10/1979.
2. Yllka, Qerim, Agolli, 27/07/1981.
3. Dhoksia, Kosta, Agora, 23/05/1936.

4. Krisanthi, X, Agora, 25/09/1960.
5. Roland, Dhimiter, Agora, 20/05/1969.
6. Aranit, Sulejman, Ahmetaj, 25/10/1976.
7. Mehmet, Idriz, Ahmetaj, 10/01/1968.
8. Elena, X, Ajazi, 28/06/1970.
9. Liri, X, Ajazi, 28/03/1969.
10. Lulzim, Adem, Ajazi, 28/03/1965.
11. Xhemile, Mexhit, Ajazi, 31/12/1968.
12. Adivije, Asllan, Aliaj, 16/05/1980.
13. Bekije, Qemal, Aliaj, 23/04/1964.
14. Daniela, Agim, Aliaj, 11/08/1981.
15. Dile, Gjergj, Aliaj, 23/03/1964.
16. Petrit, Nexhip, Aliaj, 20/10/1981.
17. Haxhire, Abdulla, Alidija, 08/08/1969.
18. Xhavit, Rushit, Alimemeti, 02/08/1942.
19. Qamil, Daut, Alisinani, 15/01/1918.
20. Vebi, Muharrem, Allushi, 02/03/1973.
21. Alfred, Xhevahir, Almadhi, 20/08/1963.
22. Saine, Adem, Almadhi, 01/03/1930.
23. Agim, X, Arifi, 26/02/1977.
24. Armand, Clirim, Avdiu, 07/03/1977.
25. Jeta, Ymer, Avdiu, 02/08/1958.
26. Jurlind, Clirim, Avdiu, 15/11/1980.
27. Shyqri, Dan, Baca, 01/03/1965.
28. Argentina, Selim, Bacova, 29/01/1979.
29. Enkelejda, Ali, Bacova, 21/12/1970.
30. Hatixhe, Tasim, Bacova, 07/03/1945.
31. Roland, Selim, Bacova, 03/11/1975.
32. Selim, Shaqir, Bacova, 10/11/1942.
33. Deshira, Nurce, Bami, 10/11/1953.
34. Barize, Haxhi, Barmashi, 28/11/1936.
35. Albana, X, Basri, 14/09/1971.
36. Arjan, Luftim, Basri, 15/06/1975.
37. Fuat, Luftimi, Basri, 07/06/1969.
38. Rajmonda, Luftim, Basri, 19/10/1980.
39. Anxhela, Artan, Basriu, 16/08/1895.
40. Artan, Esat, Basriu, 11/03/1968.
41. Elvira, Gazmend, Basriu, 25/08/1980.
42. Nadire, Xhafer, Basriu, 01/03/1950.
43. Nazmie, Malo, Basriu, 28/02/1980.
44. Sokol, Esat, Basriu, 15/01/1972.
45. Vjollca, Agim, Basriu, 11/11/1111.
46. Fitnete, Iljaz, Bastri, 14/08/1959.
47. Arta, Bato, Begolli, 31/10/1968.
48. Nazime, Demir, Begolli, 31/12/1934.
49. Vera, Hasan, Benga, 11/08/1962.
50. Aishe, Mehmet, Berberi, 23/07/1938.
51. Kujtim, Shefqet, Berberi, 25/09/1960.
52. Vilka, Isuf, Bespalla, 11/05/1955.
53. Jelsan, Izet, Bilbicaj, 17/07/1967.
54. Alfred, Kurtall, Bilbili, 23/12/1972.
55. Rezart, Kurtalli, Bilbili, 21/09/1976.
56. Ornela, Irfan, Bleta, 02/02/1977.
57. Argjentina, X, Bregu 28/01/1980.
58. Dylber, Mersin, Bregu, 04/04/1958.
59. Lutfije, Ramazan, Bukri, 04/04/1922.
60. Rezarta, Shefqet, Bulku, 11/11/1111.
61. Dionis, Thoma, Caci, 15/10/1979.
62. Kudret, Mynyr, Cami, 11/02/1938.
63. Pertefe, Vehip, Cami, 05/03/1933.
64. Vehip, Pertef, Cami, 27/03/1964.
65. Genc, Kujtim, Cenolli, 04/02/1973.
66. Ana, Kudret, Cuka, 25/08/1977.
67. Entela, Kudret, Cuka, 01/08/1976.
68. Adelina, Ragip, Daka, 02/02/1981.
69. Etleva, Tajar, Daka, 02/03/1975.
70. Luftim, Rakip, Daka, 24/06/1970.
71. Lytfije, Latif, Daka, 11/12/1938.
72. Rozeta, Rakip, Daka, 10/01/1978.
73. Donika, X, Dalipi, 12/07/1978.
74. Elvis, Hazis, Dalipi, 19/06/1982.
75. Haziz, X, Dalipi, 06/09/1962.
76. Hamza, Besim, Demiri, 30/04/1980.
77. Jashar, Besim, Demiri, 10/02/1977.
78. Rahmie, Demir, Demiri, 30/08/1943.
79. Zhanet, Danjel, Demiri, 17/01/1975.
80. Genci, Xhemal, Disha, 03/04/1978.
81. Jakup, Destan, Disha, 12/03/1919.
82. Festime, Maliq, Duka, 27/01/1971.
83. Flutra, Abedin, Duka, 16/10/1968.
84. Jolanda, Bajram, Duka, 04/01/1977.
85. Barije, Bedri, Dule, 12/02/1935.
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87. Kastriot, Sherif, Dule, 17/12/1969.
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89. Pranvera, Qerem, Dule, 12/11/1968.
90. Granit, Islam, Duro, 22/04/1968.
91. Heroina, Islam, Duro, 26/09/1919.
92. Islam, Novrus, Duro, 21/01/1942.
93. Mimoza, Islam, Duro, 14/07/1965.
94. Rindertime, Ali, Dylja, 13/01/1971.
95. Ines, Spiro, Ekonomi, 12/08/1975.
96. Natasha, Ramazan, Ekonimi, 22/12/1952.
97. Spiro, Jorgo, Ekonomi, 20/04/1941.
98. Ylli, Spiro, Ekonomi, 10/02/1973.
99. Tatiana, Fiqiri, Fasho, 26/10/1961.
100. Sebid, X, Fejza, 19/03/1958.
101. Dorian, Refat, Feka, 17/04/1977.
102. Bujar, Elez, Ferhati, 17/10/1956.
103. Florentina, Preng, Ferhati, 19/03/1962.
104. Bardhok, Zef, Gjeci, 10/01/1930.
105. Lize, Bardhok, Gjeci, 01/10/1955.
106. Prende, Nikoll, Gjeci, 08/02/1930.
107. Andoneta, Sotir, Gjermeni, 14/01/1934.
108. Xhelil, Haki, Gjermenji, 28/05/1967.
109. Anita, Vasil, Gjika, 07/07/1945.
110. Dorina, Spiro, Gjika, 05/11/1974.
111. Vasken, Spiro, Gjika, 22/10/1971.
112. Albert, Shaban, Gravani, 02/08/1958.
113. Luciana, Servet, Gravani, 31/03/1968.
114. Hafize, Izet, Gruda, 28/05/1961.
115. Nefije, Elmaz, Gruda, 14/10/1961.
116. Hajrije, Zenel, Guri, 28/02/1961.
117. Alban, Irfan, Halilaj, 19/02/1972.
118. Aida, Perviz, Halili, 23/05/1980.
119. Feruz, Zija, Halili, 15/04/1954.
120. Fjorentina, Nehat, Halili, 18/12/1961.
121. Lavdie, Baftjar, Halili, 17/06/1960.
122. Naxhije, Ymer, Halili, 12/02/1914.
123. Rozina, Nioc, Halili, 04/11/1955.
124. Silvana, Perviz, Halili, 20/12/1981.
125. Renata, Zabit, Hamzaj, 30/10/1978.
126. Drita, Xheladin, Hardhija, 16/04/1964.
127. Ylli, Riza, Hardhija, 09/02/1961.
128. Eglantina, Selaudin, Haredinaj, 31/03/1957.
129. Donika, Petrit, Harxhiu, 01/01/1111.
130. Orkela, Kastriot, Hasanago, 11/11/1111.
131. Vojsava, Kastriot, Hasanago, 08/05/1981.
132. Diana, Ago, Hasani, 11/11/1111.
133. Rolanda, Ago, Hasani, 11/11/1111.
134. Rudina, Ago, Hasani, 11/11/1111.
135. Ervin, X, Hasrama, 27/09/1976.
136. Etleva, X, Haxhinasto, 05/01/1970.
137. Valbona, Xhevit, Hazizi, 10/05/1974.
138. Mimoza, Selman, Hida, 19/01/1975.
139. Sinan, Ymer, Hida, 27/01/1964.
140. Spahi, Ymer, Hida, 15/10/1965.
141. Vjollica, Ymer, Hida, 08/11/1973.
142. Dafina, Qazim, Hodo, 22/08/1963.
143. Fatmir, Mitat, Hodo, 21/03/1956.
144. Rajmonda, Manxhar, Holla, 28/12/1969
145. Etleva, Veli, Hoxha, 02/03/1974.
146. Fehmi, Hysen, Hoxha, 02/01/1941.
147. Flora, Rami, Hoxha, 24/12/1952.
148. Florent, Liro, Hoxha, 16/01/1980.
149. Julian, Haxhi, Hoxha, 11/11/1111.
150. Liro, Musterhut, Hoxha, 08/06/1943.
151. Lulezim, Femi, Hoxha, 12/02/1972.
152. Razie, Selman, Hoxha, 17/04/1946.
153. Hamushe, Nevrus, Humo, 04/12/1980.
154. Ziso, Nevrus, Humo, 10/02/1962.
155. Danjel, Gjoni, Hyka, 15/09/1972.
156. Myruete, Jakup, Hykaj, 30/11/1962.
157. Sherif, Male, Hysaj, 06/06/1964.
158. Asine, Xhevdet, Hyseni, 24/10/1981.
159. Avdie, Faik, Hyseni, 02/11/1963.
160. Behare, Hamdi, Hyseni, 02/07/1982.
161. Fredi, Ruzhdi, Hyseni, 12/01/1976.
162. Hamdi, Ssali, Hyseni, 10/07/1943.
163. Lulezim, Hamdi, Hyseni, 13/02/1971.
164. Manushaqe, Mahmut, Hyseni, 21/02/1970.
165. Mimoza, Ruzhdi, Hyseni, 21/02/1974.
166. Myhyrije, Xhemal, Hyseni, 15/04/1950.
167. Nargjyle, Shaqir, Hyseni, 20/12/1944.
168. Pellumb, Adil, Hyseni, 17/06/1966.
169. Remzi, Ruzhdi, Hyseni, 02/05/1967.
170. Rovena, Zog, Hyseni, 18/04/1976.
171. Sali, Tuzh, Hyseni, 15/10/1911.
172. Sibe, Isuf, Hyseni, 30/03/1946.
173. Valbona, X, Hyseni, 17/10/1970.
174. Zog, Soskol, Hyseni, 27/04/1946.
175. Drita, Vaid, Ibrahimllari, 11/01/1959.
176. Flora, Hatem, Ibraj, 28/10/1966.
177. Ervin, Vladimir, Ibro, 02/06/1977.
178. Tomor, Mane, Idrisllari, 14/02/1964.
179. Hasibe, Sali, Ismulja, 04/12/1950.
180. Hekuran, Lutfi, Ismulja, 16/11/1977.
181. Lutfi, Sulejman, Ismulja, 24/08/1952.
182. Elvis, Gezim, Isni, 13/08/1978.
183. Sadije, Sihat, Kalemi, 04/08/1960.
184. Dafina, Refat, Kalo, 11/12/1963.
185. Afrim, Hysni, Kanxha, 05/08/1973.
186. Dudije, Hazis, Kanxha, 05/05/1902.
187. Isnije, Hysni, Kanxha, 03/04/1962
188. Rifat, Mahmut, Kanxha, 22/11/1952.
189. Shkelqim, Xhevat, Kanxha, 16/10/1967.
190. Fatime, Abaz, Kapllani, 01/12/1950.
191. Agron, Fuat, Karimani, 11/12/1969.
192. Donika, Fuat, Karimani, 16/09/1975.
193. Donika, Fuat, Karimani, 16/09/1975.
194. Florinda, Fuat, Karimani, 05/07/1977.
195. Manuela, Ibrahim, Karimani, 24/08/1980.
196. Minir, Selami, Karimani, 20/04/1964.
197. Rabije, Mustafa, Karimani, 01/01/1963.
198. Valentina, Kujtim, Karimani, 15/09/1970.
199. Drita, Zenel, Koci, 04/09/1963.
200. Mimoza, Previs, Koci, 03/04/1959.
201. Julian, Safet, Kolo, 08/12/1977.
202. Ogerta, X, Kolo, 18/10/1979.
203. Lena, Pali, Kondakciu, 27/03/1934.
204. Kujtim, Dervish, Kongjonaj, 04/02/1954.
205. Leonora, Xhelil, Kongjonaj, 02/03/1958.
206. Rudina, X, Koni, 14/09/1970.
207. Rudina, X, Koni, 14/09/1970.
208. Gjergj, Xhafer, Kora, 22/01/1980.
209. Firdes, Mersin, Korimani, 05/06/1972.
210. Erjon, Ismail, Kormaku, 23/06/1981.
211. Alma, Polikron, Kosta, 07/03/1982.
212. Lena, Theodhor, Kosta, 01/05/1908.
213. Fatime, Osman, Krajka, 08/09/1930.
214. Aishe, Sadik, Kuburi, 15/11/1937.
215. Fellenxa, Xhevit, Kuburi, 23/05/1969.
216. Vaf, Xhevit, Kuburi, 16/07/1962.
217. Kujtim, Myrteza, Kuci, 16/06/1965.
218. Riza, Hajri, Kuci, 15/10/1928.
219. Riza, Hajri, Kuci, 15/10/1928.
220. Valbona, Mustafa, Kuci, 24/10/1976.
221. Vjollca, Hariz, Kuci, 16/05/1976.
222. Elida, Nasi, Kulari, 06/11/1961.
223. Brunilda, Ismet, Kumbulla, 30/11/1975.
224. Anila, Sabri, Kurti, 28/04/1976.
225. Leonora, Gore, Kurti, 11/11/1111.
226. Silvana, Kadri, Kurti, 01/01/1979.
227. Irma, Ismail, Laja, 30/08/1961.
228. Gelnida, Selami, Lalaj, 15/09/1966.
229. Silvaaia, X, Lami, 25/01/1975.
230. Xhemal, Muharrem, Lani, 16/06/1939.
231. Mirela, Hamdi, Laze, 21/11/1974.
232. Maks, Aleks, Lazeri, 24/08/1947.
233. Dorian, Maks, Lazri, 25/03/1975.
234. Leonora, Gore, Lazri, 13/08/1951.
235. Blerim, Havzi, Lika, 07/10/1970.
236. Havzi, Xhelal, Lika, 10/09/1948.
237. Lume, Selman, Lika, 17/11/1948.
238. Ylteze, Hekuran, Lika, 24/03/1978.
239. Ermira, Shahin, Likaj, 26/12/1961.
240. Nedime, Xhevahir, Lilaj, 15/12/1935.
241. Rolanda, Bajram, Lilaj, 22/10/1973.
242. Vera, Bajram, Limani, 19/08/1931.
243. Dorina, X, Liuadhi, 13/05/1980.
244. Shpresa, Selman, Llatika, 06/07/1956.
245. Shpresa, Selman, Llatika, 06/07/1956.
246. Gjovalin, Pjeter, Lleshaj, 07/04/1962.
247. Viktor, Pjeter, Lleshaj, 21/03/1966.
248. Mirushe, Xhemal, Lufe, 20/02/1922.
249. Ludovik, Pashko, Lulati, 03/01/1953.
250. Altin, Fazli, Malaj, 11/04/1972.
251. Arida, Qenan, Malaj, 27/07/1974.
252. Donika, Myrehar, Malaj, 29/06/1957.

253. Gezim, Myryar, Malaj, 25/10/1955.
254. Luan, Myrdar, Malaj, 31/12/1958.
255. Myrdar, Razi, Malaj, 19/05/1937.
256. Pellumb, Myryar, Malaj, 24/03/1964.
257. Qamile, Sinan, Malaj, 20/10/1935.
258. Majlinda, Ismail, Malaku, 10/05/1966.
259. Elvira, Ndoc, Male, 09/03/1956.
260. Fatime, Fejzi, Male, 03/12/1965.
261. Gjergj, Nikoll, Male, 25/02/1931.
262. Kastriot, Faslli, Male, 28/04/1965.
263. Luisa, Mishel, Male, 21/01/1981.
264. Mishel, Gjergj, Male, 15/02/1956.
265. Majlinda, Mustafa, Malja, 25/08/1981.
266. Flamur, Nevrus, Malushi, 01/09/1951.
267. Irma, X, Manja, 18/02/1972.
268. Donika, Safet, Manlliu, 06/08/1967.
269. Enverije, Sali, Manlliu, 03/09/1928.
270. Brikena, Arben, Maratona, 11/11/1111.
271. Arben, X, Maratoni, 24/02/1953.
272. Jorinda, Arben, Maratoni, 09/01/1982.
273. Maringlen, Arben, Maratoni, 24/05/1978.
274. Rukie, Kalosh, Matrannhi, 27/03/1973.
275. Behar, Kalosh, Matranxhi, 10/05/1970.
276. Behar, Kalosh, Matranxhi, 10/05/1970.
277. Entela, Leli, Matranxhi, 11/11/1111.
278. Fatime, Baftjar, Matranxhi, 04/04/1937.
279. Fatime, Baftjar, Matranxhi, 04/04/1937.
280. Fiqeri, Kalosh, Matranxhi, 15/02/1978.
281. Kujtime, Kalosh, Matranxhi, 17/06/1975.
282. Remzie, Kalosh, Matranxhi, 10/02/1981.
283. Rukie, Kalosh, Matranxhi, 27/03/1973.
284. Sokol, Mark, Mehilli, 23/07,1979.
285. Gentjan, Bashkim, Mehmeti, 27/12/1980.
286. Laura, Nexhat, Mersinaj, 06/03/1969.
287. Bujar, Bexhet, Mersini, 13/10/1959.
288. Avram, Gole, Meshini, 03/05/1956.
289. Denis, Avram, Meshini 16/02/1982.
290. Leonora, Jorgji, Meshini, 02/11/1960.
291. Maro, Jano, Meshini, 10/10/1916.
292. Orlein, Viktor, Meshini, 12/10/1981.
293. Viktor, Gole, Meshini, 22/02/1947.
294. Vitori, Jorgo, Meshini, 22/09/1957.
295. Hatije, Qamil, Meta, 05/07/1967.
296. Miranda, Qamil, Meta, 03/08/1970.
297. Trendafile, Hajro, Meta, 25/03/1965.
298. Dolanda, Fiqiri, Metaj, 22/08/1981.
299. Elisabeta, Fiqiri, Metaj, 20/01/1979.
300. Zamira, Cobani, Metaj, 11/04/1968.
301. Aurora, Pellumb, Molla, 21/05/1943.
302. Sokol, Hajredin, Molla, 30/06/1974.
303. Vero, Hajredin, Molla, 20/02/1967.
304. Gjelosh, Ukshan, Mrishaj, 28/02/1956.
305. Liza, Pal, Mrishaj, 12/01/1962.
306. Sanije, X, Mucollari, 08/04/1941.
307. Agim, Aqif, Murra, 19/10/1964.
308. Valentina, Rustem, Murra, 30/05/1966.
309. Myhyrije, Xhelal, Musi, 10/01/1959.
310. Oriola, Agim, Musi, 19/04/1982.
311. Drita, Jakup, Musliu, 08/12/1951.
312. Fluturije, Lutfi, Musliu, 25/05/1961.
313. Lindita, Lutfi, Musliu, 07/10/1971.
314. Servete, Sefedin, Musliu, 05/04/1937.
315. Artion, Kudret, Myftari, 11/07/1082.
316. Albert, Muharrem, Nallcia, 20/06/1959.
317. Muharem, Rakip, Nallcia, 06/07/1928.
318. Mynevere, Osman, Nallcia, 07/04/1931.
319. Alket, Avdyl, Nasko, 07/03/1973.
320. Gentian, Nehat, Nasufi, 14/09/1977.
321. Armand, Lec, Ndreca, 30/08/1978.
322. Esuela, X, Ndreca, 10/06/1976.
323. Mirela, Xheladin, Nexhipi, 10/09/1980.
324. Rudina, X, Nexhipi, 30/07/1981.
325. Sajmira, Xheladin, Nexhipi, 28/09/1975.
326. Ilir, Xhelil, Nouruzaj, 13/01/1972.
327. Andelina, Nazif, Nura, 14/03/1968.
328. Drita, X, Nura, 06/06/1963.
329. Nexhmie, Nazif, Nura, 15/02/1955.
330. Selime, X, Nura, 25/06/1929.
331. Qerime, Hajdin, Nuro, 10/05/1937.
332. Akile, Mehmet, Nushi, 17/05/1960.
333. Themistokli, Prokop, Nushi, 15/08/1924.
334. Adrian, Adem, Ostrovica, 04/06/1973.
335. Ateca, Adem, Ostrovica, 23/08/1982.
336. Trendelina, Sherif, Ostrovica, 02/05/1952.
337. Roland, Ethem, Palushi, 12/06/1978.
338. Migena, Odhise, Papajani, 24/05/1976.
339. Vjollca, Esterf, Pellumbi, 03/10/1970.
340. Aleksander, Koco, Pilo, 08/04/1963.
341. Lucije, Isuf, Pinushi, 30/04/1969.
342. Lime, Arif, Pirushi, 12/02/1927.
343. Hike, Musa, Plaku, 10/04/1935.
344. Zamira, Nuri, Plaku, 03/03/1974.
345. Dede, Lulash, Planasi, 10/11/1965.
346. Oliver, Hytbi, Popi, 25/01/1982.
347. Arben, Hserif, Preza, 06/05/1954.
348. Adriatik, Mazar, Qato, 15/07/1974.
349. Blerta, Figan, Qatollari, 09/09/1973.
350. Ermira, Figan, Qatollari, 01/02/1976.
351. Demiran, Shefqet, Qazim, 18/09/1951.
352. Xhevahire, Ndue, Qehaja, 22/02/1979.
353. Albert, Nezmi, Qemali, 07/02/1975.
354. Lutfije, Sadik, Qemali, 17/11/1955.
355. Nazmi, Emin, Qemali, 11/11/1949.
356. Lumturi, Adem, Qerallri, 19/11/1973.
357. Alketa, Hekuran, Qerimi, 25/05/1975.
358. Arben, Ilmi, Qerimi, 05/06/1961.
359. Arben, Sulo, Qerimi, 05/06/1961.
360. Bukurije, X, Qerimi, 17/07/1964.
361. Elena, Xheladin, Qerimi, 15/05/1977.
362. Fatmir, Izet, Qerimi, 15/11/1967.
363. Festim, Mazllem, Qerimi, 24/04/1971.
364. Manjola, Reshat, Qerimi, 23/02/1981.
365. Nefke, Sefedin, Qerimi, 13/01/1942.
366. Selvi, Ilmi, Qerimi, 03/06/1966.
367. Eneida, Nikoll, Qirjaqi, 15/02/1976.
368. Anila, Besim, Rakipi, 13/04/1972.
369. Argjentina, Festim, Rakipi, 28/01/1980.
370. Lulezim, Hamit, Rakipi, 25/08/1970.
371. Arben, Mehmet, Rama, 29/12/1963.
372. Devis, Luan, Rama, 17/09/1976.
373. Genci, Hajrulla, Rama, 18/07/1977.
374. Hajrie, Hajrulla, Rama, 04/09/1980.
375. Mage, Rushit, Rama, 02/02/1955.
376. Xhuljeta, Fatmir, Rapo, 29/12/1976.
377. Semiha, Abdyl, Rapushi, 14/11/1961.
378. Sulejman, Isalm, Rapushi, 06/09/1962.
379. Marsela, X, Ropi, 17/03/1979.
380. Ylmete, Osman, Ropi, 14/10/1953.
381. Miranda, Apollon, Roshi, 29/12/1977.
382. Astrit, Hajdar, Rustemi, 08/07/1969.
383. Vjollca, Estref, Rustemi, 03/10/1970.
384. Qerim, Ramazan, Saja, 14/04/1954.
385. Rabije, Ramazan, Saja, 27/10/1966.
386. Emdri, Engjell, Saliko, 08/04/1981.
387. Engjell, Nevrus, Saliko, 02/01/1951.
388. Vergjene, Qema, Saliko, 03/09/1959.
389. Meshar, Bedri, Salla, 02/01/1968.
390. Xheneta, Hasan, Seferi, 07/08/1955.
391. Sabrie, Eqerem, Sejdini, 20/01/1977.
392. Emiljan, Hazis, Selimaj, 28/03/1969.
393. Irena, Sherif, Selimaj, 07/09/1970.
394. Bajram, Ilmi, Selmami, 23/12/1974.
395. Miranda, Fatos, Selmani, 26/02/1971.
396. Altin, Ylli, Shabani, 08/11/1977.
397. Bujar, Ylli, Shabani, 25/02/1979.
398. Genci, Nuri, Shabani, 11/07/1965.
399. Hamedije, Ramazan, Shabani, 14/12/1967.
400. Monika, Azmi, Shabani, 26/12/1974.
401. Betije, Rushan, Shalca, 15/01/1932.
402. Agim, Xhevahir, Shapku, 07/05/1958.
403. Bukurije, Gani, Shapku, 19/11/1975.
404. Lindita, Xhevahir, Shapku, 21/05/1969.
405. Lindita, Xhevahir, Shapku, 21/06/1969.
406. Bashkim, Shaban, Shehati, 14/10/1948.
407. Dritan, Bashkim, Shehati, 15/06/1975.
408. Erinda, Bashkim, Shehati, 15/02/1981.
409. Aferdita, Haxhi, Shehu, 27/03/1960.
410. Ina, Sezai, Shehu, 30/12/1979.
411. Lindita, Jonuz, Shehu, 02/09/1976.
412. Sezai, Haxhi, Shehu, 21/03/1957.
413. Zenepe, Jonuz, Shehu, 05/06/1971.
414. Florand, Shefit, Shema, 12/09/1968.
415. Artan, Bashkim, Sherifi, 12/07/1982.
416. Engjellushe, Demir, Sherifi, 05/06/1975.
417. Lavdie, Lulzim, Sherifi, 21/07/1968.
418. Lorenc, Lulzim, Sherifi, 31/10/1966.
419. Lucie, Muharrem, Sherifi, 28/06/1954.
420. Luljan, Skender, Sherifi, 09/06/1969.
421. Mirela, Xhevat, Sherifi, 19/09/1980.
422. Mukades, Hajredin, Sherifi, 17/06/1959.
423. Myhyrije, Zenel, Sherifi, 31/12/1975.
424. Pellumbesh, Rehxep, Sherifi, 31/03/1954.
425. Sevdie, Mersin, Sherifi, 21/07/1968.
426. Silvana, Bujar, Sherifi, 13/06/1980.
427. Silvana, Bujar, Sherifi, 13/06/1980.
428. Vjollca, Hajredin, Sherifi, 05/09/1972.
429. Xhevat, Mustafa, Sherifi, 15/05/1942.
430. Yllka, Rexhep, Sherifi, 07/05/1981.
431. Edmond, Murat, Shima, 07/01/1982.
432. Edmond, Murat, Shima, 07/01/1982.
433. Mimoza, Murat, Shima, 24/12/1978.
434. Mimoza, Murat, Shima, 24/12/1978.
435. Misiko, Qani, Shino, 29/11/1977.
436. Emerie, Hakik, Shira, 20/08/1973.
437. Gjyle, Sadik, Shkalla, 27/12/1963.
438. Hava, Mashar, Shkoza, 20/06/1961.
439. Mimoza, Ruzhdi, Shoshari, 21/02/1974.
440. Dile, Zenel, Shtylla, 30/12/1959.
441. Flutura, File, Shtylla, 02/04/1967.
442. Emine, Hysen, Shullazi, 13/11/1950.
443. Igli, Xhamal, Shullazi, 09/08/1974.
444. Pada, Xhemal, Shullazi, 19/05/1979.
445. Xhemal, Mehmet, Shullazi, 24/08/1951.
446. Rita, Ismet, Skerifi, 28/12/1967.
447. Myrvete, Rexh, Skira, 23/08/1961.
448. Gani, Fejzo, Sktylla, 20/04/1919.
449. Elena, Efter, Sojli, 28/06/1970.
450. Drita, Mustafa, Sopoti, 09/09/1948.
451. Hilmi, Ramadan, Srlmani, 05/10/1953.
452. Alida, Dilaver, Sula, 05/03/1976.
453. Arife, Haki, Sula, 06/04/1965.
454. Arjan, Tomorr, Sula, 30/08/1962.
455. Ermira, Demir, Sula, 17/03/1969.
456. Gentian, Refat, Sula, 03/06/1972.
457. Marjeta, Refat, Sula, 23/06/1974.
458. Marjeta, Refat, Sula, 23/06/1974.
459. Medime, Xhevit, Sula, 29/12/1963.
460. Medine, Xhevit, Sula, 25/12/1963.
461. Miliano, Kujtim, Sula, 12/09/1982.
462. Pembe, Haxhi, Sula, 17/01/1962.
463. Refat, Shyqyri, Sula, 22/03/1951.
464. Vojsava, Pelivan, Sula, 03/02/1979.
465. Nertila, Naim, Sulovari, 14/08/1979.
466. Safete, Shefit, Tahiri, 28/01/1964.
467. Elton, Tahir, Taho, 25/02/1978.
468. Leonard, Tahir, Taho, 07/03/1968.
469. Liri, Miti, Taho, 15/01/1950.
470. Tahir, Qemal, Taho, 10/05/1945.
471. Jorgo, Tefik, Tare, 27/09/1965.
472. Armand, Josif, Tiko, 08/05/1974.
473. Josif, Vangjel, Tiko, 20/09/1948.
474. Rovena, Josif, Tiko, 21/08/1979.
475. Vjollca, Ligor, Tiko, 07/04/1950.
476. Artan, Haxhi, Tila, 04/03/1973.
477. Matilda, Nazmi, Tola, 11/11/1111.
478. Jani, Naun, Tona, 21/03/1958.
479. Amalildo, Clirim, Topalli, 24/04/1977.
480. Mine, Qemal, Topuzi, 01/12/1975.
481. Bajram, Qazim, Tori, 18/03/1960.
482. Vangjel, Vaso, Trola, 06/01/1941.
483. Aldo, Haxhi, Vathi, 03/11/1980.
484. Vasilika, Thoma, Vllaha, 25/12/1946.
485. Albana, Avdyl, Vrapi, 06/11/1972.
486. Tone, Ramazan, Vrapi, 26/05/1958.
487. Rasim, Abdulla, Xhafa, 17/08/1972.
488. Suzana, X, Xhafa, 04/05/1979.
489. Myruete, X, Xhaferaj 02/11/1980.
490. Bujar, Dervish, Xhakani, 04/12/1968.
491. Besnik, Abedin, Xhambazi, 13/06/1969.
492. Fatjon, Aqif, Xhambazi, 16/07/1980.
493. Periana, Adem, Xhambazi, 23/08/1968.
494. Kysen, Abdyl, Xhanija, 06/02/1941.
495. Konstandina, Margarit, Xhoga, 11/05/1905.
496. Vangjel, Dhoske, Xhoga, 27/08/1944.
497. Jalldez, Ramadan, Ymeri, 11/12/1964.
498. Malo, Zejni, Ymeri, 30/06/1963.
499. Natasha, Malo, Ymeri, 16/09/1981.
500. Rudina, Faik, Ymeri, 12/10/1978.
501. Safet, Shefqet, Ymeri, 04/03/1964.
502. Margarita, Gani, Zelia, 07/12/1967.

503. Ike, Mehemt, Zenunaj, 09/02/1960.
504. Shaje, Sulejman, Zenunaj, 13/03/1973.
505. Ferdinand, Fahri, Zhilla, 29/03/1961.
506. Mynevere, Haki, Zoto, 27/06/1920.
Kjo liste permban, 506, Rekorde.

Municipality Unit No. 2.
Polling Station No. 53.

I. VOTERS IN CIVIL STATUS REGISTER

	2 381
	363
Total	2 744

II. VOTERS IN THE VOTING LISTS OF THE ELECTION OF OCTOBER 1, 2000

	668
	791
Total	1 459

Difference: I — II = 1 459 Voters.

Njesia Bashkiake Nr. 2.
Qendra E Votimit Nr. 53.

I. VOTUES NE RREGJISTRIN E GJENDJES CIVILE

	2 381
	363
Shuma	2 744

II. VOTUES NE LISTAT E VOTIMIT TE I TETORIT 2000

	668
	791
Shuma	1 459

Diferenca : I — II = 1 285 votues.

LISTA E VOTUESVE SIPAS REGJISTRIT TE GJENDJES CIVILE VOTUES ME BANIM TE PERHERSHEM QENDRA E VOTIMIT 53

Nr., Emri, Atesia, Mbiemri, Datelindja

1. Ardian, Selim, Abazi, 03.02.67.
2. Viktor, Loni, Adami, 04.0942.
3. Taknina, Tom, Adami, 02.03.47.
4. Mirsa, Viktor, Adami, 10.06.75.
5. Etrit, Viktor, Adami, 18.03.80.
6. Refki, Xhemal, Ademaj, 21.11.58.
7. Hamide, Safet, Ademaj, 06.06.64.
8. Myzafer, Idriz, Ahmati, 07.12.32.
9. Ilmo, Duro, Ahmati, 15.10.33.
10. Shpend, Sherif, Ahmetaj, 01.09.21.
11. Paqe, Idriz, ahmeti, 09.08.46.
12. Natasha, Vesel, Ahmeti, 29.06.47.
13. Shuaip, Ajaz, Ajazi, 18.12.46.
14. Besie, Shefqet, Ajazi, 06.02.55.
15. Rudina, Shuaip, Ajazi, 13.02.77.
16. Bledar, Shuaip, Ajazi, 11.08.80.
17. Donika, Osman, Ajazi, 03.03.24.
18. Endrit, Shpetim, Ali, 27.09.78.
19. Tom, Nik, Alia, 10.01.34.
20. Gjyste, Vat, Alia, 10.06.38.
21. Fran, Tom, Alia, 09.11.58.
22. Luk, Tom, Alia, 16.09.60.
23. Kel, Tom, Alia, 16.01.69.
24. Flora, Zef, Alia, 22.06.72.
25. Mane, Beqir, Aliaj, 08.05.26.
26. Migena, Edmond, Aliaj, 26.0753.
27. Marita, Kadri, Aliaj, 08.0856.
28. Aleksander, Nijazi, Aliaj, 13.05.62.
29. Etleva, Juftar, Aliaj, 02.12.72.
30. Drita, Tefik, Alicka, 19.01.23.
31. Naim, Hajdar, Alicka, 08.12.54.
32. Lindita, Fehmi, Alicka, 12.07.61.
33. Avni, Hasim, Alikaj, 11.03.49.
34. Blerina, Xhevat, Alikaj, 14.03.78.
35. Aleksander, Perparim, Alimadhi, 16.03.80.
36. Astrit, Demir, Alimadhi, 27.04.59.
37. Edlira, Lake, Alimadhi, 17.02.73.
38. Elida, Myrteza, Alimadhi, 09.05.72.
39. Elmas, Etem, Alimadhi, 27.04.83.
40. Enkeleida, Musa, Alimadhi, 28.08.78.
41. Etem, Hajdar, Alimadhi, 30.03.37.
42. Fatime, Tahir, Alimadhi, 11.02.26.
43. Fatos, Bektash, Alimadhi, 10.07.68.
44. Festim, Perparim, Alimadhi, 11.01.78.
45. Flamur, Bektash, Alimadhi, 17.11.54.
46. Flora, Demir, Alimadhi, 17.10.61.
47. Hektor, Bektash, Alimadhi, 16.05.70.
48. Klodian, Perparim, Alimadhi, 04.02.82.
49. Lindita, Sadush, Alimadhi, 19.01.69.
50. Luljeta, Asim, Alimadhi, 20.12.58.
51. Mbarime, Hysni, Alimadhi, 18.03.61.
52. Namik, Etem, Alimadhi, 26.03.82.
53. Napolon, Bektash, Alimadhi, 01.10.59.
54. Perparim, Demir, Alimadhi, 14.02.49.
55. Sazan, Etem, Alimadhi, 01.09.71.
56. Sose, Etem, Alimadhi, 15.10.43.
57. Tefta, Hetem, Alimdhi, 21.06.67.
58. Gavrosh, Hito, Alimerko, 23.03.49.
59. Liri, Ramazan, Alimerko, 02.02.55.
60. Ana, Gavrosh, Alimerko, 31.01.80.
61. Mynevere, Hysen, Alimsadhi, 13.02.30.
62. Xhihane, Muharrem, Alisinani, 10.02.20.
63. Luan, Isuf, Allamani, 03.12.50.
64. Holta, Iuan, Allamani, 05.09.81.
65. Halim, Mehmet, Allaraj, 05.10.38.
66. Tane, Xhevit, Allaraj, 31.05.44.
67. Farije, Qamil, Allaraj, 05.10.77.
68. Sali, Hajdar, Allgjata, 08.02.62.
69. Merita, Xhemal, Allgjata, 27.02.69.
70. Fatbardha, Qazim, Allushi, 07.07.53.
71. Rahim, Baftjar, Alushi, 20.04.38.
72. Nadire, Rifat, Alushi, 05.04.40.
73. Zuran, Alushi, 16.07.61.
74. Donika, Rahim, Alushi, 01.02.64.
75. Servet, Rahim, Alushi, 24.01.70.
76. Pranvera, Rahim, Alushi, 14.03.72.
77. Shukrije, Rahim, Alushi, 10.08.74.
78. Thoma, Nasi, Andoni, 30.07.60.
79. Liljana, Miti, Andoni, 10.03.64.
80. Mirela, Petrit, Andrea, 27.10.74.
81. Elez, Sadik, Andrea, 24.01.60.
82. Sotir, Llambi, Andrea, 26.04.26.
83. Dritan, Sotir, Andrea, 30.01.67.
84. Irina, Marko, Angjeli, 11.12.57.
85. Luljeta, Piro, Anken, 15.02.52.
86. Aranit, Velo, Arapaj, 22.03.66.
87. Dave, Deo, Arapaj, 04.05.68.
88. Astrit, Asabella, 15.12.24.
89. Hysni, Muharrem, Azizaj, 02.03.20.
90. Kandrie, Maliq, Azizaj, 05.09.45.
91. Alfred, Hysni, Azizaj, 26.06.68.
92. Gazmir, Hysni, Azizaj, 24.08.70.
93. Irfan, Ismet, Baboci, 05.12.20.
94. Arben, Kadri, Baboci, 24.04.55.
95. Eva, Thoma, Baboci, 17.04.62.
96. Efrosina, Foto, Baboci, 03.03.32.
97. Klidi, Sheri, Baboci, 23.07.62.
98. Enver, Ibrahim, Baci, 02.02.52.
99. Dorian, Enver, Baci, 25.08.80.
100. Shpresa, Turabi, Backa, 13.04.27.
101. Fatos, Skender, Backa, 09.09.47.
102. Mimoza, Ali, Backa, 13.04.55.
103. Ardit, Fatos, Backa, 02.08.80.
104. Efrosini, Mihal, Baholli, 01.05.18.
105. Avdi, Vath, Bajra, 07.11.41.
106. Eriana, Avdi, Bajra, 26.05.79.
107. Ilirjan, Zyhdi, Bakalli, 23.07.61.
108. Shefqet, Taip, Bakia, 02.07.55.
109. Haneme, Moisi, Bakia, 26.05.52.
110. Ramadan, Kadri, Bala, 14.09.40.
111. Sadije, Myrteza, Bala, 17.07.42.
112. Elton, Ramadan, Bala, 23.04.74.
113. Oriana, Dhimitraq, Bala, 05.04.76.
114. Fadil, Abdulla, Balashi, 25.07.42.
115. Deje, Abdulla, Balashi, 25.07.42
116. Leme, Abdulla, Balashi, 28.05.44.
117. Beglije, Fadil, Balashi, 16.01.58.
118. Eldiana, Fadil, Balashi, 11.04.83.
119. Hysni, Haki, Bali, 05.05.42.
120. Naime, Baftjar, Bali, 19.05.44.
121. Bexhet, Hysni, Bali, 03.11.66.
122. Anila, Hysni, Bali, 10.05.78.
123. Rizza, Rufat, Bali, 10.03.56
124. Atlije, Abdulla, Bali, 13,12.61.
125. Kasem, Mustafa, Balla, 12.10.53.
126. Emine, Shyqyri, Balla, 18.07.58.
127. Bledi, Kasem, Balla, 16.01.81.
128. Kasem, Mustafa, Balla, 12.10.53.
129. Azbi, Balla, 03.04.64.
130. Fellanxa, Balla, 17.03.72.
131. Arben, Selim, Balla, 05.03.65.
132. Aida, Ferid, Balla, 01.02.75.
133. Bujare, Myslim, Ballabani, 26.01.79.
134. Sami, Zylyf, Ballgjini, 10.09.61.
135. Valbona, Bekim, Ballgjini, 23.12.63.
136. Shaniko, Myrto, Banaj, 05.05.33.
137. Kozeta, Baoci, 28.06.58.
138. Mandush, Jahja, Baraku, 01.08.40.
139. Trim, Fatmir, Baraku, 22.06.80.
140. Fatmir, Demush, Baraku, 16.03.39.
141. Enkelejda, Shkelqim, Bardhi, 18.03.72.
142. Elez, Rustem, Bardhi, 15.05.45.
143. Shpresa, Nazif, Bardhi, 15.04.56.
144. Anila, Elez, Bardhi, 27.09.77.
145. Altin, Elez, Bardhi, 14.07.80.
146. Latif, Bardhi, 01.03.60.
147. Zelije, Bardhi, 15.04.61.
148. Mariglen, Bardhi, 21.09.82.
149. Bibe, Mesh, Bardhi, 29.09.35.
150. Gjete, Gege, Bardhi, 15.08.38.
151. Ilir, Bibe, Bardhi, 17.02.70.
152. Astrit, Bibe, Bardhi, 16.09.71.
153. Margarita, Nove, Bardhi, 07.01.69.
154. Artan, Bibe, Bardhi, 10.02.75.
155. Ardit, Hysen, Bardhollari, 19.05.72.
156. Fatmir, Shyqyri, Barkaneshi, 08.08.44.
157. Hatixhe, Mylazim, Barkaneshi, 30.04.50.
158. Eduard, Fatmir, Barkaneshi, 23.08.78.
159. Ermira, Fatmir, Barkaneshi, 16.02.78.
160. Shyqri, Ymer, Bathorja, 17.11.35.
161. Nurije, Hush, Bathorja, 10.02.35.
162. Myslym, Shyqri, Bathorja, 10.07.70.
163. Skender, Shyqri, Bathorja, 10.07.70.
164. Majlinda, Muarrem, Bathorja, 04.08.65.
165. Ferid, Bathorja, 14.03.26.
166. Ardiana, Bathorja, 23.04.72.
167. Zelije, Bathorja, 01.03.25.
168. Dilaver, Bathorja, 17.03.63.
169. Petrit, Bathorja, 01.03.67.
170. Xhemali, Hysen, Bazja, 12.05.27.
171. Tije, Haxhi, Bazja, 06.03.31.
172. Astrit, Ramadan, Beca, 03.07.63.
173. Suzana, Nezir, Beca, 04.02.66.
174. Benet, Bahri, Beci, 25.01.65.
175. Fitore, Agim, Beci, 06.02.68.
176. Zervehe, Reshat, Bedo, 21.12.59.
177. Lavdim, Hysni, Bega, 05.03.56.
178. Suzana, Qerim, Bega, 07.08.60.
179. Fatmira, Hysni, Bega, 01.05.23.
180. Spartak, Hysni, Bega, 29.09.51.
181. Floreta, Begtash, Bega, 27.12.54.
182. Qamile, Bega, 20.03.30.
183. Ethem, Bega, 10.03.58.
184. Xhemal, Mehmet, Beja, 01.05.30.
185. Lirije, Veli, Beja, 05.01.47.
186. Vjollca, Xhemal, Beja, 12.08.68.
187. Edlira, Xhemal, Beja, 04.06.72.
188. Besnik, Estref, Bejdo, 12.03.53.
189. Sadete, Mehmet, Bejdo, 13.03.58.
190. Bekim, Nuri, Bejko, 11.07.61.
191. Laura, Selami, Bejko, 30.10.64.
192. Drita, Zenun, Bejko, 15.04.23.
193. Adrian, Ilias, Bejko, 16.04.63.
194. Jeta, Qemal, Bejko, 05.07.68.
195. Hajrije, Abdulla, Bejtja, 10.03.42.
196. Rudin, Qemal, Bejtja, 12.02.75.
197. Anila, Gani, Bejtja, 12.02.75.
198. Shefqet, Cik, Beka, 02.01.29.
199. Sanije, Bajo, Beka, 31.12.34.
200. Luan, Shefqet, Beka, 05.06.61.
201. Fatmir, Shefqet, Beka, 11.05.70.
202. Jeta, Tahir, Beka, 02.06.71.
203. Lirije, Sadik, Beluli, 01.03.49.
204. Albert, Cen, Beluli, 08.02.77.

205. Burbuqe, Beluli, 02.03.79.
206. Luan, Cen, Beluli, 07.07.81.
207. Sami, Ferik, Benga, 10.07.60.
208. Eviolda, Ylli, Benga, 13.10.76.
209. Alban, Myrdash, Beqaj, 26.04.69.
210. Ndricim, Nezir, Beqari, 26.03.51.
211. Aishe, Arif, Beqari, 03.05.54.
212. Agron, Ndricim, Beqari, 01.11.75.
213. Gjinovefa, Ndricim, Beqari, 04.04.79.
214. Ilir, Ndricim, Beqari, 18.07.81.
215. Ilir, Pandeli, Berati, 09.09.61.
216. Vasilika, Thoma, Berati, 12.08.66.
217. Fabjol, Shpetim, Berberi, 13.12.74.
218. Agron, Nyredin, Berbiu, 05.09.61.
219. Zana, Gjergji, Berbiu, 23.03.68.
220. Fetan, Hamza, Berisha, 31.12.50.
221. Refije, Mehmet, Berisha, 10.03.59.
222. Azbi, Rustem, Beta, 05.05.33.
223. Feruze, Asllan, Beta, 07.10.40.
224. Flamur, Hazbi, Beta, 14.12.66.
225. Liljana, Myslym, Beta, 27.12.70.
226. Ylber, Xhavit, Bicaku, 20.08.66.
227. Teuta, Bajram, Bicaku, 26.02.72.
228. Vesel, Biraci, 04.08.59.
229. Flutra, Biraci, 08.06.63.
230. Atena, Piro, Bishka, 20.04.66.
231. Nikolin, Panajot, Bixho, 26.03.68.
232. Denis, Hysen, Blac, 24.07.75.
233. Bejkush, Ago, Bleta, 04.04.43.
234. Elisabeta, Hysen, Bleta, 16.03.52.
235. Indrit, Bejkush, Bleta, 22.07.80.
236. Ermal, Bejkush, Bleta, 10.02.73.
237. Dorina, Merkur, Belta, 22.12.75.
238. Hajrije, Hysni, Boci, 01.10.24.
239. Ilirjana, Xhafer, Boci, 28.02.65.
240. Xhafer, Ali, Boci, 06.07.25.
241. Jorgii, Nasi, Bogdani, 03.02.40.
242. Marika, Nastas, Bogdani, 18.07.40.
243. Entela, Jorgii, Bogdani, 24.01.74.
244. Ardian, Jorgii, Bogdani, 02.01.70.
245. Lindita, Mirash, Brahaj, 25.02.79.
246. Besnik, Mirash, Brahaj, 11.10.80.
247. Besnik, Kadri, Brahimaj, 14.07.54.
248. Inxhije, Kocaq, Brahimaj, 15.09.13.
249. Luciana, Kole, Brahimaj, 17.09.58.
250. Qamil, Gani, Brahimi, 24.10.69.
251. Shpendi, Pasho, Brahimi, 15.06.70.
252. Rasim, Uk, Brahimi, 08.06.42.
253. Aishe, Xhemal, Brahimi, 10.10.52.
254. Ylber, Rasim, Brahimi, 07.03.79.
255. Shkelqim, Rasim, Brahimi, 15.04.81.
256. Jetmira, Rasim, Brahimi, 19.05.83.
257. Haxhi, Brahja, 06.01.30.
258. Ediola, Ylli, Braho, 29.05.81.
259. Dhimiter, Adam, Braho, 20.10.48.
260. Emine, Islam, Braho, 11.02.56.
261. Lidian, Dhimiter, Braho, 06.03.78.
262. Erind, Dhimiter, Braho, 16.11.81.
263. Arjaniti, Faik, Braho, 17.06.55.
264. Zamira, Braho, 20.01.57.
265. Mersida, Arjanit, Braho, 23.05.80.
266. Dhionis, Servet, Braholli, 01.04.72.
267. Ylli, Vahid, Bramo, 01.06.53.
268. Luljeta, Maliq, Bramo, 26.03.58.
269. Bislim, Ukshin, Brecani, 15.02.67.
270. Rudina, Idriz, Brecani, 21.11.73.
271. Agron, Hajdar, Bregu, 17.02.48.
272. Sabrije, Beg, Bregu, 26.08.49.
273. Nurije, Hasan, Bruzja, 15.01.18.
274. Xhavit, Ali, Buca, 29.10.42.
275. Violeta, Beqir, Buca, 23.01.48.
276. Indrit, Xhavit, Buca, 14.10.80.
277. Jani, Vangjel, Buhuri, 22.08.39.
278. Irini, Gaqi, Buhuri, 08.05.46.
279. Altin, Jani, Buhuri, 26.09.70.
280. Safo, Lutfi, Buhuri, 02.10.71.
281. Mentar, Rahmi, Bujari, 25.07.49.
282. Burbuqe, Ibrahim, Bujari, 17.01.60.
283. Agron, Ali, Bulaj, 28.06.72.
284. Shyqyrije, Feta, Bulaj, 04.12.73.
285. Kosta, Spiro, Bullo, 30.04.26.
286. Avdul, Zeqir, Bundo, 05.04.34.
287. Engjellushe, Bektash, Bundo, 01.03.35.
288. Fatos, Bundo, 17.09.62.
289. Alma, Bundo, 14.08.70.
290. Fatos, Avdul, Bundo, 17.09.62.
291. Alma, Syti, Bundo, 14.08.70.
292. Violeta, Bajram, Burhanaj, 05.03.57.
293. Bujar, Neki, Burimi, 30.09.31.
294. Stolije, Bedri, Burimi, 16.03.36.
295. Suzana, Bujar, Burimi, 10.06.59.
296. Brikena, Novrus, Burimi, 22.11.73.
297. Fatos, Bujar, Burimi, 19.03.62.
298. Zemrije, Mustafa, Burreli, 15.04.61.
299. Mirlinda, Medi, Bushati, 26.04.73.
300. Gezim, Arif, Bushi, 11.09.49.
301. Dallandyshe, Lutfi, Bushi, 17.05.54.
302. Blerina, Gezim, Bushi, 18.04.76.
303. Entela, Gezim, Bushi, 03.01.80.
304. Bardhok, Zef, Bushpepa, 28.03.72.
305. Ardiana, Hajdin, Bushpepa, 05.05.75.
306. Kostaqe, Ndreko, Butka, 24.07.25.
307. Albert, Andon, Butka, 14.09.49.
308. Ilir, Andon, Butka, 01.09.54.
309. Irini, Androkli, Buxhuku, 02.03.45.
310. Idajet, Fejzi, Buzi, 06.09.58.
311. Ermira, Kujtim, Buzi, 12.02.65.
312. Fejzi, Nebi, Buzi, 22.01.34.
313. Qerime, Qemal, Buzi, 23.05.37.
314. Hysni, Hasan, Bylberi, 24.05.57.
315. Drita, Fasli, Bylberi, 05.12.57.
316. Agim, Hasan, Bylyku, 02.06.37.
317. Vjollca, Sadik, Bylyku, 03.05.43.
318. Ardian, Agim, Bylyku, 08.06.65.
319. Zaimina, Bylyku, 04.03.70.
320. Zhaneta, Luan, Byrimi, 20.12.67.
321. Mimoza, Caca, 06.06.56.
322. Agim, Haki, Cafo, 13.11.63.
323. Manushaqe, Nexhdet, Cafo, 09.10.61.
324. Bajaze, Cafo, 03.03.39.
325. Shpetim, Hasan, Cako, 19.08.52.
326. Elsa, Mihal, Cako, 31.08.52.
327. Rovena, Shpetim, Cako, 26.12.76.
328. Agim, Shpetim, Cako, 22.09.78.
329. Thoma, Pilo, Cala, 13.05.59.
330. Hajrije, Sefer, Cala, 10.02.56.
331. Artur, Lici, Cala, 14.01.69.
332. Albana, Nikollaq, Cala, 10.02.74.
333. Arqile, Zoj, Cala, 20.02.55.
334. Fitnete, Avni, Cala, 22.04.61.
335. Kristo, Mico, Cami, 17.01.32.
336. Klementina, Tonin, Cami, 04.09.41.
337. Florenc, Izeir, Cami, 25.01.43.
338. Tefta, Hasan, Cami, 28.11.48.
339. Melsi, Florec, Cami, 12.03.69.
340. Suzana, Florenc, Cami, 27.06.73.
341. Seferije, Irfan, Cami, 04.10.68.
342. Irfan, Beqir, Canga, 31.08.44.
343. Nexhmije, Rakip, Canga, 06.08.48.
344. Bledar, Irfan, Canga, 21.11.69.
345. Albana, Irfan, Canga, 31.07.78.
346. Shkelqim, Islam, Cani, 06.05.56.
347. Merita, Xhemal, Cani, 26.11.65.
348. Florenc, Haxhi, Cani, 05.09.65.
349. Eduard, Kristo, Cani, 01.02.69.
350. Manjola, Mico, Cani, 31.07.70.
351. Rifat, Zanun, Cani, 17.08.40.
352. Brunilda, Cani, 20.04.72.
353. Engleta, Mithat, Cani, 19.01.76.
354. Behixhe, Jonuz, Cani, 12.11.40.
355. Resmi, Rifat, Cani, 23.03.68.
356. Gazmir, Rifat, Cani, 16.02.71.
357. Shkelqim, Rifat, Cani, 22.06.73.
358. Dashnor, Rifat, Cani, 17.03.79.
359. Florina, Rifat, Cani, 26.10.71.
360. Brunilda, Rahman, Cani, 20.04.72.
361. Zaho, Arqile, Cani, 08.09.45.
362. Argjiro, Jorgji, Cani, 29.09.51.
363. Evelina, Zaho, Cani, 03.11.74.
364. Stela, Zaho, Cani, 06.04.79.
365. Ferhat, Muharrem, Cania, 25.05.61.
366. Behixhe, Reshit, Cania, 20.05.61.
367. Gentjan, Ferhat, Cania, 20.06.83.
368. Kastriot, Safet, Caushaj, 21.12.61.
369. Eda, Isuf, Caushaj, 30.09.5.
370. Safet, Hasan, Caushaj, 10.08.22.
371. Elmazije, Demir, Caushaj, 15.05.33.
372. Rei, Safet, Caushaj, 21.02.66.
373. Sherif, Binak, Caushaj, 13.04.57.
374. Najada, Zyhdi, Caushaj, 17.07.65.
375. Muharrem, Hasan, Caushi, 11.09.47.
376. Hanke, Ali, Caushi, 16.08.50.
377. Besnik, Muharrem, Caushi, 24.08.70.
378. Altin, Muharrem, Caushi, 22.12.71.
379. Rudina, Muharrem, Caushi, 06.06.76.
380. Arben, Galip, Caushi, 11.07.71.
381. Bilal, Banush, Ceca, 14.09.73.
382. Luljeta, Xhelal, Ceca, 05.08.75.
383. Jazo, Ceka, 09.01.38.
384. Igli, Ceka, 12.05.66.
385. Shkelqim, Ceka, 25.05.70.
386. Leonard, Haxhi, Ceka, 02.01.53.
387. Luljeta, Robert, Ceka, 24.04.58.
388. Riselda, Leonard, Ceka, 25.09.81.
389. Realdo, Leonard, Ceka, 06.04.83.
390. Eqrem, Hysen, Ceka, 20.12.47.
391. Fiqerete, Xhemal, Ceka, 31.08.52.
392. Florentina, Eqrem, Ceka, 30.09.72.
393. Elisabeta, Eqrem, Ceka, 26.05.75.
394. Enkelejda, Eqrem, Ceka, 01.11.80.
395. Halit, Hysen, Ceka, 13.07.63.
396. Engjellushe, Mexhit, Ceka, 11.07.66.
397. Trene, Ceko, 04.08.38.
398. Kico, Pando, Ceku, 05.07.31.
399. Enea, Kico, Ceku, 23.01.77.
400. Angjela, Kristaq, Ceku, 21.07.42.
401. Julian, Kico, Ceku, 15.03.63.
402. Lutfi, Abdurrahman, Cela, 12.06.26.
403. Meliha, Xhemal, Cela, 06.05.31.
404. Skender, Lutfi, Cela, 06.03.68.
405. Gjyle, Abdulla, Cela, 06.06.25.
406. Suzana, Petrit, Cela, 01.08.63.
407. Zenun, Bektash, Cela, 13.09.57.
408. Aferdita, Neshat, Cela, 08.06.59.
409. Violeta, Zenun, Cela, 05.03.80.
410. Vjollca, Hysen, Cenka, 04.09.54.
411. Xhemal, Sait, Cera, 07.11.32.
412. Hirmisane, Sherif, Cera, 19.11.40.
413. Hidajet, Xhemal, Cera, 04.02.72.
414. Albert, Xhemal, Cera, 26.05.81.
415. Skender, Baftjar, Ceri, 30.03.38.
416. Engjellushe, Feti, Ceri, 10.03.42.
417. Aulona, Ceri, 03.04.75.
418. Aurel, Skender, Ceri, 02.09.69.
419. Ervehe, Ceribashi, 27.10.47.
420. Pali, Ligor, Cifliku, 08.08.20.
421. Polikseni, Fane, Cifliku, 10.12.41.
422. Aleksander, Pali, Cifliku, 24.12.65.
423. Ligor, Pali, Cifliku, 17.02.67.
424. Enkeleida, Pali, Cifliku, 27.03.72.
425. Julia, Roland, Ciko, 15.08.75.
426. Spiro, Kosta, Cili, 16.02.40.
427. Donika, Gaqo, Cili, 30.01.50.
428. Klelija, Spiro, Cili, 20.10.77.
429. Como, Koco, Cini, 16.04.18.
430. Jeton, Como, Cini, 14.04.70.
431. Naunka, Themi, Cini, 11.03.35.
432. Genti, Pandeli, Cini, 13.06.74.
433. Pertef, Kadri, Cobani, 06.08.40.
434. Lumturie, Izet, Cobani, 01.04.48.
435. Etleva, Pertef, Cobani, 28.02.70.
436. Jorida, Pertef, Cobani, 28.12.77.
437. Bardhyl, Hasan, Collaku, 07.09.58.
438. Elda, Hadi, Collaku, 17.08.64.
439. Genci, Hodo, Coriga, 02.05.69.
440. Majlinda, Shpetim, Coriga, 15.05.73.
441. Artemon, Martin, Cukalla, 14.08.72.
442. Lumturije, Beqir, Cupi, 06.04.48.
443. Arjeta, Rifat, Cupi, 16.03.71.
444. Gentiana, Rifat, Cupi, 30.03.77.
445. Luft, Abdyl, Cupi, 15.09.42.
446. Nusha, Pashuk, Cupi, 11.12.47.
447. Arlinda, Luft, Cupi, 09.06.68.
448. Dolores, Luft, Cupi, 15.07.76.
449. Marsela, Luft, Cupi, 10.03.80.
450. Hamit, Abdyl, Cupi, 15.08.30.
451. Geraldina, Tasim, Cupi, 14.04.38.
452. Serije, Abdyl, Cupi, 13.03.32.
453. Margarita, Jorgo, Cyri, 20.04.76.
454. Asllan, Hamit, Daci, 28.09.51.
455. Nafie, Liman, Daci, 25.10.57.
456. Elton, Asllan, Daci, 24.03.80.

457. Elona, Asllan, Daci, 01.01.83.
458. Androkli, Pandi, Dado, 20.08.38.
459. Sotira, Llukan, Dado, 07.08.50.
460. Ylli, Androkli, Dado, 29.12.78.
461. Ervis, Androkli, Dado, 19.03.83.
462. Shpresa, Kasem, Dafa, 12.08.34.
463. Tefik, Aqif, Dajci, 07.04.32.
464. Minevere, Tahir, Dajci, 03.06.42.
465. Ardian, Tefik, Dajci, 02.07.66.
466. Rexhep, Haxhi, Dajti, 10.01.27.
467. Naime, Sulejman, Dajti, 01.06.29.
468. Skender, Rexhep, Dajti, 26.10.51.
469. Drita, Kadri, Dajti, 11.12.53.
470. Artur, Skender, Dajti, 28.11.77.
471. Arjola, Skender, Dajti, 13.11.79.
472. Suela, Ibrahim, Daka, 24.05.79.
473. Florian, Palok, Daka, 02.11.64.
474. Sotir, Dilaver, Dake, 20.01.30.
475. Marie, Nevrus, Dake, 05.01.29.
476. Ilia, Sotir, Dake, 07.09.55.
477. Urma, Zeqir, Dake, 06.02.60.
478. Vladimir, Sotir, Dake, 13.03.60.
479. Gjergji, Ziso, Dako, 22.01.53.
480. Arte, Kajmak, Dako, 10.10.57.
481. Naxhije, Halit, Dalipi, 20.01.44.
482. Alfred, Besim, Dalipi, 12.05.75.
483. Xhoana, Dalipi, 22.06.78.
484. Esmeralda, Besim, Dalipi, 16.10.80.
485. Sotir, Ilo, Danaci, 20.05.40.
486. Ruzhdije, Ali, Danaci, 15.08.42.
487. Anila, Sotir, Danaci, 11.01.71.
488. Donika, Ibrahim, Danaj, 12.03.29.
489. Deli, Binok, Danaj, 02.12.53.
490. Nazire, Hajdar, Danaj, 02.12.59.
491. Erion, Deli, Danaj, 02.11.79.
492. Kreshnik, Sotir, Dano, 08.08.79.
493. Suela, Zyber, Dashi, 14.12.78.
494. Tahir, Mehmet, Dauti, 05.09.43.
495. Zejnepe, Qazim, Dauti, 02.01.48.
496. Miftar, Tahir, Dauti, 20.04.67.
497. Servete, Tahir, Dauti, 28.11.73.
498. Fllanxa, Tahir, Dauti, 15.03.79.
499. Sokol, Tahir, Dauti, 20.10.80.
500. Tomorr, Nikoll, Dedja, 03.11.71.
501. Luljeta, Isuf, Dedja, 28.10.76.
502. Fran, Ded, Dednreaj, 12.07.55.
503. Lin, Dednreaj, 02.10.58.
504. Shaqe, Keqan, Dednreaj, 30.05.15.
505. Shpresa, Mark, Dednreaj, 20.08.60.
506. Lize, Dednreaj, 21.04.75.
507. Ermal, Servet, Deliu, 28.09.67.
508. Laureta, Muharrem, Deliu, 01.04.72.
509. Ali, Demalija, 14.04.69.
510. Selvije, Demalija, 15.08.72.
511. Manjola, Demiraj, 12.08.71.
512. Kujtim, Sulejman, Demiri, 03.07.47.
513. Bukurie, Hysni, Demiri, 11.04.49.
514. Brikena, Kujtim, Demiri, 15.02.81.
515. Resti, Kujtim, Demiri, 24.02.83.
516. Bajram, Teki, Demiri, 18.02.35.
517. Siadet, Avni, Demiri, 05.06.42.
518. Enika, Bajram, Demiri, 18.06.72.
519. Skender, Demir, Demiri, 22.03.46.
520. Teuta, Mexhit, Demiri, 30.03.53.
521. Suela, Skender, Demiri, 08.08.77.
522. Venera, Skender, Demiri, 29.08.81.
523. Vidi, Demko, 09.04.62.
524. Olsi, Piro, Demo, 11.03.72.
525. Armir, Fadil, Demucaj, 11.05.75.
526. Lirije, Hazis, Demushi, 05.01.45.
527. Gjovana, Gjergj, Denasi, 11.06.38.
528. Skerdilad, Gaqo, Denasi, 09.07.70.
529. Oli, Denasi, 19.06.72.
530. Nertila, Dervishaj, 22.02.79.
531. Kreshnik, Yzeir, Dervishi, 26.05.53.
532. Ermira, Skender, Dervishi, 22.05.59.
533. Arion, Kreshnik, Dervishi, 29.05.80.
534. Yzeir, Islam, Dervishi, 19.05.29.
535. Hafesa, Ramo, Dervishi, 19.01.32.
536. Pajtim, Ahmet, Dervishi, 15.12.65.
537. Hamide, Ferid, Dervishi, 02.02.68.
538. Rovena, Agim, Dervishi, 22.04.79.
539. Jemin, Dervishi, 02.06.52.
540. Mereme, Ramazan, Dervishi, 19.09.60.
541. Ilir, Jemin, Dervishi, 01.05.79.
542. Pullumb, Jemin, Dervishi, 11.08.80.
543. Fabiola, Dhimitraq, Dhima, 21.01.75.
544. Agron, Shaqir, Dibra, 01.02.52.
545. Rozeta, Zare, Dibra, 11.08.53.
546. Mihal, Haredin, Didani, 29.12.75.
547. Haredin, Isuf, Didani, 10.01.45.
548. Miroshe, Kadri, Didani, 16.05.46.
549. Mirgen, Haredin, Didani, 21.09.72.
550. Ylli, Haredin, Didani, 25.10.77.
551. Alketa, Piro, Didani, 29.12.75.
552. Mihal, Haredin, Didani, 29.05.82.
553. Eranda, Astrit, Difi, 21.01.81.
554. Delviana, Liman, Dobi, 03.08.66.
555. Riza, Adem, Doci, 16.03.46.
556. Shahe, Ismail, Doci, 23.01.12.
557. Nazmie, Ibrahim, Doci, 15.05.49.
558. Mark, Llesh, Dodani, 24.02.25.
559. Kademe, Seit, Dodani, 30.06.39.
560. Koco, Spiro, Dode, 21.05.24.
561. Efigjeni, Mina, Dode, 27.10.30.
562. Arben, Koco, Dode, 17.08.60.
563. Zhuljeta, Zenel, Dode, 23.03.67.
564. Nastas, Petro, Dodona, 20.04.34.
565. Zhaneta, Gaqo, Dodona, 12.06.45.
566. Blerina, Zyber, Doga, 22.05.77.
567. Spiro, Selman, Dogani, 05.07.68.
568. Enver, Doka, 10.03.73.
569. Zehrudin, Hamza, Dokle, 12.01.52.
570. Kleopatra, Vangjel, Dokle, 17.12.49.
571. Olta, Zehrudin, Dokle, 10.10.79.
572. Borjana, Zehrudin, Dokle, 03.05.83.
573. Qatibe, Osman, Dokle, 10.03.09.
574. Baki, Sadik, Doku, 01.05.45.
575. Elvie, Lok, Doku, 15.02.47.
576. Ardian, Idriz, Dollaku, 26.06.74.
577. Rajmond, Eqerem, Dollmeri, 04.11.49.
578. Donika, Reis, Dollmeri, 28.04.50.
579. Fleri, Raimond, Dollmeri, 31.08.75.
580. Endri, Raimond, Dollmeri, 16.06.80.
581. Ermir, Sul, Domi, 14.05.73.
582. Sofokli, Llukan, Dona, 10.10.24.
583. Lirir, Ila, Dona, 06.09.30.
584. Valentina, Sofokli, Dona, 17.01.56.
585. Anastas, Sofokli, Dona, 12.07.52.
586. Flora, Nysret, Dona, 07.05.60.
587. Aferdita, Guri, Drasa, 04.02.76.
588. Teuta, Fuat, Drasa, 15.02.21.
589. Melima, Fuat, Drasa, 25.01.34.
590. Shekri, Fuat, Drasa, 05.05.26.
591. Ides, Mustafa, Drasa, 03.12.37.
592. Ornela, Sherki, Drasa, 15.11.67.
593. Andi, Sherki, Drasa, 04.05.70.
594. Rexhep, Fuat, Drasa, 28.12.23.
595. Lindita, Hazis, Drita, 12.02.61.
596. Hamid, Fali, Drizi, 20.04.40.
597. Vera, Islam, Drizi, 09.04.55.
598. Hekuran, Hamid, Drizi, 08.06.80.
599. Blerina, Hamid, Drizi, 09.08.81.
600. Dorin, Hamid, Drizi, 17.06.83.
601. Dush, Mede, Duda, 13.04.51.
602. Fiqirete, Kadri, Duda, 09.07.51.
603. Beglije, Dush, Duda, 13.03.73.
604. Ervin, Dush, Duda, 08.03.77.
605. Shpetim, Dush, Duda, 04.04.81.
606. Xhemal, Dervish, Duka, 05.04.29.
607. Enita, Namik, Duka, 29.01.36.
608. Artan, Xhemal, Duka, 22.07.64.
609. Shadie, Sabri, Duka, 21.08.50.
610. Migena, Sabri, Duka, 25.01.77.
611. Pranvera, Sabri, Duka, 29.07.80.
612. Mustafa, Hasan, Duka, 31.08.56.
613. Flogert, Duka, 20.11.83.
614. Juliana, Mustafa, Duka, 09.01.80.
615. Esmeralda, Mustafa, Duka, 11.08.83.
616. Engjellushe, Zenel Duka, 08.11.57.
617. Adem, Duka, 04.04.41.
618. Aishe, Duka, 16.06.49.
619. Kujtim, Duka, 03.05.70.
620. Arjan, Duka, 20.11.72.
621. Lek, Anton, Dukagjini, 05.12.33.
622. Donika, Mark, Dukagjini, 16.02.40.
623. Anton, Lek, Dukagjini, 09.09.80.
624. Zina, Kin, Dukagjini, 16.10.13.
625. Lajla, Mingo, Dukaj, 03.02.51.
626. Hasime, Sabri, Dukaj, 20.10.54.
627. Shkelqim, Lajla, Dukaj, 01.07.76.
628. Florian, Lajla, Dukaj, 21.07.79.
629. Naze, Sejdo, Dumi, 08.08.21.
630. Alfima, Zoi, Dumi, 01.08.73.
631. Elez, Isuf, Dunisha, 07.09.49.
632. Shpresa, Zeqir, Dunisha, 04.04.58.
633. Arben, Elez, Dunisha, 07.04.77.
634. Aranit, Elez, Dunisha, 13.10.81.
635. Aishe, Alush, Durresi, 16.04.25.
636. Mikail, Thanas, Dusha, 01.01.48.
637. Liliana, Gjergji, Dusha, 01.12.55.
638. Marlon, Mikail, Dusha, 21.08.76.
639. Platon, Mikail, Dusha, 30.05.83.
640. Artur, Pando, Dushku, 31.05.55.
641. Flutura, Eqerem, Dushku, 28.10.65.
642. Qemal, Jemin, Duzha, 20.03.47.
643. Sofia, Leonidha, Duzha, 04.05.51.
644. Fatmira, Qemal, Duzha, 09.12.72.
645. Artur, Qemal, Duzha, 09.12.72.
646. Eduart, Qemal, Duzha, 24.07.78.
647. Eriola, Qemal, Duzha, 20.04.80.
648. Suzana, Nasip, El kamary, 09.11.65.
649. Engjellush, Daver, Elezaj, 12.08.62.
650. Faik, Rexhep, Elezi, 20.02.41.
651. Xheke, Hajdar, Elezi, 02.05.47.
652. Hanife, Abaz, Elezi, 11.01.09.
653. Kujtim, Faik, Elezi, 01.07.73.
654. Dhurata, Faik, Elezi, 29.11.77.
655. Dylaver, Faik, Elezi, 04.08.80.
656. Ilir, Theodhor, Elini, 23.02.41.
657. Shpresa, Maliq, Elini, 30.12.50.
658. Dorian, Ilir, Elini, 01.10.73.
659. Elton, Ilir, Elini, 13.10.75.
660. Aured, Ilir, Elini, 18.06.82.
661. Manal, Mahmud, Elmardany, 30.10.56.
662. Agim, Emerlla, Emurllai, 10.11.60.
663. Xhemal, Xhafer, Farruku, 04.08.36.
664. Xhemalije, Zyber, Farruku, 02.06.43.
665. Samir, Selman, Farruku, 22.10.64.
666. Silvana, Selman, Farruku, 26.01.78.
667. Klodjana, Myftar, Farruku, 19.03.76.
668. Nevruz, Avni, Feka, 30.04.41.
669. Merjeme, Ibrahim, Feka, 29.09.45.
670. Eduart, Nevruz, Feka, 01.07.67.
671. Blerta, Ilir, Feka, 16.11.76.
672. Lije, Idriz, Felluza, 11.12.31.
673. Myrvete, Halil, Ferhati, 04.01.69.
674. Kadri, Mehmet, Ferizolli, 03.01.22.
675. Hanife, Rexh, Ferizolli, 20.02.34.
676. Zog, Kadri, Ferizolli, 09.05.68.
677. Shpresa, Tahir, Ferizolli, 05.03.72.
678. Sokol, Kadri, Ferizolli, 08.03.71.
679. Ilir, Peci, Fiku, 08.03.61.
680. Ilir, Kristaq, Filipi, 29.01.72.
681. Dhimiter, Ilo, Filo, 10.10.62.
682. Enkeleida, Petro, Filo, 26.12.70.
683. Ardiana, Prokop, Findiku, 20.10.69.
684. Harallamb, Pavllo, Gabi, 22.08.37.
685. Panago, Filip, Gabi, 22.08.37.
686. Stavrulla, Harallamb, Gabi, 11.02.56.
687. Arqile, Harallamb, Gabi, 29.09.57.
688. Fatbardha, Shefqet, Gabi, 31.12.60.
689. Nexhmi, Namik, Gaci, 27.07.40.
690. Veronika, Todi, Gaci, 30.04.42.
691. Kreshnik, Nexhmi, Gaci, 21.02.69.
692. Leonard, Abdulla, Gaxhazi, 25.12.70.
693. Zelpiza, Gaxhazi, 03.12.70.
694. Fiqirete, Seit, Gega, 04.03.56.
695. Armand, Kadri, Gega, 14.10.80.
696. Bledi, Kadri, Gega, 17.08.83.
697. Nadire, Ismail, Gega, 22.05.27.
698. Alfred, Rakip, Gega, 11.02.61.
699. Fatbardha, Syti, Gega, 02.01.61.
700. Eleni, Thanas, Gega, 14.07.52.
701. Nikolin, Ali, Gega, 23.07.69.
702. Florjan, Ali, Gega, 03.02.75.
703. Teuta, Koco, Gega, 23.05.70.
704. Aranit, Rexh, Gega, 04.12.72
705. Albana, Myzfer, Gega, 09.02.73.
706. Selim, Sherif, Gjabri, 02.03.30.
707. Mine, Tofik, Gjabri, 10.03.36.
708. Lulzim, Selim, Gjabri, 28.01.69.

709. Urim, Selim, Gjabri, 25.05.72.
710. Hairije, Urim, Gjabri, 06.02.81.
711. Fatos, Enver, Gjata, 10.06.56.
712. Sulbije, Muharrem, Gjata, 21.12.63.
713. Astrit, Hasim, Gjeci, 08.04.78.
714. Ernest, Kin, Gjeci, 06.06.19.
715. Doloresa, Pandeli, Gjerasi, 22.03.42.
716. Agron, Frederik, Gjerasi, 04.08.62.
717. Piro, Frederik, Gjerasi, 16.10.68.
718. Frederik, Spiro, Gjerazi, 10.09.33.
719. Shpetim, Dhimiter, Gjika, 13.03.79.
720. Elsa, Vasil, Gjikondi, 06.06.63.
721. Niko, Thoma, Gjikondi, 05.04.60.
722. Thoma, Niko, Gjikondi, 18.07.21.
723. Ivoni, Gaqo, Gjikondi, 29.08.32.
724. Kamber, Halim, Gjini, 10.07.60.
725. Luljeta, Zalo, Gjini, 27.12.64.
726. Belul, Ramadan, Gjinollari, 20.08.49.
727. Zeliha, Abdulla, Gjinollari, 27.11.57.
728. Aurora, Belul, Gjinollari, 23.02.82.
729. Hazis, Aliko, Gjoka, 22.10.34.
730. Drita, Mustafa, Gjoka, 14.06.37.
731. Saimir, Hzis, Gjoka, 20.01.72.
732. Jamarba, Petrit, Gjoka, 29.06.78.
733. Luigj, Gjoka, 13.04.49.
734. Maria, Vasil, Gjokoreci, 20.11.24.
735. Ndue, Preng, Gjoni, 24.09.44.
736. Selvije, Jashar, Gjoni, 07.04.42.
737. Aleks, Ndue, Gjoni, 28.11.73.
738. Roland, Ndue, Gjoni, 08.02.72.
739. Deshira, Galip, Gjoni, 08.07.74.
740. Arben, Theodhor, Gjoni, 28.03.58.
741. Aferdita, Mehmet, Gjoni, 05.03.61.
742. Shpetim, Sotir, Gjoni, 25.05.68.
743. Durime, Fuat, Gjoni, 23.03.34.
744. Arian, Theodhori, Gjoni, 17.12.59.
745. Lek, Gjon, Gjoni, 15.01.66.
746. Fran, Gjon, Gjoni, 13.06.68.
747. Flora, Gjon, Gjoni, 05.02.75.
748. Terezine, Gjon, Gjoni, 03.10.77.
749. Blerta, Llesh, Gjoni, 11.06.70.
750. Zija, Hamza, Gjoshi, 02.08.67.
751. Fatbardha, Baftjar, Gjoshi, 08.03.73.
752. Petrit, Marash, Gjuraj, 24.12.74.
753. Stojan, Zdrafko, Gjurgjaj, 11.11.62.
754. Violeta, Jordan, Gjurgjaj, 18.01.69.
755. Stojan, Gjurgjaj, 11.11.62.
756. Gezim, Hilmi, Gjuta, 05.06.70.
757. Hatixhe, Han, Gjuta, 13.04.74.
758. Tarebosh, Gjuzja, 22.07.56.
759. Fatmir, Emin, Gjyleri, 17.07.60.
760. Arta, Elmas, Gjyleri, 26.07.72.
761. Diana, Zija, Goga, 02.10.60.
762. Aleksander, Lefter, Goga, 28.10.48.
763. Kostandin, Mihal, Goga, 06.03.25.
764. Andi, Aleksander, Goga, 23.11.75.
765. Blerina, Aleksander, Goga, 06.11.77.
766. Aleksandra, Kristo, Goga, 30.10.22.
767. Petrika, Ilo, Golloshi, 17.06.55.
768. Diana, Veliko, Golloshi, 08.11.59.
769. Mbarime, Tahir, Gorce, 15.06.58.
770. Safete, Riza, Goxhaj, 18.12.62.
771. Ibrahim, Sherif, Greca, 28.07.42.
772. Ide, Musa, Greca, 11.02.44.
773. Saimir, Ibrahim, Greca, 12.04.71.
774. Altin, Ibrahim, Greca, 12.08.75.
775. Qefsere, Ramazan, Grori, 02.03.37.
776. Bashkim, Grori, 17.12.55.
777. Selman, Ramazan, Grori, 18.10.25.
778. Duhije, Beqir, Grori, 20.10.38.
779. Suzana, Selman, Grori, 25.11.58.
780. Alma, Selman, Grori, 13.08.63.
781. Saimir, Selman, Grori, 24.04.66.
782. Irma, Ernest, Gurakuqi, 04.12.65.
783. Behar, Dajlan, Guri, 15.01.59.
784. Mimoza, Sami, Guri, 15.11.59.
785. Astrit, Guri, 15.02.76.
786. Irma, Tahsim, Haanbelliu, 03.07.70.
787. Besnik, Ferik, Hado, 26.09.45.
788. Holta, Hado, 13.02.75.
789. Bers, Besnik, Hado, 06.11.82.
790. Emira, Josif, Hado, 13.10.51.
791. Lulzim, Haki, Hajnaj, 18.12.53.
792. Tefta, Kristaq, Hajnaj, 15.11.53.
793. Elton, Lulzim, Hajnaj, 05.11.77.
794. Dorjana, Lulzim, Hajnaj, 10.01.81.
795. Vladimir, Bajram, Hajrulla, 31.12.60.
796. Elektra, Gaqo, Hajrulla, 29.02.56.
797. Bajram, Hasan, Hajrulla, 22.01.36.
798. Aferdita, Ramadan, Hajrulla, 12,09.37.
799. Lutfi, Osman, Haka, 10.02.62.
800. Dhurata, Hamit, Haka, 12.07.66.
801. Mexhit, Ramazan, Hakcani, 18.04.51.
802. Gjylfije, Melaim, Hakcani, 29.08.58.
803. Fiqiri, Mexhit, Hakcani, 02.07.76.
804. Mirela, Mexhit, Hakcani, 12.06.78.
805. Marjeta, Mexhit, Hakcani, 01.02.81.
806. Naile, Mexhit, Hakcani, 04.08.82.
807. Bukurije, Halim, Hallaraj, 18.06.69.
808. Besnik, Halim, Hallaraj, 15.07.72.
809. Kujdesi, Halim, Hallaraj, 10.05.78.
810. Llamro, Osman, Hallkaj, 12.03.67.
811. Shkelqim, Osmen, Hallko, 15.07.70.
812. Qeram, Jusuf, Hamamxhiu, 11.11.30.
813. Sadete, Faik, Hamamxhiu, 13.01.37.
814. Namik, Qeram, Hamamxhiu, 16.11.60.
815. Edmond, Qeram, Hamamxhiu, 14.10.65.
816. Sabina, Ibrahim, Hamamxhiu, 30.05.72.
817. Aneta, Luan, Hamzaj, 05.03.74.
818. Ilir, Xhemil, Hamzaj, 07.04.72.
819. Valbona, Xhemil, Hamzaj, 07.04.72.
820. Frederik, Ramazan, Harapi, 04.09.34.
821. Mediha, Halil, Harapi, 17.02.37.
822. Dritan, Frederik, Harapi, 24.04.67.
823. Areti, Petro, Harbali, 10.10.35.
824. Bardhyl, Hysen, Harizi, 23.09.64.
825. Alma, Hamdi, Harizi, 05.11.75.
826. Zyhdi, Hasa, 05.04.58.
827. Hanke, Hasa, 01.04.64.
828. Perparim, Hasa, 25.03.83.
829. Jonuz, Avni, Hasanbelliu, 29.08.65.
830. Hiqmet, Nexhip, Hasani, 21.01.51.
831. Najet, Muhamet, Hasani, 28.01.53.
832. Ermenita, Hiqmet, Hasani, 04.04.79.
833. Fabjola, Hiqmet, Hasani, 20.01.81.
834. Elmas, Myftar, Haxhi, 12.02.30.
835. Lale, Cune, Haxhi, 10.01.37.
836. Shkelqim, Elmas, Haxhi, 15.11.58.
837. Arte, Mehmet, Haxhi, 14.03.70.
838. Ilir, Sefer, Haxhiasi, 25.10,72.
839. Luiza, Xhafer, Haxhiasi, 01.01.75.
840. Fatmir, Sybi, Haxhiu, 03.07.28.
841. Fazilet, Ismail, Haxhiu, 03.07.28.
842. Mustafa, Hysni, Haxhiu, 28.09.67.
843. Vahidije, Hysen, Haxhiu, 28.09.67.
844. Vera, Astrit, Hazizaj, 01.06.72.
845. Nuri, Hodo, 10.01.30.
846. Rakibe, Hodo, 15.05.39.
847. Avni, Nuri, Hodo, 02.12.65.
848. Genci, Hodo, 28.05.78.
849. Blerta, Nexhip, Hodo, 12.03.75.
850. Agim, Xhemali, Hoxha, 01.06.64.
851. Luiza, Agim, Hoxha, 25.09.69.
852. Hautan, Vehip, Hoxha, 07.01.29.
853. Neriman, Vehip, Hoxha, 06.03.32.
854. Suzana, Vehip, Hoxha, 21.12.28.
855. Xhane, Sherif, Hoxha, 12.06.19.
856. Hadi, Muhedin, Hoxha, 15.10.19.
857. Fatbardha, Bajram, Hoxha, 26.02.33.
858. Skerdi, Vezir, Hoxha, 30.01.69.
859. Helda, Vezir, Hoxha, 06.07.74.
860. Muhamet, Zydi, Hoxha, 28.05.30.
861. Anila, Vehbi, Hoxha, 02.01.71.
862. Karkale, Shaqo, Hoxha, 10.02.35.
863. Petrit, Muhamet, Hoxha, 24.11.65.
864. Vladimir, Neki, Hoxha, 10.12.53.
865. Fiqirete, Resul, Hoxha, 23.03.57.
866. Lahim, Ali, Hoxha, 05.08.43.
867. Hatixhe, Arif, Hoxha, 10.05.54.
868. Valbona, Lahim, Hoxha, 11.11.78.
869. Violeta, Lahim, Hoxha, 19.02.80.
870. Ilir, Lahim, Hoxha, 29.03.82.
871. Havza, Abedin, Hoxha, 20.08.66.
872. Ali, Hoxha, 28.11.66.
873. Tatjana Hoxha, 25.01.74.
874. Teuta, Osman, Hoxha, 24.01.74.
875. Agim, Xhemali, Hoxha, 01.06.64.
876. Luiza, Agim, Hoxha, 25.09.69.
877. Jonuz, Xhemal, Hoxha, 01.04.55.
878. Zarife, Fuz, Hoxha, 20.06.64.
879. Fatime, Xhafer, Hoxhaj, 13.01.31.
880. Muhamet, Ymer, Hoxhaj, 11.07.63.
881. Ylli, Ymer, Hoxhaj, 22.12.68.
882. Rozeta, Yqmet, Hoxhaj, 25.03.67.
883. Merita, Murat, Hoxhaj, 27.06.66.
884. Proletar, Sihat, Hoxhaj, 19.07.57.
885. Fuat, Bajram, Hoxhaj, 21.02.34.
886. Besije, Halil, Hoxhaj, 10.03.38.
887. Dilaver, Fuat, Hoxhaj, 14.05.62.
888. Vjollca, Fuat, Hoxhaj, 11.02.64.
889. Teuta, Esat, Hoxhaj, 10.11.65.
890. Blerina, Kujtim, Hoxhaj, 28.05.82.
891. Ymer, Kujtim, Hoxhaj, 28.10.83.
892. Fatmir, Zeqir, Hoxhaj, 08.08.69.
893. Nexhmie, Haxhi, Hoxhaj, 28.06.72.
894. Rudina, Zeqir, Hoxhaj, 15.08.73.
895. Zeqir, Brahim, Hoxhaj, 15.08.44.
896. Zade, Cubel, Hoxhaj, 10.10.41.
897. Arjan, Idajet, Hoxhaj, 26.08.64.
898. Nevila, Loni, Hoxhaj, 25.02.68.
899. Halim, Hoxhalli, 25.09.65.
900. Tefta, Hoxhalli, 15.11.71.
901. Ibrahim, Osman, Hyka, 18.09.46.
902. Aishe, Abdulla, Hyka, 01.08.55.
903. Ismet, Ibrahim, Hyka, 03.01.77.
904. Naxhije, Ibrahim, Hyka, 24.07.80.
905. Aishe, Abdulla, Hyka, 01.08.75.
906. Ismet, Ibrahim, Hyka, 03.01.77.
907. Naxhije, Ibrahim, Hyka, 24.07.80.
908. Fatime, Bektash, Hysa, 03.01.21.
909. Gezim, Xhevdet, Hysa, 27.04.71.
910. Pasha, Hysa, 29.08.56.
911. Zelije, Hysa, 29.08.56.
912. Blend, Hysa, 17.04.81.
913. Fatmir, Rustem, Hysenaj, 03.04.48.
914. Merjeme, Tasim, Hysenaj, 10.04.57.
915. Aurel, Fatmir, Hysenaj, 16.04.79.
916. Orgest, Fatmir, Hysenaj, 06.12.80.
917. Hyrije, Zenun, Hyseni, 11.12.59.
918. Abdyl, Hysenllari, 15.01.34.
919. Liri, Shaban, Hysenllari, 15.10.38.
920. Hysen, Avdyl, Hysenllari, 15.09.67.
921. Viktor, Avdyl, Hysenllari, 03.05.70.
922. Astrit, Avdyl, Hysenllari, 28.01.72.
923. Marsilda, Hysenllari, 06.01.81.
924. Vehbi, Sabri, Hysenzikaj, 25.02.56.
925. Shkendije, Ymer, Hysenzikaj, 10.07.61.
926. Xhezmi, Hasan, Hyskolli, 28.11.41.
927. Shadije, Zenel, Hyskolli, 10.09.45.
928. Arjan, Xhezmi, Hyskolli, 11.01.70.
929. Mirela, Xhezmi, Hyskolli, 05.11.73.
930. Leonard, Xhezmi, Hyskolli, 27.08.76.
931. Valbona, Kadri, Hyskolli, 06.05.73.
932. Shefki, Sulejman, Ibraliu, 20.02.40.
933. Servete, Adem, Ibraliu, 25.07.42.
934. Merushe, Shefqet, Idrizaj, 12.07.36.
935. Sanije, Mehmet, Idrizi, 26.04.46.
936. Shpetim, Hysni, Idrizi, 07.07.67.
937. Meli, Hysni, Idrizi, 29.08.73.
938. Enkela, Ali, Idrizi, 25.04.68.
939. Hysni, Omer, Idrizi, 13.12.40.
940. Fatmir, Ferit, Imami, 05.10.32.
941. Zejnije, Hamdi, Imami, 13.05.45.
942. Valbona, Fatmir, Imami, 14.05.75.
943. Drin, Fatmir, Imami, 08.04.78.
944. Albert, Syrja, Isakaj, 20.03.65.
945. Qeriba, Gezim, Isakaj, 06.09.69.
946. Andi, Myfit, Ismailaj, 09.03.74.
947. Vasillaq, Bilal, Ismaili, 27.12.61.
948. Teuta, Ceno, Ismaili, 10.05.66.
949. Kujtim, Pellumb, Ismaili, 06.08.63.
950. Pjereta, Thanas, Ismaili, 09.03.70.
951. Zenel, Qazim, Ismailisufaj, 26.04.71.
952. Sadri, Qazim, Ismailisufaj, 05.03.75.
953. Mehmet, Qazim, Ismailisufaj, 17.09.79.
954. Ylber, Osman, Isufaj, 23.03.69.
955. Rabije, Dervish, Isufaj, 05.06.31.
956. Manjola, Bardhyl, Jace, 23.08.64.
957. Glen, Jace, 09.08.82.
958. Bernard, Dino, Jace, 06.03.65.
959. Qamil, Male, Jahelezi, 05.12.40.
960. Xhemile, Dem, Jahelezi, 10.05.23.

961. Arben, Male, Jahelezi, 18.09.74.
962. Gjyke, Ali, Jahelezi, 23.11.45.
963. Dezdemona, Qamil, Jahelezi, 13.08.81.
964. Gani, Syle, Jahelezi, 01.04.65.
965. Sibe, Zymer, Jahelezi, 26.05.73.
966. Albana, Rexhep, Jahelezi, 26.05.73.
967. Qazim, Ahmet, Jaho, 03.08.37.
968. Ilir, Adem, Jaho, 20.08.62.
969. Lindita, Jani, Jaho, 23.10.69.
970. Kadrie, Ahmet, Jaho, 03.08.37.
971. Olsa, Dhimitraq, Janaq, 30.11.79.
972. Bledi, Theodhoraq, Jani, 30.05.67.
973. Entela, Mati, Jani, 21.11.68.
974. Marija, Vangjel, Jani, 08.12.40.
975. Altin, Koco, Janku, ?shtepia femis
976. Etleva, Agim, Janku, ?shtepia femis
977. Reshat, Shaban, Jashari, 14.09.72.
978. Fatmira, Xheladin, Jashari, 23.08.73.
979. Hanem, Gjyzel, Jonuzaj, 10.10.55
980. Klajdi, Sadush, Jonuzaj, 29.01.82
981. Sadush, Azbi, Jonuzaj, 15.03.52.
982. Lulzim, Hader, Jonuzaj, 12.10.57.
983. Valdete, Servet, Jonuzaj, 28.01.63.
984. Hader, Maze, Jonuzaj, 18.05.35.
985. Sartabe, Xhemile, Jonuzaj, 01.01.35.
986. Mimoza, Hader, Jonuzaj, 08.08.62.
987. Gjergji, Hader, Jonuzaj, 19.11.65.
988. Edlira, Aleks, Jonuzaj, 03.02.69.
989. Sotir, Kola, Jorgo, 02.02.25.
990. Drita, Myftar, Jorgo, 28.11.33.
991. Ylli, Jani, Josifi, 10.06.35.
992. Pandora, Kristo, Josifi, 06.10.40.
993. Arian, Ylli, Josifi, 03.08.72.
994. Gezim, Ali, Juka, 09.01.56.
995. Zensen, Ali, Juka, 22.07.59.
996. Nazime, Hysen, Kajo, 26.11.29.
997. Besnik, Hamit, Kalaveri, 21.03.55.
998. Vjollca, Muharrem, Kalaveri, 28.10.65.
999. Renato, Kaleshi, 10.02.69.
1000. Ramadan, Mexhit, Kaloshi, 10.03.26.
1001. Kujtime, Iljaz, Kaloshi, 08.05.33.
1002. Arta, Ramadan, Kaloshi, 01.08.58.
1003. Arian, Eduard, Kamberi, 30.01.75.
1004. Ramadan, Osman, Kamberi, 10.07.47.
1005. Evgjeni, Niko, Kamberi, 14.06.57.
1006. Laerta, Ramadan, Kamberi, 08.12.82.
1007. Gentjana, Myterem, Kambo, 24.05.71.
1008. Kapo, Velo, Kapaj, 15.12.19.
1009. Hanko, Azbi, Kapaj. 03.04.25.
1010. Melaize, Kapo, Kapaj, 20.09.57.
1011. Hysnie, Haki, Kapllani, 07.03.32.
1012. Mehmet, Laze, Kapllani, 16.08.63.
1013. Donika, Refat, Kapllani, 15.01.65.
1014. Vasil, Mihal, Kapsoli, 18.07.34.
1015. Amalia, Thanas, Kapsoli, 28.11.36.
1016. Mihal, Vasil, Kapsoli, 17.03.58.
1017. Leonard, Vasil, Kapsoli, 09.01.66.
1018. Ermioni, Filip, Kapsoli, 20.03.63.
1019. Irina, Aleks, Karabina, 28.03.38.
1020. Petro, Aleksi, Karablin, 30.03.44.
1021. Meluka, Petro, Karablin, 01.09.44.
1022. Eduard, Petro, Karablin, 18.03.64.
1023. Alma, Skender, Karablin, 25.04.67.
1024. Zahide, Muharrem, Karaj, 20.04.72.
1025. Xhemile, Ali, Karaj, 20.07.26.
1026. Dhurata, Zyber, Karajani, 15.05.29.
1027. Piro, Minella, Karajani, 06.06.57.
1028. Entela, Jorgo, Karajani, 14.12.69.
1029. Bardhyl, Syrja, Karalliu, 16.03.50.
1030. Kadrije, Xhferr, Karalliu, 04.04.56.
1031. Denisa, Bardhyl, Karalliu, 14.03.80.
1032. Irida, Bardhyl, Karalliu, 10.06.83.
1033. Habil, Hamit, Karamaku, 10.08.33.
1034. Azbije, Ajdin, Karamaku, 09.06.37.
1035. Shpetim, Karamaku, 17.05.63.
1036. Gezim, Nabiz, Karamaku, 07.04.68.
1037. Aferdita, Karamaku, 24.09.69.
1038. Etleva, Haxhi, Karamaku, 30.11.73.
1039. Edmond, Panajot, Karanxha, 19.02.57.
1040. Elvira, Sotir, Karanxha, 08.04.60.
1041. Rakip, Femi, Karasanai, 05.05.59.
1042. Barie, Nexhip, Karasani, 27.06.66.
1043. Besnik, Kardashi, 14.05.53.
1044. Ilirjan, Petrit, Karkanaqe, 30.12.63.
1045. Hatixhe, Petrit, Karkanaqe, 31.10.53.
1046. Xhelil, Muslli, Karkanaqe, 27.05.30.
1047. Eduard, Xhelil, Karkanaqe, 29.10.68.
1048. Manushaqe, Islam, Karkanaqe, 12.03.41.
1049. Valbona, Syri, Karkanaqe, 27.03.71.
1050. Alket, Omer, Kashahu, 06.04.71.
1051. Ledia, Baki, Kashahu, 19.10.71.
1052. Arjana, Xhevdet, Kazazi, 01.10.76.
1053. Syrja, Kazazi, 13.01.36.
1054. Kastriot, Myrteza, Kaziaj, 22.03.68.
1055. Suzana, Osman, Kaziaj, 17.08.74.
1056. Yzeir, Heko, Kaziaj, 20.04.42.
1057. Kadrije, Veli, Kaziaj, 31.12.47.
1058. Arben, Yzeir, Kaziaj, 27.06.72.
1059. Hekuran, Myrteza, Kaziaj, 10.06.70.
1060. Drita, Rexhep, Kaziu, 22.06.72.
1061. Adelina, Yzeir, Kaziu, 27.08.72.
1062. Ndue, Kole, Kelbucaj, 15.06.56.
1063. Mari, Zef, Kelbucaj, 13.08.28.
1064. Rrok, Kole, Kelbucaj, 04.08.66.
1065. Tone, Uke, Kelbucaj, 14.12.60.
1066. Mirvete, Ndue, Kelbucaj, 31.05.81.
1067. Luan, Ndue, Kelbucaj, 03.07.83.
1068. Xhavit, Rem, Keri, 31.05.45.
1069. Tefta, Mejdi, Keri, 09.02.51.
1070. Dritan, Xhavit, Keri, 23.04.74.
1071. Adriatik, Zere, Kerkapi, 07.04.71.
1072. Behije, Baftjar, Kerkapi, 08.06.72.
1073. Karmelina, Kici, 05.01.28.
1074. Hasan, Andi, Kllojka, 22.02.58.
1075. Fatime, Ahmet, Kllojka, 20.01.61.
1076. Alfred, Hasan, Kllojka, 19.10.82.
1077. Zybe, Xhemal, Kllojka, 25.04.25.
1078. Isa, Xaj, Kobetaj, 01.06.60.
1079. Flutura, Sefer, Kobetaj, 30.08.59.
1080. Imer, Shaban, Koci, 04.01.66.
1081. Kumurie, Riza, Koci, 25.05.67.
1082. Halit, Rrahman, Koci, 27.06.67.
1083. Salushe, Beqir, Koci, 20.06.72.
1084. Xhike, Rrapush, Koci, 15.05.30.
1085. Lorenc, Vasil, Koci, 31.07.75.
1086. Katerina, Vasil, Koci, 09.05.79.
1087. Xhemal, Ymer, Kociu, 20.01.47.
1088. Valentina, Refat, Kociu, 15.07.50.
1089. Dorian, Xhemal, Kociu, 09.03.76.
1090. Arjana, Xhemal, Kociu, 10.07.77.
1091. Edion, Robert, Kodra, 13.11.80.
1092. Remzije, Ramadan, Kodra, 25.01.39.
1093. Lulzim, Hysni, Koka, 02.04.65.
1094. Alfred, Seit, Koknozi, 13.11.65.
1095. Jorgjeta, Koste, Koko, 12.10.33.
1096. Pandush, Stefan, Koko, 27.04.60.
1097. Fatmira, Hodo, Koko, 03.06.64.
1098. Zenel, Jusuf, Kokomiri, 26.04.37.
1099. Ilir, Jusuf, Kokomiri, 04.02.44.
1100. Vjollca, Hamdi, Kokomiri, 24.12.50.
1101. Neritan, Ilir, Kokomiri, 30.08.77.
1102. Vladimir, Koli, Kokoneci, 06.04.48.
1103. Anastasi, Petro, Kokoneci, 25.11.56.
1104. Erinda, Vladimir, Kokoneci, 10.06.80.
1105. Loreta, Ramazan, Kokoneci, 13.10.61.
1106. Ollga, Kristo, Kokoneci, 06.04.27.
1107. Gjergji, Koli, Kokoneci, 28.07.52.
1108. Fatbardha, Mahmet, Kokonozi, 25.02.62.
1109. Dhurata, Qani, Kola, 04.05.77.
1110. Mico, Koli, Kola, 2706.20.
1111. Dashurije, Mico, Kola, 15.10.55.
1112. Nike, Mark, Kolbucaj, 31.01.62.
1113. Nikolina, Todi, Kolbucaj, 31.02.62.
1114. Amarilda, Nike, Kolbucaj, 11.09.83.
1115. Eleni, Ilo, Koli, 23.04.22.
1116. Lulzim, Ibrahim, Kolli, 17.08.60.
1117. Drita, Gani, Kolli, 17.07.62.
1118. Sonila, Konci, 17.07.79.
1119. Naime, Sefer, Konci, 15.08.31.
1120. Spartak, Mitat, Kondi, 14.06.50.
1121. Justina, Gjek, Kondi, 16.09.62.
1122. Anesti, Theodhor, Kondili, 30.01.43.
1123. Aleksandra, Arqile, Kondili, 07.02.44.
1124. Etleva, Anesti, Kondili, 01.04.71.
1125. Athina, Filip, Konomi, 04.03.29.
1126. Albert, Theodhor, Konomi, 08.03.53.
1127. Vjollca, Xhevit, Konomi, 15.01.65.
1128. Kristofor, Paskal, Konomi, 20.05.34.
1129. Luiza, Elefter, Konomi, 05.06.41.
1130. Ledio, Kristofor, Konomi, 07.02.69.
1131. Verjenia, Mihal, Konomi, 03.01.24.
1132. Artan, Mirko, Koraqi, 07.03.74.
1133. Aishe, Hanz, Kordhakaj, 13.04.49.
1134. Fitim, Hasan, Korsi, 02.10.59.
1135. Diana, Hamdi, Korsi, 26.07.62.
1136. Viktor, Kosta, 17.02.66.
1137. Lumturije, Kosta, 28.12.69.
1138. Kosta, Dervish, Kostreci, 24.05.33.
1139. Vergjinush, Feim, Kostreci, 12.02.40.
1140. Kristina, Kosta, Kostrechi, 02.04.67.
1141. Valentina, Kosta, Kostreci, 16.01.74.
1142. Foti, Kosta, Kostreci, 26.05.71.
1143. Briseida, Llambi, Kota, 24.06.73.
1144. Josif, Thimi, Kotemelo, 01.09.34.
1145. Izmini, Qako, Kotemelo, 13.05.43.
1146. Hazbi, Fadil, Kotoni, 17.02.41.
1147. Raimonda, Fetah, Kotoni, 23.06.50.
1148. Anri, Hazbi, Kotoni, 27.08.74.
1149. Redi, Hazbi, Kotoni, 21.03.78.
1150. Rahman, Bardh, Kotorja, 25.09.36.
1151. Ilia, Vasil, Kotte, 31.07.33.
1152. Artin, Ilija, Kotte, 11.02.70.
1153. Edlira, Ilija, Kotte, 02.11.73.
1154. Myrteza, Halil, Kovaci, 22.02.62.
1155. Fatbardha, Hashim, Kovaci, 13.11.65.
1156. Gjyle, Ali, Kovaci, 13.04.36.
1157. Sokol, Halil, Kovaci, 10.06.72.
1158. Ilirjana, Xhavit, Kovaci, 13.02.77.
1159. Fatmir, Veli, Kovaci, 11.26.68.
1160. Vjosa, Ibish, Kovaci, 27.07.69.
1161. Eva, Nikolla, Koxhaku, 07.03.81.
1162. Dashnor, Luto, Kozaj, 02.09.56.
1163. Luto, Avdul, Kozaj, 01.04.21.
1164. Tajane, Asllan, Kozaj, 18.01.30.
1165. Adriatik, Lefter, Krate, 22.09.72.
1166. Irma, Luan, Kroj, 27.05.79.
1167. Luan, Hamit, Kroji, 24.04.35.
1168. Ruzhdije, Bajram, Kroji, 16.10.38.
1169. Aida, Luan, Kroji, 01.06.66.
1170. Zyber, Hamit, Krosi, 18.04.67.
1171. Lumturie, Agim, Krosi, 20.06.71.
1172. Ramazan, Abdulla, Kruja, 28.12.25.
1173. Didar, Fiqiri, Kruja, 07.08.27.
1174. Vjollca, Hysen, Kruja, 13.01.71.
1175. Adrian, Sabri, Kuka, 25.05.62.
1176. Sabri, Man, Kuka, 10.03.32.
1177. Sevete, Bajro, Kuka, 11.06.40.
1178. Glenda, Sabri, Kuka, 12.10.74.
1179. Klodian, Sabri, Kuka, 18.10.77.
1180. Helidon, Koli, Kule, 12.12.74.
1181. Merita, Ilia, Kulla, 18.09.70.
1182. Xhevaire, Ramazan, Kulla, 21.05.31.
1183. Bardhyl, Hasan, Kulla, 28.01.60.
1184. Drita, Bajram, Kulla, 12.02.64.
1185. Xhemal, Alush, Kurtaj, 05.04.45.
1186. Fahrije, Haxhi, Kurtaj, 27.01.49.
1187. Rovena, Xhemal, Kurtaj, 10.07.80.
1188. Ilirjan, Xhemal, Kurti, 05.11.62.
1189. Mjaftore, Hair, Kurti, 16.06.69.
1190. Time, Tomi, Kurti, 21.11.18.
1191. Ilir, Sulejman, Kurti, 27.10.59.
1192. Elisaveta, Hazis, Kurti, 20.01.59.
1193. Ira, Safet, Kurti, 08.02.64.
1194. Fazilet, Mustafa, Kurti, 16.02.30.
1195. Abdulla, Xhemal, Kurti, 19.03.58.
1196. Rajmonda, Mustafa, Kurti, 18.01.60.
1197. Fatmir, Daut, Kurti, 11.06.54.
1198. Dife, Hamit, Kurti, 24.10.58.
1199. Alfred, Fatmir, Kurti, 28.10.77.
1200. Lulzim, Fatmir, Kurti, 15.11.79.
1201. Mentor, Fatmir, Kurti, 20.12.81.
1202. Shpetim, Neki, Kushova, 09.08.38.
1203. Lirije, Dajlan, Kushova, 05.03.50.
1204. Gramos, Shpetim, Kushova, 19.07.70.
1205. Lundrim, Shpetim, Kushova, 22.01.72.
1206. Majlinda, Mustafa, Kushova, 11.05.72.
1207. Gjeraqina, Hamdi, Kerciku, 28.02.45.
1208. Nazmi, Sulejman, Kercyku, 10.06.67.
1209. Mejte, Qazim, Kercyku, 07.03.42.
1210. Besnike, Sulejman, Kercyku, 15.04.71.

1211. Ylli, Sulejman, Kercyku, 01.02.74.
1212. Behar, Sulejman, Kercyku, 17.10.77.
1213. Shqipe, Xhelal, Kercyku.
1214. Mimoza, Fiqiri, Kercyku.
1215. Sadik, Hysen, Lala, 15.09.61.
1216. Vera, Fazlli, Lala, 08.03.68.
1217. Bujar, Nazmi, Lalollari, 01.11.49.
1218. Nexhmie, Shaban, Lalollari, 10.11.47.
1219. Afrim, Bujar, Lalollari, 25.12.70.
1220. Frida, Lalollari, 07.07.75.
1221. Fanika, Bujar, Lalollari, 07.07.75.
1222. Fatmir, Pasho, Lamaj, 22.06.48.
1223. Nevruzete, Muharrem, Lamaj, 21.05.49.
1224. Armando, Fatmir, Lamaj, 05.02.74.
1225. Albina, Fatmir, Lamaj, 18.10.75.
1226. Shpetar, Fatmir, LAMAJ, 05.01.79.
1227. Elis, Fatmir, Lamaj, 11.04.83.
1228. Ramazan, Hysen, Lamaj, 04.02.60.
1229. Fisnike, Ferik, Lamaj, 13.07.64.
1230. Valentina, Laman, Lamani, 12.09.54.
1231. Barije, Mersin, Lamani, 12.05.30.
1232. Ollga, Laman, Lamani, 02.09.50.
1233. Ivanof, Laman, Lamani, 09.08.59
1234. Etem, Riza, Lami, 20.05.35.
1235. Fitnet, Eqrem, Lami, 04.08.44.
1236. Auron, Etem, Lami, 08.11.65.
1237. Adela, Etem, Lami, 14.07.75.
1238. Gani, Seit, Lapraku, 17.05.67.
1239. Miranda, Telha, Lapraku, 22.05.74.
1240. Beshir, Shyqyri, Latifi, 09.05.51.
1241. Haxhire, Kurtali, Latifi, 26.05.57.
1242. Klodian, Beshir, Latifi, 04.05.76.
1243. Elizabeta, Beshir, Latifi, 10.07.82.
1244. Qemal, Xhevdet, Lazimi, 31.03.43.
1245. Merjeme, Sefedin, Lazimi, 16.05.49.
1246. Fatos, Qemal, Lazimi, 27.04.73.
1247. Manjola, Qemal, Lazimi, 10.11.77.
1248. Elmaz, Abdi, Leci, 10.08.50.
1249. Qanie, Zeqir, Leci, 20.04.52.
1250. Elgin, Elmaz, Leci, 24.08.77.
1251. Belul, Jashar, Leka, 29.04.64.
1252. Alma, Hysen, Leka, 01.10.69.
1253. Fredi, Jashar, Leka, 15.09.62.
1254. Hurma, Ferat, Leka, 25.05.68.
1255. Eduard, Dukagjin, Leka, 28.10.65.
1256. Ymer, Ibrahim, Leka, 10.05.51.
1257. Bege, Azem, Leka, 31.12.10.
1258. Fatbardha, Mahmut, Leka, 16.05.58.
1259. Majlinda, Ymer, Leka, 04.05.79.
1260. Marjeta, Ymer, Leka, 16.05.81.
1261. Dukagjin, Jorgji, Leka, 29.03.35.
1262. Nikoleta, Loni, Leka, 29.11.45.
1263. Aleksander, Dukagjin, Leka, 06.04.72.
1264. Polikseni, Taqo, Lekbello, 03.05.43.
1265. Arshi, Sinan, Lelaj, 20.12.49.
1266. Liljana, Naxhi, Lelaj, 17.05.55.
1267. Ervin, Arshi, Lelaj, 21.03.78.
1268. Jonido, Arshi, Lelaj, 25.09.83.
1269. Vasil, Koci, Lele, 08.09.36.
1270. Sulejman, Ibrahim, Lelo, 18.08.38.
1271. Haxhire, Remzi, Lelo, 21.10.47.
1272. Helda, Lelo, Lelo, 02.05.71.
1273. Ervin, Lelo, Lelo, 01.02.74.
1274. Elton, Lelo, Lelo, 01.02.74.
1275. Gjergj, Vaske, Leno, 25.06.67.
1276. Majlinda, Halil, Leno, 29.04.74.
1277. Ermioni, Pali, Leno, 07.11.31.
1278. Gjergj, Leno, 07.11.31.
1279. Majlinda, Leno, 29.04.74.
1280. Pashane, Hasan, Leta, 05.05.29.
1281. Xhemal, Isuf, Leta, 17.07.65.
1282. Aferdita, Sefedin, Leta, 20.02.69.
1283. Asimino, Licaj, 24.02.24.
1284. Daniel, Enver, Licaj, 15.01.51.
1285. Kreada, Daniel, Licaj, 30.10.83.
1286. Rome, Enver, Licaj, 15.11.46.
1287. Fiqirete, Hysen, Licaj, 16.11.51.
1288. Dorina, Licaj, 26.08.80.
1289. Zenel, Ramazan, Lika, 30.06.32.
1290. Sherife, Zenel, Lika, 28.11.39.
1291. Fatmir, Zenel, Lika, 11.09.75.
1292. Enver, Lika, 05.08.63.
1293. Lutfije, Lika, 01.02.67.
1294. Nazar, Likollari, 20.02.60.
1295. Afijete, Likollari, 21.06.60.
1296. Bexhet, Gjyladin, Lipo, 18.10.52.
1297. Kimete, Nelu, Lipo, 06.12.49.
1298. Arta, Bexhet, Lipo, 27.03.77.
1299. Shkelzen, Bexhet, Lipo, 27.04.79.
1300. Besa, Bexhet, Lipo, 14.10.81.
1301. Doriana, Bilal, Lisi, 29.04.81.
1302. Arben, Sabri, Lita, 19.08.62.
1303. Fatmira, Xhelo, Lita, 23.06.64.
1304. Ikbal, Rexhep, Lita, 20.03.26.
1305. Flutra, Shyqyri, Lita, 21.11.52.
1306. Sabri, Selman, Lita, 15.05.35.
1307. Servete, Abdurahman, Lita, 03.05.41.
1308. Ruzhdi, Uk, Lita, 05.06.66.
1309. Uk, Riza, Lita, 19.02.30.
1310. Majlinda, Xhevdet, Lita, 29.06.73.
1311. Gezim, Shyqyri, Lita, 05.04.51.
1312. Zhaneta, Llambi, Lita, 03.10.49.
1313. Arbi, Gezim, Lita, 14.10.81.
1314. Imke, Bishim, Lleshi, 25.09.32.
1315. Qabire, Saliko, Lloha, 10.07.10.
1316. Agim, Myrteza, Lloha, 21.06.47.
1317. Valentina, Zenel, Lloha, 26.08.55.
1318. Bledar, Agim, Lloha, 11.07.75.
1319. Elton, Agim, Lloha, 12.08.79.
1320. Valbona, Agim, Lloha, 18.05.83.
1321. Beqir, Besim, Lloji, 18.02.35.
1322. Fize, Fejzo, Lloji, 01.05.49.
1323. Albana, Beqir, Lloji, 04.06.76.
1324. Alket, Mahmut, Lofca, 02.12.73.
1325. Kujtim, Zyber, Loshi, 08.11.48.
1326. Zadushe, Murat, Loshi, 08.04.52.
1327. Elton, Kujtim, Loshi, 06.09.76.
1328. Gerti, Kujtim, Loshi, 11.03.83.
1329. Pavllo, Skender, Luarasi, 08.06.43.
1330. Tamara, Lefter, Luarasi, 20.09.52.
1331. Skender, Pavllo, Luarasi, 16.10.76.
1332. Fazlli, Riza, Luarasi, 04.05.31.
1333. Hyrmete, Ismail, Luarasi, 28.06.36.
1334. Plarent, Fazlli, Luarasi, 14.06.63.
1335. Mirela, Dashamir, Luarasi, 23.03.66.
1336. Enika, Luarasi, 05.03.69.
1337. Bereta, Minella, Luarasi, 17.12.54.
1338. Poliksena, Zisi, Lubonja, 21.10.34.
1339. Arben, Andjel, Lubonja, 04.01.55.
1340. Tatjana, Lluka, Lubonja, 21.01.62.
1341. Marika, Josif, Lubonja, 04.08.22.
1342. Petrit, Abdyl, Luli, 05.02.46.
1343. Fatjon, Petrit, Luli, 10.06.83.
1344. Flutura, Sulejman, Luli, 11.02.39.
1345. Albana, Petrit, Luli, 22.02.77.
1346. Ervisa, Petrit, Luli, 16.04.79.
1347. Relanda, Petrit, Luli, 28.11.80.
1348. Ferdinand, Sokol, Lumi, 05.07.64.
1349. Naje, Ibrahim Lusha, 15.01.36.
1350. Gani, Rexhep, Lusha, 08.10.29.
1351. Islam, Tahi, Madhi, 12.08.58.
1352. Sanije, Remzi, Madhi, 20.05.63.
1353. Gjyljete, Rame, Maksutaj, 05.20.72.
1354. Adhurim, Sefer, Male, 11.02.53.
1355. Samira, Jusuf, Male, 11.08.56.
1356. Iris, Adhurim Male, 28.05.82.
1337. Olsi, Maksim, Male, 27.10.73.
1358. Alba, Maksim, Male, 06.08.82.
1359. Marsela, Bilal, Male, 06.08.82.
1360. Ramazan, Mehmet, Mali, 19.01.53.
1361. Sabire, Mehmet, Mali, 30.04.56.
1362. Elton, Ramazan, Mali, 14.05.80.
1363. Dritan, Ramazan, Mali, 21.05.81.
1364. Mihal, Nasi, Mali, 05.09.27.
1365. Violeta, Mantho, Mali, 28.11.27.
1366. Arjan, Mihal, Mali, 23.02.61.
1367. Afroviti, Demir, Mali, 20.11.70.
1368. Sokol, Malo, 03.09.72.
1369. Besnik, Qemal, Mancellari, 05.07.59.
1370. Shkelqim, Xhevair, Mane, 15.01.60.
1371. Shejnaze, Riza, Mane, 20.12.61.
1372. Manuela, Xhevair, Mane, 02.03.63.
1373. Xhevair, Tosun, Mane, 04.08.28.
1374. Ikbale, Hysen, Mane, 13.01.32.
1375. Ejona, Ismail, Mansaku, 14.06.81.
1376. Shpresa, Hasan, Mansaku, 25.09.39.
1377. Engjell, Mara, 11.11.66.
1378. Anila, Mara, 05.11.74.
1379. Orland, Petro, Margariti, 17.12.40.
1380. Shazie, Nebi, Margariti, 12.12.49.
1381. Parid, Orland, Margariti, 06.07.72.
1382. Gerti, Orland, Margariti, 15.03.78.
1383. Gani, Shaban, Marjanaku, 20.04.42.
1384. Fatmire, Rrapo, Marjanaku, 06.01.49.
1385. Barie, Gani, Marjanaku, 12.10.74.
1386. Spartak, Gani, Marjanaku, 12.04.77.
1387. Fatmir, Sali, Marqeshi, 30.04.61.
1388. Xhuma, Sali, Marqeshi, 03.09.64.
1389. Asllan, Sali, Marqeshi, 15.11.62.
1390. Bejana, Deston, Marqeshi, 20.11.68.
1391. Thanas, Ilia, Martini, 18.03.22.
1392. Thomaidha, Qako, Martini, 10.10.29.
1393. Mirash, Martini, 09.02.61.
1394. Didi, Malko, Mata, 15.06.27.
1395. Gerti, Isuf, Mata, 26.10.74.
1396. Drago, Ferdinand, Mazniku, 25.07.41.
1397. Petkana, Mitre, Mazniku, 20.10.46.
1398. Aleks, Drago, Mazniku, 26.04.74.
1399. Nadire, Gani, Mece, 22.12.30.
1400. Myftar, Myslim, Mece, 19.06.60.
1401. Ferdame, Avdyl, Mece, 29.08.62.
1402. Adelina, Mihal, Mefsha, 04.04.47.
1403. Roland, Pandi, Mefsha, 28.10.62.
1404. Nazmi, Sali, Mehidri, 31.01.43.
1405. Mynevere, Mehmet, Mehidri, 13.10.42.
1406. Dhurata, Nazmi, Mehidri, 24.03.78.
1407. Klarida, Agim, Mehmeti, 11.09.78.
1408. Resul, Idriz, Mehmeti, 19.08.59.
1409. Merita, Ali, Mehmeti, 13.08.64.
1410. Elvis, Resul, Mehmeti, 04.08.81.
1411. Agron, Qemal, Meidani, 08.03.38.
1412. Katina, Niko, Meidani, 10.08.57.
1413. Elvin, Agron, Meidani, 30.08.77.
1414. Enilda, Agron, Meidani, 20.07.82.
1415. Shpetim, Lutfi, Mejdani, 08.04.48.
1416. Fatime, Beqir, Mejdani, 18.04.52.
1417. Ifete, Shpetim, Mejdani, 03.03.81.
1418. Gazi, Shefqet, Mekolli, 16.06.50.
1419. Meliha, Osmen, Mekolli, 25.09.49.
1420. Gentian, Gazi, Mekolli, 09.05.75.
1421. Gjergji, Gazi, Mekolli, 10.03.79.
1422. Dhimitraq, Kosta, Melonashi, 10.09.35.
1423. Aleksandra, Naun, Melonashi, 23.01.68.
1424. Julinda, Dhimitraq, Melonashi, 22.04.70.
1425. Genci, Dhimitraq, Melonashi, 23.01.68.
1426. Mithat, Kamer, Mema, 18.09.67.
1427. Odeta, Rufat, Mema, 12.05.76.
1428. Bardhyl, Reshat, Mema, 19.08.38.
1429. Hidajet, Vehbi, Mema, 28.10.45.
1430. Denis, Bardhyl, Mema, 20.08.74.
1431. Veli, Ali, Mema, 18.06.48.
1432. Emine, Isuf, Mema, 17.11.25.
1433. Hamide, Reshit, Mema, 17.11.47.
1434. Bexhet, Xhevit, Memaj, 04.03.16.
1435. Sano, Idriz, Memushaj, 18.11.35.
1436. Nexhip, Sulo, Memushaj, 25.02.25.
1437. Marjeta, Nexhip, Memushaj, 18.11.35.
1438. Sokol, Nexhip, Memushaj, 30.07.62.
1439. Radovan, Ziqiri, Mero, 08.01.48.
1440. Marjana, Safo, Mero, 19.11.59.
1441. Mico, Zalo, Mero, 16.12.60.
1442. Diana, Ramazan, Mero, 05.05.60.
1443. Flutura, Demirali, Mero, 19.11.23.
1444. Avdi, Lutfi, Mero, 16.09.60.
1445. Pranvera, Ibrahim, Mero, 15.11.67.
1446. Frederik, Servet, Mersuli, 24.04.61.
1447. Marjana, Muharrem, Mersuli, 22.07.64.
1448. Servet, Qemal, Mersuli, 12.12.37.
1449. Nevres, Sulejman, Mersuli, 12.02.40.
1450. Arben, Halim, Meshi, 29.12.64.
1451. Rexhije, Mustafe, Meshi, 01.09.71.
1452. Bardhyl, Bahri, Mesi, 21.10.68.
1453. Ilirjan, Maliq, Meta, 16.05.72.
1454. Hysni, Beqir, Meta, 18.06.50.
1455. Vojsava, Sul, Meta, 08.03.58.
1456. Gentian, Hysni, Meta, 30.07.80.
1457. Fatos, Hysni, Meta, 17.06.81.
1458. Anila, Hysni, Meta, 15.06.83.
1459. Kadri, Xhek, Meta, 23.06.52.
1460. Liliana, Refik, Meta, 29.01.56.
1461. Endrit, Kadri, Meta, 23.04.82.

1462. Myslim, Dalip, Metaj, 29.11.47.
1463. Lice, Zef, Metaj, 15.08.48.
1464. Dorian, Myslim, Metaj, 16.06.76.
1465. Manjola, Myslim, Metaj, 03.03.80.
1466. Shkelqim, Metrushi, 02.07.65.
1467. Nexhmi, Shahin, Mezexhiu, 10.05.28.
1468. Vasfie, Sabri, Mezexhiu, 25.11.33.
1469. Manuela, Mezexhiu, 28.06.67.
1470. Astrit, Mezexhiu, 08.11.67.
1471. Astrit, Nexhmi, Mezexhiu, 08.11.61.
1472. Manuela, Asllan, Mezexhiu, 28.06.61.
1473. Xhimi, Polo, Miha, 18.09.66.
1474. Flavja, Miha, 13.12.67.
1475. Leonard, Ilia, Millona, 19.03.57.
1476. Vjollca, Musli, Millona, 07.07.64.
1477. Mimoza, Avdyl, Mima, 30.03.79.
1478. Diamanta, Sefer, Mima, 23.12.59.
1479. Albert, Todi, Minga, 04.03.46.
1480. Irena, Andrea, Minga, 18.05.51.
1481. Aulona, Albert, Minga, 11.04.74.
1482. Naureda, Albert, Minga, 28.11.79.
1483. Banush, Rushit, Mino, 27.01.40.
1484. Qamile, Riza, Mino, 06.05.43.
1485. Halit, Daut, Minxolli, 08.11.36.
1486. Elefteri, Thoma, Minxolli, 13.12.40.
1487. Genci, Halit, Minxolli, 19.12.68.
1488. Shefqet, Hajdar, Miraka, 12.07.41.
1489. Zale, Nevrus, Miraka, 02.08.45.
1490. Nefail, Shefqet, Miraka, 01.08.65.
1491. Kudret, Shefqet, Miraka, 01.10.67.
1492. Besnik, Shefqet, Miraka, 23.01.74.
1493. Vjollca, Shefqet, Miraka, 15.03.76.
1494. Enkelejd, Shefqet, Miraka, 16.07.79.
1495. Dita, Shefqet, Miraka, 15.07.71.
1496. Nazime, Neki, Miraka, 17.04.69.
1497. Idris, Eshref, Mita, 05.10.33.
1498. Violeta, Emrulla, Mita, 18.10.43.
1499. Besnik, Rustem, Mluku, 23.08.64.
1500. Albana, Telha, Mluku, 15.08.71.
1501. Ardian, Dhimitraq, Mone, 08.01.66.
1502. Dhimitraq, Thimi, Mone, 27.01.39.
1503. Naunke, Zoi, Mone, 20.07.41.
1504. Edmira, Mone, 04.05.63.
1505. Mimoza, Skender, Morina, 03.06.66.
1506. Xhemail, Sadreman, Muca, 15.02.38.
1507. Dashurije, Izet, Muca, 10.04.40.
1508. Aferdita, Xhemail, Muca, 20.01.70.
1509. Merita, Xhemail, Muca, 20.10.70.
1510. Artur, Xhemail, Muca, 29.12.79.
1511. Kazafer, Isak, Muca, 15.07.18.
1512. Xhemile, Hasan, Muca, 08.05.63.
1513. Valbona, Muco, Mucaj, 07.12.73.
1514. Lirim, Jashar, Muceku, 12.10.74.
1515. Hxhirete, Ali, Muceku, 01.01.55.
1516. Donika, Muceku, 10.01.77.
1517. Leonora, Jashar, Muceku, 13.02.79.
1518. Azem, Jashar, Muceku, 15.05.81.
1519. Beglie, Jashar, Muceku, 10.10.83.
1520. Hysni, Bedo, Muco, 26.01.59.
1521. Enkeleda, Luan, Mucollari, 21.02.78.
1522. Denisa, Luan, Mucollari, 02.02.81.
1523. Ahmet, Ali, Muhaj, 27.05.28.
1524. Shpetim, Ahmet, Muhaj, 25.03.60.
1525. Habib, Shamet, Muho, 20.05.37.
1526. Manushaqe, Dino, Muho, 07.10.45.
1527. Beqir, Dan, Mujo, 16.06.46.
1528. Violeta, Besim, Mujo, 20.07.44.
1529. Hava, Shaqir, Mujo, 17.05.68.
1530. Afrim, Beqir, Mujo, 20.09.66.
1531. Vjollca, Beqir, Mujo, 12.02.70.
1532. Leonora, Beqir, Mujo, 03.08.74.
1533. Flora, Beqir, Mujo, 03.08.79.
1534. Ali, Rustem, Mulkurti, 20.02.49.
1535. Nepe, Nezir, Mulkurti, 25.03.53.
1536. Mariola, Ali, Mulkurti, 30.09.74.
1537. Daniel, Aki, Mulkurti, 01.12.75.
1538. Diana, Ali, Mulkurti, 11.04.78.
1539. Isuf, Xhemal, Mumajesi, 22.04.51.
1540. Mine, Seit, Mumajesi, 15.05.58.
1541. Manjola, Isuf, Mumajesi, 28.02.81.
1542. Pullumb, Xhemal, Mumajezi, 15.02.59.
1543. Mimoza, Faik, Mumajezi, 30.07.69.
1544. Edmond, Muharrem, Murra, 18.10.65.
1545. Arben, Zenel, Musaka, 16.03.63.
1546. Lirika, Etem, Mustafa, 04.04.60.
1547. Islam, Hetem, Muzikanti, 10.07.32.
1548. Qerime, Hekuran, Muzikanti, 24.12.31.
1549. Ruzhdi, Liman, Myrta, 02.04.68.
1550. Liljana, Mehmed, Myrta, 13.06.70.
1551. Nezir, Liman, Myrto, 15.04.58.
1552. Sheqere, Qamil, Myrto, 11.08.60.
1553. Bedrije, Myrto, 21.08.59.
1554. Ibrahim, Shaban, Mytkolli, 15.08.29.
1555. Qefsere, Qamil, Mytkolli, 01.07.40.
1556. Hasan, Ibrahim, Mytkolli, 08.09.62.
1557. Xhenifer, Ibrahim, Mytkolli, 01.07.71.
1558. Rezarta, Enver, Mytkolli, 16.08.70.
1559. Liljana, Nace, 23.01.43.
1560. Berti, Nakolli, 07.02.62.
1561. Majlinda, Nakolli, 30.04.69.
1562. Olimbi, Llambro, Naqe, 24.05.79.
1563. Romina, Frederik, Naska, 16.06.83.
1564. Vangjush, Maqo, Nastas, 07.02.45.
1565. Eleni, Anastas, Nastas, 25.03.57.
1566. Eva, Vangjush, Nastas, 10.04.81.
1567. Linda, Vangjush, Nastas, 03.04.83.
1568. Sotiraq, Ilia, Ndreko, 28.07.57.
1569. Zamira, Agim, Ndroqi, 05.03.61.
1570. Fatbardha, Izeir, Nebiu, 03.06.62.
1571. Gezim, Prendush, Necaj, 12.01.74.
1572. Vashjana, Nike, Necaj, 23.02.75.
1573. Bardhyl, Hekuran, Nezha, 01.01.49.
1574. Amarild, Bardhyl, Nezha, 23.08.80.
1575. Azrije, Vili, Nezha, 09.11.54.
1576. Perparim, Rame, Neziraj, 24.03.40.
1577. Sose, Zog, Neziraj, 10.01.26.
1578. Xhane, Syle, Neziraj, 28.09.40.
1579. Alban, Perparim, Neziraj, 24.07.74.
1580. Luzhjana, Perparim, Neziraj, 05.12.78.
1581. Sonila, Perparim, Neziraj, 16.11.82.
1582. Hysen, Hasan, Nika, 07.02.64.
1583. Haxchirete, Avni, Nika, 01.05.65.
1584. Andrea, Rado, Nikolla, 16.01.20.
1585. Aleksander, Frrok, Nikolli, 18.04.63.
1586. Elisabeta, Aleksander, Nikolli, 06.02.70.
1587. Natalia, Jovan, Nocka, 10.05.10.
1588. Albert, Irakli, Nocka, 26.09.52.
1589. Teuta, Thodhori, Nocka, 31.01.55.
1590. Viktor, Irakli, Nocka, 27.07.35.
1591. Juljeta, Epaminonda, Nocka, 26.03.47.
1592. Erik, Viktor, Nocka, 06.02.71.
1593. Mirsie, Imer, Nuhi, 05.03.73.
1594. Juri, Jonus, Nurce, 20.04.61.
1595. Anila, Selim, Nurce, 06.06.68.
1596. Fejmije, Zeqir, Nure, 15.06.29.
1597. Kudrete, Fadil, Nuri, 02.05.82.
1598. Fadil, Hamdi, Nuri, 17.03.40.
1599. Nadire, Jashar, Nuri, 24.10.46.
1600. Blerim, Fadil, Nuri, 06.05.72.
1601. Pullumb, Fadil, Nuri, 14.02.74.
1602. Aferdita, Fadil, Nuri, 10.01.76.
1603. Behar, Fadil, Nuri, 26.12.77.
1604. Etleva, Fadil, Nuri, 15.08.79.
1605. Fatmir, Nuri, Nuri, 03.12.54.
1606. Lindita, Novruz, Nuri, 15.03.58.
1607. Lorenc, Ligor, Opari, 11.03.75.
1608. Agim, Galip, Orhani, 06.08.46.
1609. Fatmire, Hakike, Orhani, 21.08.52.
1610. Ermal, Agim, Orhani, 16.08.77.
1611. Rezarta, Agim, Orhani, 11.05.81.
1612. Eli, Thoma, Orollogaj, 01.02.28.
1613. Gezim, Azem, Osmanaj, 11.09.74.
1614. Tefik, Mahmut, Osmani, 20.11.57.
1615. Dritan, Osmen, Osmani, 31.05.70.
1616. Ritvan, Osmen, Osmenaj, 01.02.82.
1617. Valter, Injac, Paci, 08.05.66.
1618. Dhurata, Mehmet, Pacuku, 24.01.60.
1619. Denisa, Naim, Pacuku, 05.07.?.
1620. Fetah, Rustem, Palushi, 15.04.39.
1621. Hane, Kadri, Palushi, 01.03.49.
1622. Lumturije, Shahin, Palushi, 15.07.80.
1623. Majlinda, Fetah, Palushi, 12.08.70.
1624. Artan, Fetah, Palushi, 19.05.74.
1625. Blerand, Fetah, Palushi, 22.09.77.
1626. Altin, Fetah, Palushi, 15.07.80.
1627. Eglantina, Kristaq, Pambuku, 16.02.49.
1628. Arben, Ilo, Pando, 21.07.57.
1629. Klodiana, Nikolla, Pando, 11.07.67.
1630. Luiza, Kristaq, Panduku, 20.08.37.
1631. Meri, Papadhopulli, 15.08.39.
1632. Jorgo, Papadhopulli, 28.11.65.
1633. Gizela, Papadhopulli, 12.05.69.
1634. Petraq, Gaqo, Papadhopulli, 27.10.59.
1635. Suzana, Manxhar, Papadhopulli, 14.11.67.
1636. Meri, Stavro, Papadhopulli, 15.08.39.
1637. Qazim, Danjol, Parllaku, 24.10.28.
1638. Xhemile, Bajram, Parllaku, 07.02.30.
1639. Vehbi, Parllaku, 11.07.59.
1640. Avni, Qazim, Parllaku, 11.10.62.
1641. Gezim, Qazim, Parllaku, 18.01.73.
1642. Aferdita, Parllaku, 30.01.83.
1643. Ali, Rahim, Parllaku, 12.05.50.
1644. Lindita, Xhemal, Parllaku, 14.05.62.
1645. Ferit, Nezir, Pasha, 08.04.55.
1646. Ferite, Shahin, Pasha, 25.10.57.
1647. Fatbardha, Ferit, Pasha, 22.05.78.
1648. Selvije, Ferit, Pasha, 08.03.80.
1649. Drita, Pasha, 18.04.82.
1650. Fari, Feim, Pashollari, 27.10.57.
1651. Viturie, Demir, Pashollari, 20.12.61.
1652. Nefail, Xhezair, Pashollari, 20.12.23.
1653. Selime, Rait, Pashollari, 31.05.33.
1654. Bujar, Nefail, Pashollari, 26.08.57.
1655. Majlinda, Refat, Pashollari, 23.01.70.
1656. Agron, Maqo, Pecani, 24.03.51.
1657. Suzana, Hysen, Pecani, 24.01.50.
1658. Elsi, Agron, Pecani, 01.02.83.
1659. Robert, Stefan, Peci, 20.03.58.
1660. Nikoleta, Pavllo, Peci, 23.06.63.
1661. Xhano, Muharem, Peci, 05.04.10.
1662. Rustem, Shefqet, Peci, 05.09.35.
1663. Garantina, Felek, Peci, 07.03.42.
1664. Lindita, Nevzat, Peci, 09.05.74.
1665. Mirash, Bale, Pecnikaj, 20.10.31.
1666. Altin, Mirash, Pecnikaj, 25.02.73.
1667. Agron, Mirash, Pecnikaj, 25.02.73.
1668. Alfred, Mirash, Pecnikaj, 30.08.81.
1669. Gjystine, Gjin, Pecnikaj, 15.09.73.
1670. Ollga, Vasil, Peco, 09.03.27.
1671. Petro, Andon, Pecollari, 05.11.51.
1672. Polikseni, Koco, Pecollari, 04.01.51.
1673. Anisa, Petro, Pecollari, 25.04.81.
1674. Esmer, Mirush, Pellazgu, 13.07.46.
1675. Fatmire, Selim, Pellazgu, 18.04.50.
1676. Shirli, Esmer, Pellazgu, 02.08.76.
1677. Ilir, Esmer, Pellazgu, 29.07.81.
1678. Hane, Xhemal, Pepa, 15.12.46.
1679. Alfred, Shefqet, Pepa, 23.04.73.
1680. Lumturi, Festim, Pepa, 30.10.73.
1681. Alfred, Shefqet, Pepa, 23.04.73.
1682. Lumturi, Festim, Pepa, 30.10.73.
1683. Kristaq, Llambi, Pepo, 07.04.16.
1684. Llambi, Kristaq, Pepo, 09.02.53.
1685. Vjollca, Kristaq, Pepo, 04.05.45.
1686. Simeon, Kico, Peri, 13.03.35.
1687. Persefoni, Sokrat, Peri, 01.06.40.
1688. Vjollca, Nezir, Peshkopija, 01.06.48.
1689. Elton, Halit, Peshkopija, 15.03.76.
1690. Indrit, Halit, Peshkopija, 24.04.78.
1691. Andrea, Vangjel, Peshtani, 09.03.52.
1692. Elvira, Stavri, Peshtani, 05.09.58.
1693. Taulant, Jusuf, Peti, 27.03.72.
1694. Silvana, Gani, Peza, 16.03.66.
1695. Ylli, Abdurrahman, Peza, 27.01.48.
1696. Rrahime, Ethem, Peza, 11.11.52.
1697. Armand, Ylli, Peza, 14.03.77.
1698. Gani, Abdurrahman, Peza, 02.02.36.
1699. Zelije, Jahja, Peza, 15.05.35.
1700. Artur, Gani, Peza, 13.05.61.
1701. Ermira, Gani, Peza, 11.02.63.
1702. Arben, Gani, Peza, 02.09.68.
1703. Alban, Gani, Peza, 25.08.70.
1704. Luljeta, Gani, Peza, 23.07.71.
1705. Pellumb, Sulo, Pipero, 23.04.56.
1706. Mimoza, Mane, Pipero, 26.08.63.
1707. Jonuz, Plaku, 06.08.64.
1708. Zeliha, Plaku, 22.04.68.
1709. Ermal, Luan, Porodini, 03.02.79.
1710. Armanda, Luan, Porodini, 03.02.79.
1711. Dylbere, Qemal, Prenci, 08.05.49.

1712. Hamdi, Hamit, Prenci, 28.06.69.
1713. Ermira, Meleq, Prenci, 08.10.77.
1714. Bashkim, Idajet, Prenjasi, 02.07.52.
1715. Sofije, Nexhip, Prenjasi, 28.03.55.
1716. Arlind, Bashkim, Prenjasi, 22.07.76.
1717. Denis, Bashkim, Prenjasi, 28.10.80.
1718. Renaldo, Bashkim, Prenjasi, 28.07.83.
1719. Zana, Maksim, Prenjasi, 28.09.76.
1720. David, Zef, Prishta, 01.02.61.
1721. Katerina, Thoma, Prishta, 23.04.64.
1722. Rifat, Tahir, Prnci, 26.07.38.
1723. Myslim, Musa, Puka, 06.08.40.
1724. Faika, Bahir, Puka, 24.09.53.
1725. Lundrim, Fatmir, Puka, 28.10.60.
1726. Julieta, Trendafil, Puka, 28.10.60.
1727. Zaim, Adem, Pushi, 10.04.62.
1728. Mbarese, Asllan, Pushi, 18.04.68.
1729. Zylyftar, Muharem, Qaniu, 05.04.39.
1730. Trendelina, Xhemal, Qaniu, 10.06.40.
1731. Donika, Zylyftar, Qaniu, 25.02.66.
1732. Jani, Gani, Qano, 07.04.44.
1733. Kleopatra, Petraq, Qano, 13.09.52.
1734. Doris, Jani, Qano, 28.04.76.
1735. Lili, Jani, Qano, 21.11.79.
1736. Vasil, Themistokli, Qendro, 14.08.35.
1737. Luiza, Grigor, Qendro, 22.06.45.
1738. Themistokli, Vasil, Qendro, 30.09.64.
1739. Gentiana, Qendro, 15.03.72.
1740. Gentiana, Vasil, Qendro, 15.03.72.
1741. Haxhi, Abdulla, Qershori, 24.07.36.
1742. Shaje, Daut, Qershori, 22.08.47.
1743. Koci, Vangjel, Qilla, 20.03.03.
1744. Trifon, Kosta, Qirici, 25.05.27.
1745. Eftali, Thanas, Qirici, 18.06.30.
1746. Spiro, Trifon, Qirici, 21.01.60.
1747. Ulia, Thanas, Qirko, 15.04.22.
1748. Dhurata, Mihal, Qirko, 03.10.50.
1749. Frederik, Mihal, Qirko, 20.09.48.
1750. Marjeta, Lefter, Qirko, 03.08.50.
1751. Dritan, Frederik, Qirko, 23.09.78.
1752. Rina, Pandi, Qirko, 27.10.59.
1753. Skender, Fari, Qirko, 21.06.53.
1754. Vera, Ramadan, Qirko, 22.02.59.
1755. Mitat, Jusuf, Qojle, 01.09.44.
1756. Shpresa, Adil, Qojle, 22.08.51.
1757. Albano, Mitat, Qojle, 21.09.72.
1758. Edlira, Mitat, Qojle, 17.03.78.
1759. Isuf, Mitat, Qojle, 06.12.58.
1760. Elvisa, Zeqir, Qorallari, 03.02.82.
1761. Gezim, Adem, Qordja, 25.03.74.
1762. Blerina, Ali, Qordja, 06.11.76.
1763. Shpresa, Eqerem, Qyrfyci, 23.04.57.
1764. Bedrije, Ali, Qyshka, 01.03.22.
1765. Durim, Qyshka, 16.05.67.
1766. Raimonda, Qyshka, 12.05.67.
1767. Agron, Adem, Qyshka, 26.10.55.
1768. Sadije, Bilal, Qyshka, 04.10.62.
1769. Liljana, Dhosi, Rada, 03.07.52.
1770. Andis, Niko, Rada, 13.07.79.
1771. Juljana, Niko, Rada, 22.12.81.
1772. Sotir, Nikolla, Rado, 15.03.22.
1773. Eleni, Kosta, Rado, 29.11.29.
1774. Krisavgji, At-kosta, Rado, 10.09.24.
1775. Diana, Andrea, Rado, 29.04.50.
1776. Filip, Mark, Rajka, 02.04.35.
1777. Mare, Kol, Rajka, 02.05.42.
1778. Mark, Filip, Rajka, 25.04.66.
1779. Osman, Adem, Rama, 01.04.41.
1780. Lumturije, Hysen, Rama, 27.08.45.
1781. Edmond, Osman, Rama, 15.06.65.
1782. Hysen, Osman, Rama, 23.01.68.
1783. Pranvera, Sulejman, Rama, 26.11.59.
1784. Maringlen, Hysen, Rama, 14.09.83.
1785. Irfan, Sokol, Ramaj, 11.06.50.
1786. Lene, Zef, Ramaj, 17.03.55.
1787. Dritan, Fran, Ramaj, 24.12.76.
1788. Arlind, Fran, Ramaj, 13.07.79.
1789. Arber, Fran, Ramaj, 21.01.83.
1790. Zare, Ali, Rambanaj, 02.05.56
1791. Shaban, Ibrahim, Ramku, 15.01.63.
1792. Vasfie, Ibrahin, Ramku, 14.07.74.
1793. Mile, Rexhep, Ramku, 08.03.63.
1794. Ramadan, Ilias, Rapuci, 30.10.10
1795. Nurije, Nail, Rapuci, 10.02.39.
1796. Arben, Nasip, Rapuci, 02.11.67.
1797. Fatmira, Rustem, Rapuci, 24.02.74.
1798. Besim, Rexhep, Rarani, 29.07.39.
1799. Naze, Rexhep, Rarani, 04.09.39.
1800. Edmond, Rarani, 18.06.72.
1801. Alma, Rarani, 27.02.75.
1802. Myrteza, Rasa, 01.06.47.
1803. Marije, Rasa, 13.10.49.
1804. Rezart, Rasa, 13.12.77.
1805. Marsel, Rasa, 21.12.81.
1806. Zakaria, Gamal, Rashed, 15.11.49.
1807. Vehja, Zakaria, Rashed, 01.05.71.
1808. Raela, Edmond, Reci, 26.09.66.
1809. Mahmut, Nazif, Reci, 24.03.32.
1810. Rufije, Qamil, Reci, 06.06.37.
1811. Brikena, Reci, 05.05.81.
1812. Ylli, Isuf, Reci, 12.05.56.
1813. Shpresa, Adem, Reci, 16.03.62.
1814. Eduart, Mahmut, Reci, 24.11.72.
1815. Flamur, Hasan, Remidhi, 15.05.60.
1816. Mirela, Muhamet, Remidhi, 10.02.64.
1817. Safet, Haxhi, Renga, 05.08.56.
1818. Shahe, Zyber, Renga, 02.11.61.
1819. Fabjola, Safet, Renga, 28.12.82.
1820. Xhavit, Niazi, Resnja, 07.05.35.
1821. Halise, Abedin, Resnja, 07.05.35.
1822. Blendi, Xhavit, Resnja, 02.07.71.
1823. Juliana, Ali, Rexha, 10.07.78.
1824. Qefser, Rexha, 18.07.28.
1825. Adrian, Qazim, Rexha, 09.01.61.
1826. Jemine, Sulejman, Rexha, 27.03.65
1827. Ilir, Qazim, Rexha, 30.09.58.
1828. Lejla, Abdulla, Rexha, 09.07.65.
1829. Razije, Mustafa, Rizaj, 25.09.43.
1830. Fatmir, Ahmet, Rizaj, 05.10.65.
1831. Arben, Ahmet, Rizaj, 05.02.68.
1832. Rudin, Ahmet, Rizaj, 26.06.70.
1833. Ilir, Ahmet, Rizaj, 07.01.72.
1834. Klodjan, Ahmet, Rizaj, 13.02.79.
1835. Pranvera, Zyber, Rizaj, 22.03.73.
1836. Flora, Velo, Rizaj, 25.09.72.
1837. Idajet, Rrafmani, 05.09.59.
1838. Nurije, Rrafmani, 20.02.62.
1839. Hamdi, Sali, Rreka, 12.02.36.
1840. Selim, Ibrahim, Rreka, 23.06.54.
1841. Sabiha, Islam, Rreka, 22.07.25.
1842. Drita, Osman, Rreka, 04.06.63.
1843. Hyleme, Faik, Rrjolli, 16.11.37.
1844. Armir, Ramadan, Rrjolli, 18.08.72.
1845. Refide, Rroka, 17.04.40.
1846. Shyqyri, Rroka, 07.01.37.
1847. Rajmonda, Rroka, 17.04.62.
1848. Vladimir, Xhaferr, Rrokaj, 20.05.52.
1849. Lerlinda, Ymer, Rrokaj, 24.01.55.
1850. Rabushe, Bajram, Rrokaj, 15.01.30.
1851. Lumturi, Xhafer, Rrokaj, 14.12.54.
1852. Bardhe, Sali, Rrucaj, 13.06.41.
1853. Gezim, Zeqir, Ruci, 10.02.62.
1854. Mimoza, Dervish, Ruci, 05.03.69.
1855. Zeqir, Mustafa, Ruci, 09.11.27.
1856. Hibi, Delip, Ruci, 30.11.30.
1857. Shpetim, Zeqir, Ruci, 30.11.30.
1858. Mersin, Shahin, Ruci, 14.05.38.
1859. Beglie, Selim, Ruci, 10.01.45.
1860. Elisabeta, Mersin, Ruci, 06.02.70.
1861. Dritan, Mersin, Ruci, 04.11.71.
1862. Aida, Mersin, Ruci, 25.05.77.
1863. Kozeta, Ramadan, Rufi, 23.11.61.
1864. Lutfije, Shefqet, Rufi, 07.07.36.
1865. Kadri, Qemal, Ruli, 03.11.39.
1866. Admirim, Ali, Rustani, 05.04.72.
1867. Rodolf, Reshat, Rustemi, 29.07.56.
1868. Katerin, Jorgo, Rustemi, 30.08.60.
1869. Alketa, Hasan, Sadikaj, 09.01.82.
1870. Vendim, Zenun, Sadikaj, 14.11.74.
1871. Albana, Zenun, Sadikaj, 18.08.76.
1872. Mirjeta, Zenun, Sadikaj, 04.01.78.
1873. Arta, Bexhet, Sadikaj, 27.03.77.
1874. Elmira, Mihal, Sakaina, 20.09.58.
1875. Fanika, Metodi, Sala, 31.12.24.
1876. Edmond, Skender, Sala, 20.04.51.
1877. Adriana, Sofokli, Sala, 10.03.54.
1878. Eduart, Kadri, Sata, 23.04.68.
1879. Gazmir, Kadri, Sata, 06.07.76.
1880. Agostin, Kel, Sata, 11.09.34.
1881. Marjeta, Agostin, Sata, 22.07.63.
1882. Pjereta, Agostin, Sata, 29.06.68.
1883. Sefer, Sali, Seferi, 17.09.33.
1884. Shine, Bajram, Seferi, 10.06.35.
1885. Gerim, Sefer, Seferi, 01.60.70.
1886. Xhevair, Veiz, Seiti, 28.04.43.
1887. Xhemile, Xhevit, Seiti, 01.03.45.
1888. Clirim, Xhevair, Seiti, 25.11.65.
1889. Frederik, Xhevair, Seiti, 08.01.69.
1890. Tomor, Xhevair, Seiti, 26.05.72.
1891. Arian, Xhevair, Seiti, 02.12.74.
1892. Haxhire, Ferit, Seiti, 25.03.75.
1893. Olsa, Gezim, Sejko, 04.04.76.
1894. Beke, Hysen, Selimi, 11.01.53.
1895. Julia, Llambi, Selimi, 23.02.55.
1896. Avjerino, Beke, Selimi, 05.05.82.
1897. Ylli, Serjani, 01.12.46.
1898. Zyrije, Hazis, Serjani, 08.10.52.
1899. Eremali, Perparim, Serjani, 03.09.75.
1900. Indrit, Perparim, Serjani, 24.11.77.
1901. Riza, Hasan, Seseri, 29.09.50.
1902. Liljana, Abdi, Seseri, 10.05.49.
1903. Orjeta, Riza, Seseri, 12.08.80.
1904. Blerina, Riza, Seseri, 10.06.82.
1905. Hamit, Shaba, 01.01.33.
1906. Tushe, Shaba, 20.05.42.
1907. Ymer, Shaba, 28.08.75.
1908. Ibrahim, Haxhi, Shabani, 09.06.34.
1909. Qerime, Rexhep, Shabani, 20.07.38.
1910. Edmond, Ibrahim, Shabani, 09.05.66.
1911. Vjollca, Aqif, Shabani, 27.02.64.
1912. Izet, Gani, Shahini, 10.08.70.
1913. Fllaza, Bajram, Shahini, 25.05.72.
1914. Rifat, Islam, Shahini, 01.12.67.
1915. Fatmira, Muhamet, Shahini, 01.04.71.
1916. Islam, Shahini, 15.09.47.
1917. Nerenxe, Shahini, 27.04.50.
1918. Artan, Shahini, 20.05.72.
1919. Memedali, Hamit, Shaho, 25.02.55.
1920. Hanife, Baki, Shaho, 20.03.57.
1921. Rexhep, Salih, Sharofi, 20.12.30.
1922. Benjamine, Beqir, Sharofi, 06.12.38.
1923. Adriana, Rexhep, Sharofi, 01.12.70.
1924. Siri, Murat, Shehaj, 01.01.36.
1925. Xhemal, Arshi, Shehaj, 15.09.27.
1926. Shpresa, Dhimiter, Shehaj, 26.03.33.
1927. Qani, Ibrahim, Shehi, 12.11.60.
1928. Arjana, Pandeli, Shehi, 15.07.66.
1929. Mentor, Qamil, Shehi, 20.04.38.
1930. Fatmira, Riza, Shehi, 20.02.57.
1931. Eugen, Mentor, Shehi, 25.05.74.
1932. Vesida, Mentor, Shehi, 09.07.79.
1933. Edmond, Shehi, 20.01.64.
1934. Elona, Shehi, 22.08.75.
1935. Kujtim, Qerim, Shehi, 15.08.59.
1936. Dylbere, Ibrahim, Shehi, 13.10.62.
1937. Agim, Bedri, Shehi, 25.06.54.
1938. Flutur, Qazim, Shehi, 13.12.57.
1939. Armand, Agim, Shehi, 17.12.80.
1940. Genc, Qazim, Shehu, 07.03.53.
1941. Metullahe, Qenan, Shehu, 14.09.56.
1942. Alda, Genci, Shehu, 14.09.82.
1943. Neki, Hysen, Shehu, 17.01.37.
1944. Mimoza, Fiqiri, Shehu, 30.11.46.
1945. Violeta, Nuri, Shehu, 24.07.48.
1946. Agim, Qazim, Shehu, 21.10.56.
1947. Albana, Osman, Shehu, 27.05.70.
1948. Ylli, Shehu, 28.05.63.
1949. Hasan, Dino, Shehu, 15.04.37.
1950. Drita, Barjam, Shehu, 06.04.44.
1951. Merita, Hasan, Shehu, 12.09.69.
1952. Klotilda, Hasan, Shehu, 27.08.80.
1953. Florian, Hasan, Shehu, 11.11.76.
1954. Eleni, Sheremani, 21.08.41.
1955. Flamue, Sami, Sherifi, 18.08.53.
1956. Engjellushe, Musli, Sherifi, 05.02.56.
1957. Albana, Flamur, Sherifi, 16.11.77.
1958. Kurtesh, Selim, Sherifi, 01.07.75.
1959. Xhevahir, Osman, Sheshari, 03.06.68.
1960. Mylaim, Shaip, Shima, 05.07.52.
1961. Majlinda, Mylaim, Shima, 17.05.79.
1962. Minerva, Halil, Shima, 27.05.49.
1963. Marko, Mantho, Shipcka, 07.06.47.

1964. Bjanka, Vladimir, Shipcka, 30.09.48.
1965. Leo, Marko, Shipcka, 21.04.75.
1966. Hilda, Marko, Shipcka, 04.03.78.
1967. Edmira, Enver, Shipcka, 28.10.60.
1968. Emili, Taqo, Shipcka, 03.03.24.
1969. Kristaq, Mantho, Shipcka, 25.12.55.
1970. Sefedin, Zenel, Shira, 15.06.67.
1971. Feride, Avni, Shira, 20.06.72.
1972. Zenel, Shira, 27.03.06.
1973. Hafize, Sherif, Shira, 30.05.34.
1974. Mirvet, Zenel, Shira, 06.06.74.
1975. Bedri, Ramiz, Shkembi, 25.04.67.
1976. Drita, Haki, Shkembi, 16.01.83.
1977. Gjergji, Andon, Shkembi, 03.02.68.
1978. Liljana, Mihal, Shkembi, 02.03.68.
1979. Neta, Taqo, Shkodrani, 20.02.27.
1980. Spiro, Rafail, Shkodrani, 23.03.55.
1981. Rozeta, Rafail, Shkodrani, 17.09.56.
1982. Nexhmije, Islam, Shkodrani, 29.09.57.
1983. Artan, Vath, Shkoza, 05.05.64.
1984. Rudina, Sefer, Shkoza, 10.12.67.
1985. Gafur, Abdulla, Shkurta, 02.02.58.
1986. Shemsie, Faslli, Shkurta, 28.12.57.
1987. Aida, Gafur, Shkurta, 07.04.81.
1988. Entela, Luan, Shkurti, 11.09.76.
1989. Luan, Tarib, Shllaku, 11.08.59.
1990. Dashurie, Shllaku, 16.10.64.
1991. Shkelzen, Shtepani, 07.01.60.
1992. Fulvja, Fisnik, Shtepani, 06.03.66.
1993. Ismail, Nazit, Shulku, 10.02.42.
1994. Bajame, Hamit, Shulku, 10.03.47.
1995. Albert, Isamil, Shulku, 18.01.67.
1996. Ilir, Isamil, Shulku, 21.01.69.
1997. Mahmut, Sali, Shurdhi, 15.02.30.
1998. Sali, Haziz, Shurdhi, 10.08.70.
1999. Shpresa, Asllan, Shurdhi, 24.08.68.
2000. Hajredin, Ymer, Sida, 12.05.68.
2001. Lirije, Muharrem, Sida, 25.11.67.
2002. Spiro, Leonidha, Simaku, 15.06.32.
2003. Adriana, Thoma, Simaku, 13.06.44.
2004. Matilda, Spiro, Simaku, 27.04.73.
2005. Eurida, Spiro, Simaku, 18.07.76.
2006. Elton, Spiro, Simaku, 05.08.81.
2007. Pellumb, Izet, Spahaj, 05.05.54.
2008. Bukurije, Xhemal, Spahaj, 06.09.55.
2009. Dritan, Rifat, Spahiu, 12.06.38.
2010. Sabahete, Qemal, Spahiu, 08.07.51.
2011. Ariana, Dritan, Spahiu, 26.09.80.
2012. Shpresa, Rifat, Spahiu, 20.01.39.
2013. Merisahe, Aqif, Spahiu, 15.12.30.
2014. Fadil, Mazllum, Spahiu, 10.03.32.
2015. Lirie, Ramush, Spahiu, 10.06.46.
2016. Besnik, Fadil, Spahiu, 20.10.71.
2017. Bilbil, Ismail, Spahiu, 03.05.59.
2018. Zhuljeta, Qemal, Spahiu, 12.03.67.
2019. Mishel, Spahiu, 14.02.89.
2020. Sofija, Koci, Spiro, 09.03.51.
2021. Ylli, Islam, Stafuka, 18.10.59.
2022. Mira, Islam, Stafuka, 20.06.61.
2023. Najada, Pellumb, Stafuka, 08.09.74.
2024. Ylli, Islam, Stafuka, 18.10.59.
2025. Mira, Islam, Stafuka, 20.06.61.
2026. Aferdita, Venemin, Stathi, 01.04.14.
2027. Zana, Llazar, Stathi, 27.05.49.
2028. Tom, Llazar, Stathi, 28.02.54.
2029. Zenel, Ibrahim, Strazimiri, 01.09.84.
2030. Haxhi, Rexhep, Stringa, 17.12.45.
2031. Dhurata, Hilmi, Stringa, 14.09.57.
2032. Isida, Haxhi, Stringa, 14.06.82.
2033. Isuf, Fejzo, Subashi, 20.02.38.
2034. Dilavere, Haki, Subashi, 08.02.41.
2035. Fejzo, Isuf, Subashi, 26.01.63.
2036. Gramos, Isuf, Subashi, 13.06.64.
2037. Mimoza, Bektash, Subashi, 03.02.74.
2038. Matjas, Mexhit, Sula, 17.08.74.
2039. Astrit, Abaz, Sula, 10.09.50.
2040. Teuta, Skender, Sula, 01.03.56.
2041. Jonid, Astrit, Sula, 15.12.80.
2042. Fatmir, Nazmi, Sula, 06.06.62.
2043. Brunilda, Fatmir, Sula, 16.11.?
2044. Nazmi, Aziz, Sula, 15.03.59.
2045. Shpresa, Abdi, Sula, 14.02.64.
2046. Nertila, Sula, 30.03.68.
2047. Vero, Tahir, Sulcaj, 21.03.47.
2048. Pupulina, Dover, Sulcaj, 16.03.52.
2049. Enkeleida, Vero, Sulcaj, 03.11.76.
2050. Sali, Abedin, Suli, 24.06.55.
2051. Xhilke, Nuri, Suli, 16.05.66.
2052. Edlira, Murat, Suljoti, 20.01.75.
2053. Jamarber, Qenan, Sulo, 02.04.71.
2054. Durim, Alfred, Tabaku, 19.07.70.
2055. Anila, Besim, Tabaku, 10.03.73.
2056. Ramiz, Tabaku, 15.07.33.
2057. Qefsere, Shaban, Tabaku, 15.07.33.
2058. Adriana, Ahmet, Tabaku, 06.03.70.
2059. Arjan, Ramiz, Takaku, 06.06.064.
2060. Agim, Vaid, Tabaku, 06.04.45.
2061. Olimbi, Jani, Tabaku, 24.10.52.
2062. Fjoralba, Agim, Tabaku, 12.12.72.
2063. Sabri, Shaqir, Tafa, 25.02.53
2064. Miranda, Hysni, Tafa, 02.12.60.
2065. Florian, Sabri, Tafa, 14.09.81.
2066. Hava, Hysen, Tafalla, 20.02.28.
2067. Adriatik, Qazim, Tafalla, 15.02.72.
2068. Rudina, Murat, Tafalla, 27.04.77.
2069. Roland, Aleksander, Taga, 06.03.59.
2070. Ermira, Shaqir, Taga, 27.04.66.
2071. Gezim, Hasan, Tagani, 14.06.45.
2072. Nazmije, Haxhi, Tagani, 18.09.52.
2073. Miranda, Tagani, 29.04.78.
2074. Zaim, Selim, Tahiraj, 14.09.42.
2075. Emine, Isuf, Tahiraj, 16.12.42.
2076. Azem, Zaim, Tahiraj, 17.01.79.
2077. Gazmend, Zaim, Tahiraj, 17.02.81.
2078. Luan, Zaim, Tahiraj, 13.01.82.
2079. Hamit, Habib, Tahiraj, 04.03.61.
2080. Pranvera, Veli, Tahiraj, 08.04.72.
2081. Valbona, Ferat, Talelli, 06.07.68.
2082. Fitnete, Sulejman, Tanllaraj, 22.09.51.
2083. Enkeleda, Lulzim, Tare, 06.04.71.
2084. Hava, Tare, 31.10.27.
2085. Gezim, Asef, Tare, 28.02.58.
2086. Elida, Haki, Tare, 04.07.61.
2087. Fatmir, Uvli, Tartale, 19.07.53.
2088. Donika, Ciril, Tartale, 05.05.54.
2089. Gerti, Fatmir, Tartale, 22.06.79.
2090. Edlira, Fatmir, Tartale, 18.05.82.
2091. Qako, Misto, Tase, 02.06.36.
2092. Bujar, Rakip, Taullau, 30.03.64.
2093. Anila, Koco, Taullau, 09.05.68.
2094. Nurhane, Fejzi, Tefa, 11.02.30.
2095. Sazan, Laze, Tefa, 14.06.51.
2096. Pullumb, Laze, Tefa, 17.05.55.
2097. Xhorxhina, Seri, Tefa, 23.10.65.
2098. Shpresa, Shahin, Tela, 15.02.27.
2099. Avenir, Ahmet, Tela, 15.02.27.
2100. Ikmet, Tajar, Telallari, 07.06.58.
2101. Feridon, Tajar, Telallari, 19.06.66.
2102. Arjeta, Tajar, Telallari, 04.08.82.
2103. File, Adem, Telallari, 31.12.67.
2104. Haki, Said, Teqja, 05.01.37.
2105. Bukurije, Rahman, Teqja, 18.07.38.
2106. Hysni, Haki, Teqja, 31.12.64.
2107. Halil, Haki, Teqja, 03.03.66.
2108. Durim, Haki, Teqja, 28.01.68.
2109. Idajet, Haki, Teqja, 17.03.70.
2110. Bujar, Haki, Teqja, 08.05.74.
2111. Argjent, Mirush, Tershana, 03.05.66.
2112. Ermira, Imer, Tershana, 07.05.52.
2113. Arben, Ali, Thaci, 20.06.72.
2114. Gentiana, Necruz, Thaci, 03.12.72.
2115. Veliko, Thoma, Thana, 10.02.19.
2116. Shadie, Hamit, Thana, 01.09.28.
2117. Ilir, Veliko, Thana, 13.08.57.
2118. Arben, Taqi, Themelko, 09.02.56.
2119. Irena, Ylvi, Themelko, 28.11.66.
2120. Sotir, Llambi, Tiko, 14.07.27.
2121. Thomaidhe, Mihal, Tiko, 12.07.31.
2122. Adrian, Sotir, Tiko, 05.10.63.
2123. Pranvera, Hajdar, Tiko, 08.03.63.
2124. Kujtim, Isuf, Toci, 19.01.56.
2125. Rexhep, Isuf, Toci, 06.04.66.
2126. Muhidin, Mursel, Tocilla, 01.07.42.
2127. Xhemile, Rasim, Tocilla, 05.05.44.
2128. Besnik, Muhidin, Tocilla, 25.02.72.
2129. Elmaz, Muhidin, Tocilla, 23.06.77.
2130. Servete, Muhidin, Tocilla, 07.08.79.
2131. Kico, Gole, Tola, 01.03.31.
2132. Lefteri, Thoma, Tola, 10.01.45.
2133. Albi, Kico, Tola, 29.12.73.
2134. Amalia, Kico, Tola, 08.04.77.
2135. Aleksander, Vangjel, Tole, 15.02.62.
2136. Zana, Bajram, Tole, 17.07.64.
2137. Melpo, Vasil, Toma, 29.04.29.
2138. Gjeta, Tone, Toma, 27.02.65.
2139. Bekim, Dinush, Topalli, 31.07.72.
2140. Haxhi, Sadik, Toska, 02.02.57.
2141. Majlinda, Ymer, Toska, 06.01.65.
2142. Aleksandra, Stavraq, Trajani, 05.04.23.
2143. Kastriot, Ligor, Trajani, 15.03.59.
2144. Alfreda, Zef, Trajani, 21.08.67.
2145. Jorgji, Adam, Trajani, 15.09.79.
2146. Lili, Jorgji, Trajani, 14.12.19.
2147. Kalina, Trajani, 11.02.53.
2148. Vasil, Kristaq, Trajko, 02.09.48.
2149. Tatjana, Anesti, Trajko, 08.04.53.
2150. Aida, Vasil, Trajko, 09.09.77.
2151. Klajda, Vasil, Trajko, 17.03.79.
2152. Marjela, Vasil, Trajko, 23.04.83.
2153. Dafina, Vangjel, Trebicka, 10.06.34.
2154. Gjergj, Stefi, Trebicka, 05.04.61.
2155. Mirela, Andon, Trebicka, 16.11.68.
2203. Diana, Gezim, Valteri, 12.08.82.
2204. Engjell, Gezim, Valteri, 30.11.83.
2205. Lui, Vasil, Vaso, 10.08.38.
2206. Lydia, Thoma, Vaso, 29.05.48.
2207. Elda, Lui, Vaso, 06.08.72.
2208. Ervin, Lui, Vaso, 25.06.75.
2209. Kristaq, Nikolla, Vaso, 22.01.47.
2210. Lefteri, Jani, Vaso, 13.06.48.
2211. Artur, Kristaq, Vaso, 20.06.73.
2212. Gentian, Kristaq, Vaso, 15.10.76.
2213. Nezir, Juf, Vata, 03.01.57.
2214. Tushe, Rustem, Vata, 01.01.18.
2215. Suzana, Nezir, Vata, 04.02.66.
2216. Ilir, Nezir, Vata, 20.02.68.
2217. Fredi, Nezir, Vata, 23.12.72.
2218. Lirije, Avni, Vata, 07.01.70.
2219. Adriatik, Kamber, Veizi, 31.01.63.
2220. Menduhije, Ali, Veizi, 28.02.65.
2221. Vegim, Rexhep, Vela, 05.12.37.
2222. Hizbije, Mas-har, Vela, 21.06.44.
2223. Erion, Vegim, Vela, 10.03.76.
2224. Oltion, Vegim, Vela, 09.06.79.
2225. Vehbi, Resul, Velia, 17.07.67.
2226. Murat, Ramadan, Velici, 21.02.71.
2227. Sadije, Muharrem, Velija, 13.05.28.
2228. Petrit, Velo, 05.08.44.
2229. Vasillaq, Piro, Veshi, 01.09.46.
2230. Athina, Jani, Veshi, 27.06.50.
2231. Eno, Vasillaq, Veshi, 07.07.77.
2232. Jola, Vasillaq, Veshi, 20.07.82.
2233. Xhafer, Zafer, Villa, 11.02.45.
2234. Raimonda, Hamdi, Villa, 23.12.45.
2235. Klementina, Xhafer, Villa, 05.04.76.
2236. Pavlina, Nikolla, Visari, 02.02.70.
2237. Edmond, Dhimiter, Visari, 11.03.53.
2238. Hysen, Neki, Vishka, 14.03.41.
2239. Ilirjan, Hysen, Vishka, 13.02.69.
2240. Arif, Osman, Vishkurti, 31.01.60.
2241. Valentina, Kamber, Vishkurti, 23.11.62.
2242. Behar, Osman, Vishkurti, 06.03.63.
2243. Lamika, Hashim, Vishkurti, 21.09.68.
2244. Arben, Bajram, Vladi, 28.08.63.
2245. Fitnete, Besnik, Vladi, 11.01.65.
2246. Blerim, Aleksander, Vllaska, 30.06.72.
2247. Anjeza, Musa, Vokshi, 15.10.78.
2248. Edmond, Bajram, Vrapi, 24.08.68.
2249. Diturie, Xhemal, Vrapi, 04.03.70.
2250. Xhahrije, Vrapi, 04.08.29.
2251. Agim, Hasan, Vrapi, 13.11.36.
2252. Edvin, Agim, Vrapi, 13.08.68.
2253. Paqize, Birce, Vrapi, 20.05.43.
2254. Rudina, Petrit, Vrapi, 17.06.73.
2255. Aishe, Adem, Vuthaj, 20.04.64.
2256. Ilir, Servet, Xama, 25.03.56.
2257. Lumturi, Muharem, Xama, 17.07.61.
2258. Erin, Ilir, Xama, 23.10.83.
2259. Ilmi, Ali, Xhafa, 24.07.56.
2260. Albana, Ali, Xhafa, 19.05.71.
2261. Avenir, Demir, Xhaferaj, 28.01.55.

2262. Liljana, Xhafer, Xhaferi, 24.12.56.
2263. Tajo, Hasan, Xhaferri, 26.09.43.
2264. Lumturi, Muharrem, Xhaferri, 20.10.52.
2265. Klodiana, Xhaferri, 20.03.80.
2266. Albana, Tajo, Xhaferri, 10.01.82.
2267. Teki, Rasim, Xhafkollari, 10.03.22.
2268. Nexhmije, Qamil, Xhafkollari, 01.05.77.
2269. Kujtim, Teki, Xhafkollari, 10.07.62.
2270. Refide, Jakup, Xhafkollari, 20.09.64.
2271. Hatixhe, Sali, Xhakani, 18.02.46.
2272. Tahir, Xhakollari, 26.04.43.
2273. Artan, Kico, Xhama, 19.06.71.
2274. Durim, Avni, Xhani, 14.02.72.
2275. Luljeta, Dalip, Xhani, 06.01.77.
2276. Arben, Riza, Xheka, 18.01.61.
2277. Mirsi, Ali, Xheka, 03.03.67.
2278. Riza, Veli, Xheka, 15.06.31.
2279. Gjule, Sinan, Xheka, 30.10.39.
2280. Hiqmet, Faslli, Xheko, 09.05.29.
2281. Hatixhe, Nasip, Xheko, 10.01.33.
2282. Marjeta, Hiqmet, Xheko, 19.04.60.
2283. Arben, Hiqmet, Xheko, 24.02.64.
2284. Bujar, Hiqmet, Xheko, 09.01.54.
2285. Mitko, Ismail, Xheko, 01.09.58.
2286. Valbona, Bujar, Xheko, 06.02.82.
2287. Flutura, Dan, Xhepa, 13.02.64.
2288. Ramazan, Xhepi, 05.12.41.
2289. Astrit, Xhepi, 03.01.73.
2290. Rushe, Xhepi, 10.12.51.
2291. Fisnik, Xhepi, 16.04.75.
2292. Lindita, Xhepi, 04.12.65.
2293. Petrit, Hiqmet, Xhindoli, 22.09.57.
2294. Flutura, Abdyl, Xhindoli, 24.03.60.
2295. Gurije, Ajaz, Xhudo, 10.02.20.
2296. Afrim, Selami, Xhudo, 27.07.66.
2297. Mirjeta, Nazar, Xhudo, 30.08.72.
2298. Myrteza, Hysen, Xhunga, 03.06.39.
2299. Dashuri, Qazim, Xhunga, 15.03.35.
2300. Elvir, Myrteza, Xhunga, 05.02.68.
2301. Erjan, Myrteza, Xhunga, 04.08.60.
2302. Mimoza, Rakip, Xhunga, 03.02.76.
2303. Pleurat, Aleksander, Xhuvani, 14.03.20.
2304. MAkbule, Mehdi, Xhuvani, 26.08.26.
2305. Aleksander, Pleurat, Xhuvani, 20.02.55.
2306. Genc, Aleksander Xhuvani, 14.03.25.
2307. Aneta, Kristo, Xhuvani, 28.09.31.
2308. Emil, Genc, Xhuvani, 31.05.64.
2309. Dasmen, Pleurat, Xhuvani, 18.02.53.
2310. Elvira, Gjyljani, Xhuvani, 01.12.61,
2311. Blerina, Agim, Xhydollari, 23.02.79.
2312. Sano, Isuf, Xverku, 03.06.16.
2313. Hamit, Ram, Ymaj, 12.03.69.
2314. Bute, Ram, Ymaj, 07.06.20.
2315. Nimet, Omer, Ymeri, 05.08.27
2316. Nurije, Beqir, Ymeri, 04.02.28.
2317. Petrit, Nimet, Ymeri, 24.03.57.
2318. Mariana, Ndoc, Ymeri, 08.02.55.
2319. Elda, Petrit, Ymeri, 17.04.79.
2320. Sabina, Petrit, Ymeri, 24.01.79.
2321. Roza, Tefe, Zamputi, 02.08.11.
2322. Jozef, Injac, Zamputi, 06.11.46.
2323. Luizon, Agostin, Zamputi, 15.12.48.
2324. Marin, Jozef, Zamputi, 12.09.75.
2325. Rozan, Jozef, Zamputi, 10.10.79.
2326. Qemal, Latif, Zebeli, 28.10.43.
2327. Ikbale, Qamil, Zebeli, 30.11.47.
2328. Ardian, Qemal, Zebeli, 13.03.72.
2329. Valbona, Qemal, Zebeli, 05.04.77.
2330. Rudina, Qemal, Zebeli, 08.03.81.
2331. Fatbardha, Latif, Zebeli, 25.05.73.
2332. Mimoza, Hajder, Zejli, 22.09.63.
2333. Selfo, Zekaj, 04.05.39.
2334. Lavdie, Zekaj, 09.05.42.
2335. Gentian, Zekaj, 05.09.69.
2336. Muharrem, Zela, 15.01.19.
2337. Foto, Xhevit, Zenelaj, 04.11.65.
2338. Elida, Hysen, Zenelaj, 25.01.71.
2339. Petrit, Jashar, Zeneli, 06.11.58.
2340. Nazmie, Ethem, Zeneli, 13.02.54
2341. Sokol, Hysen, Zeneli, 04.08.68.
2342. Etleva, Shefqet, Zeneli, 28.06.74.
2343. Novruz, Gani, Zeneli, 03.04.50.
2344. Leonora, Nazif, Zeneli, 20.11.51.
2345. Ilir, Novruz, Zeneli, 26.03.79.
2346. Ismete, Ali, Zepishta, 09.02.32.
2347. Arben, Shefqet, Zepishta, 14.12.57.
2348. Altin, Shefqet, Zepishta, 06.07.77.
2349. Etleva, Durim, Zeqiri, 14.02.72.
2350. Xhaferr, Islam, Zeqiri, 05.05.69.
2351. Manjola, Qazim, Zeqiri, 25.01.65.
2352. Agron, Shaban, Zguri, 26.05.67.
2353. Xhevaire, Shefqet, Zguri, 05.07.69.
2354. Admir, Resmi, Zhilla, 19.04.59.
2355. Magdalena, Haxhi, Zhilla, 23.02.61.
2356. Halit, Godo, Zhupa, 12.03.33.
2357. Elvira, Shaban, Zhupa, 17.05.38.
2358. Eduard, Halit, Zhupa, 04.10.63.
2359. Haxhi, Islam, Ziu, 18.04.33.
2360. Ilmije, Rexhep, Ziu, 20.02.41.
2361. Cicile, Ziu, 05.01.22.
2362. Arben, Haxhi, Ziu, 10.02.60.
2363. Meliha, Beqir, Ziu, 13.08.62.
2364. Ollga, Naun, Ziu, 15.08.21.
2365. Adem, Haxhi, Ziu, 05.08.58.
2366. Valbona, Adem, Ziu, 06.07.83.
2367. Rape, Agim, Ziu, 30.06.67.
2368. Niko, Kosta, Zoga, 25.08.33.
2369. Lirije, Vath, Zoga, 01.05.36.
2370. Alfred, Niko, Zoga, 04.08.56.
2371. Valentina, Argjir, Zoga, 30.04.58.
2372. Erion, Ilir, Zoto, 10.09.80.
2373. Hashim, Riza, Zuna, 20.09.38.
2374. Salihe, Hajdar, Zuna, 01.02.38.
2375. Adhurim, Ashim, Zuna, 10.04.68.
2376. Bertilda, Zija, Zuna, 17.02.75.
2377. Mimoza, Hashim, Zuna, 19.11.64.
2378. Hysen, Nezir, Zyka, 15.03.51.
2379. Altin, Hysen, Zyka, 31.05.75.
2380. Elton, Hysen, Zyka, 31.05.78.
2381. Anila, Hysen, Zyka, 12.08.82.

VOTUES ME BANIM TE PERKOHSHEM

1. Besnike, Shefqet, Ajazi, 03.02.56.
2. Rexhina, Hito, Alimerko, 06.03.56.
3. Ajishe, Ibrahim, Alimerko, 04.03.06.
4. Albert, Haki, Allamani, 17.06.56.
5. Hazbije, Kasem, Allamani, 03.02.62.
6. Albi, Albert, Allamani, 05.04.83x.
7. Arminda, Hasan, Allamani, 17.02.63.
8. Sokol, Kadri, Allaraj, 08.12.53.
9. Mimoza, Sami, Baholli, 17.08.80.
10. Bashkim, Banush, Balla, 07.04.56.
11. Mimoza, Mehmet, Balla, 23.04.53.
12. Clirim, Beqir, Balluku, 01.01.45.
13. Bejlinda, Clirim, Balluku, 09.11.73.
14. Suzana, Sabri, Balluku, 10.10.48.
15. Pamela, Clirim, Balluku, 09.09.78.
16. Hanashe, Nasif, Bega, 07.04.23.
17. Redin, Qemal, Bejdo, 04.02.64.
18. Hajrije, Abdulla, Bejdo, 17.02.42.
19. Anila, Gani, Bejdo, 21.04.75.
20. Liljana, Muhamet, Bejdo, 05.03.60.
21. Ilirjana, Qemal, Bejdo, 07.02.49.
22. Liri, Veli, Beji, 19.07.49.
23. Erion, Albert, Bejko, 17.04.62.
24. Sadete, Xhavit, Bejko, 19.12.72.
25. Albert, Iliaz, Bejko, 18.01.64.
26. Sanie, Bajram, Beka, 18.09.64.
27. Shefqet, Cik, Beka, 30.07.40.
28. Luan, Shefqet, Beka, 17.04.64.
29. Englantina, Kostandin, Berhami, 17.04.58.
30. Petrit, Arshi, Berhami, 21.06.48.
31. Gezim, Xhemal, Bisha, 11.11.52.
32. Xhemal, Bizho, Bisha, 09.09.24.
33. Violeta, Nikollaq, Bisha, 06.41.36.
34. Nikolin, Panajot, Bisha, 03.02.68.
35. Besnik, Xhemal, Bisha, 16.02.58.
36. Anila, Gani, Bisha, 12.04.68.
37. Rukije, Ulo, Bisha, 16.04.24.
38. Skender, Pasha, Brahimi, 18.02.60.
39. Kosta, Spiro, Bulla, 15.04.55.
40. Fejzi, Nebi, Buzi, 17.03.34.
41. Aqif, Ali, Byreku, 04.11.55.
42. Flutura, Dan, Byreku, 17.02.64.
43. Nasuf, Fadil, Byreku, 07.04.32.
44. Etemije, Hasan, Byreku, 08.02.36.
45. Nazmi, Nasuf, Byreku, 12.11.60.
46. Vjollca, Spiro, Byreku, 07.04.67.
47. Sofie, Gani, Cala, 07.09.23.
48. Ilir, Rifat, Capanga, 12.11.64.
49. Bihane, Mustafa, Capanga, 11.12.38.
50. Odeta, Rustem, Capanga, 31.12.71.
51. Sajmir, Rifat, Capanga, 11.07.73.
52. Hasan, Rasim, Ceka, 23.11.38.
53. Merita, Azmi, Ceka, 17.04.44.
54. Arqile, Zoi, Cela, 29.04.55.
55. Astrit, Seit, Ciraku, 19.07.48.
56. Shadie, Sadik, Ciraku, 18.06.50
57. Reald, Astrit, Ciraku, 06.04.79.
58. Nasime, Galip, Cuci, 06.05.27.
59. Elmira, Kujtim, Dajlani, 14.03.65.
60. Petrit, Nusa, Demi, 03.08.24.
61. Leonard, Petrit, Demi, 27.03.50.
62. Katerina, Kosta, Demi, 27.11.22.
63. Zhuljeta, Petrit, Demi, 16.04.51.
64. Brunela, Kujtim, Dervishi, 05.01.76.
65. Kujtim, Duat, Dervishi, 06.04.53.
66. Zafire, Idriz, Dervishi, 09.10.54.
67. Klaudia, Kujtim, Dervishi, 09.05.79.
68. Alfina, Zoi, Domi, 27.04.60.
69. Kristo, Themistokli, Drago, 10.02.42.
70. Lucian, Kristo, Drago, 11.08.47.
71. Denisa, Kristo, Drago, 07.02.81.
72. Ismete, Vehbi, Dudo, 07.06.23.
73. Kai, Sadedin, Duka, 09.06.39.
74. Aishe, Sabbi, Duka, 06.05.37.
75. Shkelqim, Kai, Duka, 04.03.72.
76. Florjan, Kai, Duka, 06.03.62.
77. Lek, Andon, Dukagjini, 10.04.60.
78. Zina, Andon, Dukagjini, 05.04.67.
79. Domenika, Mark, Dukagjini, 03.07.60.
80. Anton, Lek, Dukagjini, 09.04.62.
81. Erjona, Qemal, Duzha, 24.03.51.
82. Estref, Zina, Faku, 09.03.62.
83. Abaz, Sulo, Fejzo, 07.04.25.
84. Remzije, Rushan, Fejzo, 05.03.39.
85. Muharrem, Avni, Feka, 07.02.48.
86. Enverije, Ashim, Feka, 17.03.53.
87. Mimoza, Muharrem, Feka, 02.01.75.
88. Klaranita, Muharrem, Feka, 06.05.79.
89. Fatos, Muharrem, Feka, 19.03.80.
90. Xhevair, Gjet, Frroku, 07.05.60.
91. Alketa, Jashqr, Frroku, 09.04.63.
92. Sofie, Dhionis, Gjemani, 04.12.15.
93. Anketa, Petraq, Gjemani, 06.04.72.
94. Natasha, Dhimiter, Gjemani, 16.09.49.
95. Petrika, Andrea, Gjemani, 24.11.78.
96. Frederik, Spiro, Gjerazi, 17.04.33.
97. Doloreza, Pandeli, Gjerazi, 23.02.42.
98. Thoma, Niko, Gjikondi, 10.07.40.
99. Dhimtraq. Petro, Gjoka, 11.06.48.
100. Adelina, Noke, Gjoka, 24.03.49.
101. Anri, Dhimitraq, Gjoka, 18.02.74.
102. Aleksander, Staver, Gjollma, 19.01.60.
103. Dod, Preng, Gjonmarkaj, 27.02.63.
104. Adelina, Gjergi, Gjonmarkaj, 06.04.75.
105. Marte, Mark, Gjonmarkaj, 15.03.34.
106. Dod, Preng, Gjonmarkaj, 11.03.74.
107. Kol, Preng, Gjonmarkaj, 07.02.63.
108. Zdravko, Stojan, Gjurgjaj, 08.12.40.
109. Dunavica, Silija, Gjurgjaj, 07.05.44.
110. Gezim, Hysen, Grori, 15.02.55.
111. Luan, Gezim, Grori, 06.02.81.
112. Lirije, Sami, Grori, 09.03.59.
113. Pranvera, Ramo, Hajdini, 14.08.34.
114. Bajram, Hasan, Hajrullai, 06.01.36.
115. Aferdita, Rama, Hajrullai, 07.03.37.
116. Vladimir, Bajram, Hajrullai, 06.04.80.
117. Elektra, Gaqo, Hajrullai, 05.01.34.
118. Sadik, Njazi, Haska, 13.04.47.
119. Suzana, Ibrahim, Haska, 21.05.49.
120. Tatjana, Sadik, Haska, 19.07.78.
121. Laureta, Sadik, Haska, 13.11.81.
122. Elmaz, Myftar, Haxhiu, 08.11.30.
123. Shkelqim, Elmaz, Haxhiu, 27.04.52.
124. Arta, Mehmet, Haxhiu, 06.03.70.
125. Hysni, Muharrem, Hazizaj, 19.03.40.

126. Kadrie, Maliq, Hazizaj, 14.07.45.
127. Alfred, Hysni, Hazizaj, 21.03.69.
128. Gazmir, Hysni, Hazizaj, 12.03.70.
129. Bukurije, Mehmet, Hoxha, 06.05.31.
130. Ndricim, Kadri, Hoxha, 04.07.59.
131. Hena, Agim, Hoxha, 09.03.70.
132. Nasibe, Pasha, Hoxha, 04.12.53.
133. Aida, Nuhi, Hoxha, 14.07.47.
134. Rovena, Dajlan, Hoxha, 20.05.80.
135. Dajlan, Mafmut, Hoxha, 16.03.50.
136. Fuat, Bajram, Hoxhaj, 17.04.62.
137. Besie, Ali, Hoxhaj, 18.01.69.
138. Zija, Estref, Hysenllari, 15.03.26.
139. Sadete, Telha, Hysenllari, 16.05.36.
140. Lutfi, Xhafo, Hyzeiraj, 07.02.43.
141. Liri, Ramadan, Hyzeiraj, 10.05.44.
142. Bardha, Hasan, Idrizi, 09.03.79.
143. Sadete, Mehmet, Izeti, 04.07.58.
144. Mehmet, Isuf, Izeti, 06.03.25.
145. Entela, Matish, Jani, 29.01.40.
146. Bledar, Jonuz, Jonuzaj, 06.08.82.
147. Jonuz, Qazim, Jonuzaj, 07.06.44.
148. Burbuqe, Sami, Jonuzaj, 05.09.49.
149. Elvira, Sotir, Jorgo, 29.08.75.
150. Suzana, Muharrem, Kalaja, 17.03.47.
151. Fehti, Asim, Kalaja, 02.03.37.
152. Betina, Fehti, Kalaja, 09.04.72.
153. Rozeta, Xhemil, Kamberaj, 23.12.65.
154. Ylli, Pavllo, Katamelo, 06.–1.59.
155. Aurela, Kajtaz, Katamelo, 19.06.68.
156. Liliana, Jorgji, Kono, 14.07.66.
157. Panajota, Jorgji, Konomi, 18.04.27.
158. Jani, Vasil, Konomi, 06.08.46.
159. Sokol, Jani, Konomi, 07.04.75.
160. Pranvera, Seit, Konomi, 18.01.51.
161. Mimoza, Jani, Konomi, 09.07.78.
162. Edmond, Sadri, Koshi, 07.03.55.
163. Ilirjana, Fatmir, Kosho, 23.02.67.
164. Eleni, Rado, Kosto, 06.05.29.
165. Irena, Anton, Kujxhia, 03.07.44.
166. Nikolin, Viktor, Kujxhiu, 04.05.76.
167. Sotiraq, Vani, Kujxhiu, 09.07.32.
168. Haxhire, Ramazan, Kulla, 17.03.31.
169. Vjollca, Hasan, Kulla, 02.01.55.
170. Muharrem, Hasan, Kulla, 09.03.52.
171. Zaide, Hamdi, Kulla, 14.02.56.
172. Irvjan, Muharrem, Kulla, 14.02.56.
173. Rejina, Muharrem, Kulla, 11.10.81.
174. Lulzim, Hasan, Kulla, 09.07.55.
175. Luiza, Lefter, Kulla, 09.04.41.
176. Hasan, Rexhep, Kulla, 09.12.27.
177. Idajete, Ahmet, Kundraxhiu, 6.03.45.
178. Kimete, Sherif, Leba, 24.12.64.
179. Agim, Liman, Leba, 13.08.52.
180. Ylli, Jashar, Leka, 09.10.66.
181. Vjollca, Zerap, Leka, 10.10.69.
182. Arshi, Sinana, Leli, 18.04.81.
183. Liliana, Haxhi, Leli, 17.04.79.
184. Ervin, Arshi, Leli, 18.06.30.
185. Majlinda, Abin, Lemo, 14.01.74.
186. Ermijan, Pali, Lemo, 16.02.31.
187. Gjergi, Vask, Lena, 16.03.67.
188. Beqir, Besim, Lloi, 07.02.43.
189. Fize, Fejzo, Lloi, 09.05.40.
190. Ilira, Beqir, Lloi, 10.03.82.
191. Vangjeli, Jance, Luarasi, 17.04.60.
192. Xhevair, Tasim, Mane, 17.01.37.
193. Ikbale, Hysni, Mane, 18.12.39.
194. Vehbi, Qamil, Mansaku, 07.02.51.
195. Zafije, Sadim, Mansaku, 09.03.65.
196. Isuf, Flamur, Mato, 22.03.57.
197. Fatbardha, Muharem, Mato, 02.08.50.
198. Genti, Isuf, Mato, 06.04.74.
199. Didi, Malko, Mato, 05.13.29.
200. Boga, Sofian, Mazniku, 07.05.63.
201. Ana, Diso, Mazniku, 19.07.83.
202. Cvetan, Boga, Mazniku, 04.07.68.
203. Lavdije, Shyqyri, Mazniku, 06.03.71.
204. Bllozhe, Fetadin, Mazniku, 07.04.47.
205. Bllagura, Kosta, Mazniku, 17.07.52.
206. Denis, Bllazhe, Mazniku, 16.05.80.
207. Dero, Ymer, Metollau, 14.01.59.
208. Kostandin, Vasil, Miko, 02.01.21.
209. Ollga, Lluka, Miko, 07.02.22.
210. Urani, Man, Mosla, 14.05.54.
211. Hysen, Beqir, Muca, 17.04.30.
212. Adile, Ismail, Muca, 06.03.32.
213. Drita, Hysen, Muca, 09.02.70.
214. Kujtim, Hysen, Muca, 20.01.54.
215. Lumturi, Shaban, Muca, 30.04.61.
216. Haxhire, Saliko, Musaka, 03.08.31.
217. Xhezmi, Hasan, Muskolli, 04.03.41.
218. Majlinda, Halil, Myrto, 07.12.70.
219. Leonard, Jorgji, Nano, 16.07.50.
220. Natasha, Sami, Nano, 11.06.47.
221. Apostol, Zarik, Nasi, 16.05.47.
222. Natasha, Kico, Nasi, 18.03.41.
223. Sajmir, Apostol, Nasi, 16.07.74.
224. Selaudin, Nasuf, Nasufaga, 17.02.46.
225. Edije, Fadil, Nasufaga, 19.03.46.
226. Bledar, Selaudin, Nasufaga, 19.07.70.
227. Elona, Selaudin, Nasufaga, 04.02.79.
228. Elona, Nasufaga, Nasufaga, 07.04.67.
229. Elizabeta, Mersin, Nikolla, 25.09.70.
230. Valentin, Ismail, Nura, 18.01.80.
231. Fatmira, Vasil, Nuri, 18.09.80.
232. Nadire, Shaban, Nuri, 09.06.48.
233. Shazimir, Hamdi, Nuri, 05.04.38.
234. Ndricim, Myskym, Nuri, 25.02.56.
235. Skender, Maksut, Oreja, 01.03.64.
236. Eduart, Mysret, Osmani, 18.07.49.
237. Pranvera, Sherif, Osmani, 16.10.54.
238. Mejla, Eduart, Osmani, 10.05.75.
239. Omer, Tili, Pando, 06.05.39.
240. Adriana, Zake, Pando, 16.03.42.
241. Vasil, Leaner, Pando, 09.11.73.
242. Ervin, Leaner, Pando, 04.07.75.
243. Kozeta, Gjergj, Papajorgji, 19.07.47.
244. Shpresa, Pandeli, Papapavllo, 18.05.37.
245. Dhimitraq, Pandeli, Papapavllo, 16.09.36.
246. Penelopi, Stasi, Papapavllo, 01.12.48.
247. Stefan, Vasil, Peci, 06.11.27.
248. Arsino, Llukan, Peci, 03.01.34.
249. Alban, Hamdi, Pellenja, 18.07.60.
250. Merita, Lulw, Pepa, 19.04.81.
251. Ciril, Stefan, Pistoli, 07.04.21.
252. Anxhelina, Qimo, Pistoli, 19.03.64.
253. Dritan, Ciril, Pistoli, 20.02.60.
254. Qamile, Xhemal, Pregja, 29.04.47.
255. Rakip, Myftar, Pregja, 06.04.70.
256. Arben, Rakip, Pregja, 07.02.72.
257. Safie, Sadik, Prrenjasi, 18.07.58.
258. Denis, Bashkim, Prrenjasi, 24.12.80.
259. Bashkim, Idajet, Prrenjasi, 24.11.52.
260. Entela, Rodolf, Qase, 15.12.56.
261. Kostandin, Trifon, Qirici, 06.03.56
262. Margarita, Bllazhe, Qirici, 05.01.63.
263. Liliana, Thanas, Qirko, 18.01.23.
264. Natasha, Gani, Qirko, 07.03.1946
265. Merushe, Zeqi, Qosja, 14.02.70.
266. Rajmonda, Dasti, Qyshku, 06.01.68.
267. Durim, Adem, Qyshku, 09.04.67.
268. Lulzim, Adem, Qyshku, 08.12.60.
269. Merita, Seit, Qyshku, 30.09.61.
270. Eltisa, Nexhmi, Qyshku, 07.04.68.
271. Bedrije, Ali, Qyshku, 21.04.22.
272. Andrea, Nikolla, Rada, 04.05.20.
273. Kristo, Nikolla, Rada, 04.07.46.
274. Krisanthi, Kosta, Rada, 09.03.24.
275. Lumturi, Xhafer, Rakaj, 20.03.54.
276. Rapushe, Bajram, Rakaj, 12.12.30.
277. Aferdita, Ret, Rama, 04.09.78.
278. Bujar, Brahim, Ramaj, 16.07.47.
279. Refie, Ymer, Ramaj, 11.04.56.
280. Nertila, Bujar, Ramaj, 17.03.78.
281. Sanie, Ramadan, Rapuci, 22.04.63.
282. Suzana, Nasip, Rapuci, 07.04.65.
283. Bedame, Malo, Rexhepaj, 10.04.52.
284. Dilaver, Cerciz, Rexhepaj, 09.03.50.
285. Nadja, Thoma, Roshi, 22.04.41.
286. Likurga, Dhimiter, Roshi, 20.02.32.
287. Genti, Likurga, Roshi, 02.19.75.
288. Antoneta, Agim, Sadiku, 12.03.72.
289. Ballkiz, Sulejman, Sala, 07.02.30.
290. Zyra, Xhemal, Sala, 09.03.17.
291. Xhemali, Adem, Shabani, 27.02.66.
292. Nevruz, Sabri, Shaholli, 07.04.51.
293. Et-hem, Haki, Shehu, 18.01.35.
294. Banu, Ymer, Shehu, 06.09.36.
295. Arben, Ethem, Shehu, 18.06.64.
296. Mimoza, Kasem, Shehu, 18.07.55.
297. Bashkim, Idriz, Shehu, 13.04.51.
298. Shkelzen, Bashkim, Shehu, 15.01.79.
299. Gezim, Sadik, Shima, 30.02.40.
300. Bakiza, Mehmet, Shima, 07.08.47.
301. Eldin, Gwzim, Shima, 19.02.69.
302. Brikena, Dhimitraq, Shima, 20.03.70.
303. Alush, Mustafa, Shima, 19.08.41.
304. Zana, Ali, Shima, 16.04.49.
305. Orion, Alush, Shima, 10.07.57.
306. Robert, Alush, Shima, 16.04.76.
307. Flora, Bajram, Shkalla, 11.09.70.
308. Besnik, Elmaz, Shkoza, 25.03.63.
309. Myslym, Elmaz, Shkoza, 22.01.65.
310. Hide, Pashko, Shkoza, 20.01.42.
311. Anila, Shefqet, Shkoza, 06.03.70.
312. Shkelqime, Besim, Shkoza, 27.02.70.
313. Muazez, Ali, Shoholli, 08.09.52.
314. Nadire, Dule, Sina, 17.04.51.
315. Qemal, Eqeme, Sina, 16.05.52.
316. Roland, Riza, Sina, 17.02.55.
317. Kujtim, Rasim, Sokoli, 19.07.39.
318. Agime, Faslli, Sokoli, 20.06.46.
319. Enis, Kujtim, Sokoli, 16.07.72.
320. Nevila, Kujtim, Sokoli, 15.03.70.
321. Pellumb, Izet, Spaho, 13.02.54.
322. Bukurije, Xhemal, Spaho, 19.01.65.
323. Isuf, Ferid, Sukaj, 29.04.37.
324. Vjollca, Baki, Sukaj, 31.01.49.
325. Ferid, Isuf, Sukaj, 19.07.68.
326. Fiqerete, Avni, Sulejmani, 04.07.61.
327. Hava, Hysen, Tafalla, 10.07.60.
328. Shpresa, Veliko, Thana,
329. Veliko, Islam, Thana, 09.07.20.
330. Kico, Gole, Tola, 09.04.31.
331. Amalia, Kico, Tola, 17.08.62.
332. Lumturie, Lesti, Troka, 18.01.64.
333. Diturie, Hamit, Truka, 06.04.30.
334. Edmond, Vaska, Vangjeli, 17.03.64.
335. Edmond, Vangjel, Vasho, 19.07.45.
336. Genc, Myfit, Vigani, 08.01.62.
337. Mirela, Shyqyri, Vigani, 06.04.66.
338. Sadie, Muharrem, Vilia, 14.01.28.
339. Pavlina, Nikoll Visani, 19.03.1910.
340. Edmond, Dhimiter, Visani, 12.01.53.
341. Luljeta, Zenel, Xhemali, 24.12.71.
342. Valentina, Fatmir, Xhilli, 10.10.59.
343. Celo, Godo, Xhupa, 11.09.47.
344. Penda, Haxhi, Xhupa, 30.07.60.
345. Arben, Celo, Xhupa, 04.06.40.
346. Drita, Gani, Xibraku, 24.07.62.
347. Sabri, Faredin, Zazani, 06.05.58.
348. Aferdita, Islam, Zazani, 03.05.67.
349. Ramazan, Besim, Zelia, 06.03.54.
350. Diana, Bilal, Zelia, 18.06.56.
351. Ardian, Zaif, Zeqa, 30.02.61.
352. Henrieta, Hajredin, Zeqa, 15.04.64.
353. Shazije, Mexhit, Zina, 06.05.30.
354. Flora, Dod, Zina, 04.07.69.
355. Astrit, Jani, Ziu, 21.01.46.
356. Loreta, Sotir, Ziu, 06.07.50.
357. Odeta, Asti, Ziu, 08.04.81.
358. Ylmis, Rexhga, Ziu, 04.01.41.
359. Rape, Agim, Ziu, 06.03.67.
360. Bertilda, Ziko, Zuna, 09.03.75.
361. Adhurim, Arshim, Zuna, 09.04.68.
362. Ashim, Riza, Zuna, 03.12.38.
363. Saliha, Hajdar, Zuna, 16.03.38.

Municipality Unit No. 4.
Polling Station No. 122.

I. VOTERS IN CIVIL STATUS REGISTER

1. Voters of permanent location	1868
2. Voters of temporary location	406
Total	2 274

II. VOTERS IN THE VOTING LISTS OF THE ELECTION OF OCTOBER 1. 2000

Voters in the A list	864
Voters in the B list	506
Total	1 370

Differenc: I – II = 904 Voters.

Njesia Bashkiake Nr. 4.
Qendra E Votimit Nr. 122.

I. VOTUES NE RREGJISTRIN E GJENDJES CIVILE

Votues me banim te perhershem	1 868
Votues me banim te perkohshem	406
Shuma	2 274

II. VOTUES NE LISTAT E VOTIMIT TE 1 TETORIT 2000

Votues ne listen A	864
Votues ne listen B	506
Shuma	1 370

Diferenca: I – II = 904 votues.

LISTA E VOTUESVE SIPAS REGJISTRIT TE GJENDJES CIVILE QENDRA E VOTIMIT 122 VOTUES ME BANIM TE PERHERSHEM

Nr., Emri, Atesia, Mbiemri, Datelindja
1. Alketa, Dilaver, Abazi, 19.10.82.
2. Dashamire, Dilaver, Abazi, 20.10.79.
3. Dilaver, Gani, Abazi, 13.08.56.
4. Drita, Idriz, Abazi, 13.06.72.
5. Emrije, Osman, Abazi, 03.03.60.
6. Gezim, Hasan, Abazi, 04.03.60.
7. Klotilda, Xhevdet, Abazi, 02.09.83.
8. Lime, Caush, Abazi, 01.07.29.
9. Roza, Nurce, Abazi, 18.01.61.
10. Safedin, Vesel, Abazi, 02.05.63.
11. Sudrit, Xhevdet, Abazi, 31.10.79.
12. Vesel, Ibrahim, Abazi, 10.01.29.
13. Vjollca, Ahmet, Abazi, 20.11.58.
14. Xhevdet, Vesel, Abazi, 12.05.55.
15. Mariglen, Gezim, Abazi, 06.02.82.
16. Lorenca, Bashkim, Ademi, 15.10.74.
17. Yllka, Qerim, Agolli, 27.07.81.
18. Dhimiter, Niko, Agora, 03.08.34.
19. Krisanthi, Dhimiter, Agora, 25.09.60.
20. Edhoksia, Kosta, Agora, 23.05.36.
21. Roland, Dhimiter, Agora, 20.05.69.
22. Etleva, Agron, Agora, 16.09.74.
23. Ilirian, Izet, Ahmedaja, 03.09.55.
24. Elvira, Gani, Ahmedaja, 01.11.59.
25. Alida, Sulejman, Ahmetaj, 13.08.82.
26. Aranit, Sulejman, Ahmetaj, 25.10.76.
27. Artan, Idriz, Ahmeti, 11.12.73.
28. Dilaver, Idriz, Ahmeti, 10.04.70.
29. Elvije, Selim, Ahmeti, 14.09.75.
30. Idriz, Ali, Ahmeti, 22.08.41.
31. Lirije, Mahmut, Ahmeti, 10.03.48.
32. Mehmet, Idriz, Ahmeti, 10.01.68.
33. Sabedin, Idriz, Ahmeti, 25.01.69.
34. Sabrije, Hasan, Ahmetaj, 28.06.55.
35. Sulejman, Halil, Ahmetaj, 20.10.50.
36. Halim, Hysen, Ajazi, 01.02.56.
37. Elmije, Ramadan, Ajazi, 06.01.63.
38. Adem, Ahmet, Ajazi, 28.09.35.
39. Xhemile, Mexhit, Ajazi, 31.12.68.
40. Razije, Qamil, Ajazi, 15.07.41.
41. Hiqmet, Adem, Ajazi, 31.08.63.
42. Lulzim, Adem, Ajazi, 28.03.65.
43. Liri, Ajazi, 28.03.69.
44. Elena, Ajazi, 28.06.70.
45. Adem, Nexhip, Alija, 02.09.79.
46. Adivije, Asllan, Alija, 16.05.80.
47. Agim, Bajram, Ali, 01.10.52.
48. Ahmet, Mustafa, Alija, 03.09.38.
49. Arben, Mustafa, Alia, 01.10.60.
50. Bekie, Qemal, Alia, 23.04.64.
51. Daniela, Agim, Ali, 11,08.81.
52. Dile, Gjergj, Aliaj, 23.03.64.
53. Drita, Skender, Ali, 05.09.73.
54. Feim, Dino, Aliaj, 21.04.58.
55. Ferite, Nexhip, Alija, 25.10.74.
56. Gjylfere, Xhep, Alija, 12.06.50.
57. Haxhire, Abdulla, Alidhja, 08.08.69.
58. Ilir, Xhevdet, Ali, 25.01.75.
59. Luan, Nexhip, Alija, 17.10.70.
60. Maksim, Halil, Aliaj, 28.03.55.
61. Mereme, Luto, Alija, 24.12.46.
62. Nexhip, Hatem, Alija, 21.06.38.
63. Petrit, Nexhip, Alija, 20.10.81.
64. Shpresa, Selma, Aliaj, 06.07.56.
65. Sonila, Agim, Ali, 01.02.78.
66. Violeta, Rexhep, Ali, 19.04.57.
67. Zamira, Nexhip, Alija, 12.03.77.
68. Alije, Ibrahim, Aliko, 25.03.55.
69. Xhavit, Reshit, Alimemeti, 02.08.42.
70. Bukurie, Qazim, Alimemeti, 26.02.52.
71. Qamil, Daut, Alisinani, 15.01.18.
72. Xhihane, Muharem, Alisinani, 10.02.20.
73. Drita, Halim, Aliu, 24.12.58.
74. Nazime, Myrteza, Allgjata, 06.02.43.
75. Vehbi, Muharrem, Allushi, 02.03.73.
76. Sanije, Adem, Almadhi, 01.03.30.
77. Xhevair, Ymer, Almadhi, 20.07.56.
78. Sheme, Sato, Almadhi, 20.08.63.
79. Alfred, Xhevair, Almadhi, 20.08.63.
80. Petref, Gurali, Alushi, 18.12.65.
81. Veronika, Muharem, Alushi, 20.01.62.
82. Tefta, Leonidha, Andoni, 21.04.46.
83. Bari, Shuaip, Arapaj, 09.01.61.
84. Almita, Ermulla, Arapi, 15.06.65.
85. Tahir, Ermulla, Arapi, 29.06.67.
86. Adelina, Fatmir, Arifi, 04.02.77.
87. Agim, Arifi, 26.02.77.
88. Xhevrije, Isuf, Aruci, 16.07.60.
89. Ramiz, Isuf, Aruci, 01.06.65.
90. Mirjeta, Safet, Aruci, 05.06.65.
91. Isuf, Xhemal, Aruci, 04.05.33.
92. Ishe, Kalem, Aruci, 13.05.37.
93. Liljana, Aruci, 06.12.70.
94. Bardha, Isuf, Aruci, 26.04.72.
95. Shkendie, Isuf, Aruci, 06.07.75.
96. Ariana, Isuf, Aruci, 06.07.75.
97. Bukurije, Sherif, Avdiu, 01.05.64.
98. Romeo, Gezim, Avdiu, 29.01.83.
99. Sefedin, Hamit, Avdiu, 30.03.64.
100. Jeta, Ymer, Avdiu, 02.08.58.
101. Armand, Clirim, Avdiu, 07.03.77.
102. Jurlind, Clirim, Avdiu, 15.11.80.
103. Sherif, Xhemal, Avdiu, 19.03.26.
104. Refije, Rexhep, Avdiu, 03.10.23.
105. Xhevit, Sabri, Azizi, 01.06.46.
106. Kadrie, Hysenj, Azizi, 12.08.47.
107. Valbona, Xhevit, Azizi, 10.05.74.
108. Manjola, Xhevit, Azizi, 25.05.77.
109. Irena, Xhevit, Azizi, 10.06.82.
110. Engjellushe, Azizi, 26.02.77.
111. Shyqyri, Dan, Baca, 01.03.65.
112. Fluturije, Fiqiri, Baca, 16.08.59.
113. Selim, Shaqir, Bacova, 10.11.42.
114. Hatixhe, Tasim, Bacova, 07.03.45.
115. Edmond, Selim, Bacova, 16.03.66.
116. Anila, Selim, Bacova, 11.09.71.
117. Roland, Selim, Bacova, 03.11.75.
118. Enkelejda, Ali, Bacova, 21.12.70.
119. Argentina, Selim, Bacova, 29.01.79.
120. Naim, Latif, Bajraktari, 02.02.58.
121. Laze, Lahim, Bajraktari, 10.01.62.
122. Gjon, Naim, Bajraktari, 22.05.82.
123. Tafil, Musa, Bajrami, 10.03.41.
124. Kujtime, Ramazan, Bajrami, 10.01.41.
125. Arben, Tafil, Bajrami, 25.04.69.
126. Fatos, Tafil, Bajrami, 15.04.74.
127. Hajrije, Rushit, Bajrami, 11.01.74.
128. Atixhe, Mefail, Bajro, 08.06.28.
129. Bukurije, Dylbin, Bajro, 11.11.60.
130. Edlira, Rexhep, Bajro, 19.05.73.
131. Fatos, Islam, Bajro, 14.05.60.
132. Ihsan, Sali, Bajro, 14.07.30.
133. Islam, Bilal, Bajro, 12.10.35.
134. Jashar, Ihasn, Bajro, 12.10.68.
135. Myslim, Islam, Bajro, 14.05.60.
136. Paradita, Ramis, Bajro, 18.07.59.
137. Seladin, Ihasn, Bajro, 14.01.60.
138. Vjollca, Halit, Bajro, 17.09.64.
139. Zhaneta, Hamit, Bajro, 25.04.63.
140. Xheladin, Beqir, Bala, 23.08.58.
141. Aishe, Muharrem, Bala, 01.12.20.
142. Kumrije, Bajram, Bala, 15.05.62.
143. Qamil, Beqir, Bala, 18.06.56.
144. Klara, Qirjako, Bala, 11.03.63.
145. Musha, Frrok, Balaj, 10.07.43.
146. Sander, Preng, Balaj, 22.06.66.
147. Nurije, Qerim, Balaj, 04.05.68.
148. Ismail, Haki, Baliko, 15.02.51.
149. Sefer, Ali, Balla, 01.10.39.
150. Selfiqaz, Shero, Balla, 25.11.40.
151. Irena, Sefer, Balla, 21.06.81.
152. Ramiz, Ramadan, Bami, 11.02.46.
153. Luljeta, Ramiz, Bami, 01.08.72.
154. Deshira, Nurce, Bami, 10.11.53.
155. Arben, Isuf, Bardhoshi, 02.09.71.
156. Vjollca, Gani, Bardhoshi, 25.05.74.
157. Ermira, Nazif, Bardhoshi, 26.05.49.
158. Alban, Burhan, Bardhoshi, 15.03.70.
159. Elvis, Burhan, Bardhoshi, 21.06.71.
160. Barize, Haxhi, Barmashi, 28.11.36.
161. Natasha, Xhelal, Barmashi, 04.12.62.
162. Zhuljeta, Xhelal, Barmashi, 12.06.58.
163. Artan, Xhelal, Barmashi, 14.12.61.
164. Brunilda, Lulzim, Barmashi, 03.01.75.
165. Xhelal, Irfan, Barsiu, 30.01.61.
166. Albana, Basri, 14.09.71.
167. Arjan, Luftim, Basri, 15.06.75.
168. Artan, Esat, Basriu, 11.03.68.
169. Astrit, Malo, Basriu, 21.05.66.
170. Bedrije, Gazmir, Basriu, 09.05.78.
171. Bukurie, Zeqir, Basri, 02.02.54.
172. Diana, Kujtim, Bastriu, 23.03.73.
173. Donika, Nazmi, Bastriu, 10.06.72.
174. Drita, Qazim, Bastriu, 27.02.57.
175. Edmond, Nazmi, Basriu, 07.09.69.
176. Elvira, Gazmend, Basriu, 25.08.80.
177. Esat, Irfan, Basriu, 04.06.47.
178. Fatime, Musa, Basriu, 24.02.47.
179. Fitnete, Iljaz, Bastri, 14.08.59.
180. Fredi, Nazmi, Basriu, 07.06.72.
181. Fuat, Luftim, Basri, 07.06.69.
182. Gazmend, Mato, Basriu, 05.10.61.
183. Irfan, Basri, Basriu, 10.03.14.
184. Kujtim, Abdurrahman, Bastriu, 05.02.66.
185. Lindita, Esat, Basriu, 18.05.79.
186. Luftim, Sinan, Basri, 19.09.51.
187. Maresa, Hamdi, Basriu, 05.11.74.
188. Merita, Xhevdet, Basriu, 12.02.72.
189. Mirlinda, Malo, Basriu, 17.07.78.
190. Nadire, Xhafer, Basriu, 01.03.50.
191. Natasha, Hamdi, Basriu, 05.11.74.
192. Nazmi, Irfan, Basriu, 20.06.40.
193. Nazmie, Malo, Basriu.
194. Qemal, Nazmi, Basriu, 05.02.59.
195. Raimonda, Luftim, Basri, 19.10.80.
196. Rita, Qemal, Basriu, 24.05.63.
197. Sokol, Esat, Basriu, 15.01.72.
198. Vjollca, Malo, Basriu, 14.07.72.
199. Klodiana, Ramadan, Baxhia, 23.06.75.
200. Eqerem, Ramadan, Baxhija, 08.06.68.
201. Eva, Llambi, Baxhija, 12.08.70.
202. Ramadan, Ismail, Baxhija, 17.05.26.
203. Naim, Ferit, Begolli, 19.09.65.
204. Etleva, Nazif, Begolli, 28.03.76.
205. Ali, Ferit, Begolli, 18.04.61.
206. Arta, Bato, Begolli, 31.10.68.
207. Ferit, Bektash, Begolli, 26.02.29.
208. Nazime, Demir, Begolli, 31.12.34.
209. Fitnete, Hamid, Beja, 06.01.27.
210. Zeqir, Zyber, Benga, 22.02.58.
211. Vera, Hasan, Benga, 11.08.62.
212. Altin, Zeqir, Benga, 22.11.82.
213. Nejazi, Selim, Beqaj, 21.10.60.
214. Lida, Rexhep, Beqaj, 29.01.61.
215. Beqir, Banush, Beqiri, 06.05.32.
216. Fatime, Liman, Beqiri, 20.05.38.
217. Banush, Beqir, Beqiri, 28.09.75.
218. Bashkim, Beqir, Beqiri, 18.11.72.
219. Mirela, Beqir, Beqiri, 16.05.74.
220. Dituri, Ramadan, Beqiri, 24.10.46.
221. Spartak, Halim, Beqiri, 17.07.71.
222. Valbona, Mitri, Beqiri, 26.01.77.
223. Kujtim, Shefqet, Berberi, 25.09.60.
224. Mimoza, Ali, Berberi, 14.12.70.
225. Aishe, Mehmet, Berberi, 23.07.36.
226. Fatmir, Shefqet, Berberi, 16.12.70.

227. Denada, Hysen, Berberi, 11.07.74.
228. Hasan, Shefqet, Berisha, 18.03.52.
229. Dije, Haxhi, Berisha, 19.07.71.
230. Pema, Pelivan, Berisha, 25.11.46.
231. Manjola, Hasan, Berisha, 28.09.74.
232. Rudina, Hasan, Berisha, 21.12.76.
233. Vilka, Isuf, Bespalla, 11.05.55.
234. Jelsan, Izet, Bilbicaj, 17.07.67.
235. Lindita, Hekuran, Bilbicaj, 27.11.69.
236. Alfred, Kurtalli, Bilbili, 23.12.72.
237. Rezart, Kurtalli, Bilbili, 21.09.76.
238. Koco, Stavro, Birbo, 20.09.54.
239. Viktori, Irakli, Birbo, 16.03.58.
240. Olsi, Koco, Birbo, 03.03.83.
241. Arqile, Llazi, Bitri, 20.03.63.
242. Donika, Ban, Bitri, 26.09.62.
243. Ornela, Nikollaq, Bleta, 02.02.77.
244. Bujar, Mitat, Brahimllari, 20.09.68.
245. Kozeta, Elmaz, Brahimllari, 21.07.68.
246. Fadil, Avni, Bramka, 30.12.51.
247. Lumturije, Ibrahim, Bramka, 25.02.55.
248. Rozeta, Fadil, Bramka, 22.12.81.
249. Markela, Fadil, Bramka, 29.04.83.
250. Adrijana, Ruzhdi, Bregu, 05.04.76.
251. Agron, Mersin, Bregu, 26.08.70.
252. Anife, Sali, Bregu, 12.05.37.
253. Anila, Milaim, Bregu, 31.10.72.
254. Argjentina, Bregu, 28.01.80.
255. Bari, Kujtim, Bregu, 01.04.74.
256. Brikena, Gjergj, Bregu, 29.11.74.
257. Dermikan, Kasem, Bregu, 15.02.51.
258. Dhurata, Ferit, Bregu, 09.06.54.
259. Dylber, Mersin, Bregu, 04.04.58.
260. Elvira, Xheladin, Bregu, 10.12.63.
261. Esat, Nexhip, Bregu, 05.04.51.
262. Fike, Elmaz, Bregu, 20.06.27.
263. Florian, Skender, Bregu, 17.07.80.
264. Ikbale, Shaqir, Bregu, 27.07.68.
265. Irda, Shkelqim, Bregu, 07.11.82.
266. Kadri, Mersin, Bregu, 19.03.62.
267. Luljeta, Mersin, Bregu, 06.12.78.
268. Mersin, Ramadan, Bregu, 31.12.30.
269. Mirsida, Skender, Bregu, 27.08.83.
270. Nexhip, Ramadan, Bregu, 15.04.43.
271. Qibrije, Hamdi, Bregu, 07.09.66.
272. Shkelqim, Zyber, Bregu, 01.01.54.
273. Shyqyri, Mersin, Bregu, 23.09.66.
274. Silvana, Kujtim, Bregu, 18.02.81.
275. Silvana, Dylber, Bregu, 13.03.83.
276. Skender, Shefki, Bregu, 09.01.56.
277. Suzana, Shefki, Bregu, 24.09.67.
278. Vera, Shefki, Bregu, 14.12.54.
279. Zylfije, Qamil, Bregu, 02.12.61.
280. Gezim, Brojaj, 06.01.65.
281. Mirjana, Ahmet, Brojaj, 08.02.70.
282. Llesh, Lazer, Brunga, 14.08.28.
283. Mrike, Nikoll, Brunga, 03.09.36.
284. Lazer, Llesh, Brunga, 31.01.68.
285. Leonard, Llesh, Brunga, 24.11.72.
286. Ferdinand, Llesh, Brunga, 23.03.64.
287. Suzana, Llesh, Brunga, 23.03.69.
288. Lutfije, Ramazan, Bukri, 18.11.22.
289. Astrit, Haxhi, Bukri, 24.05.61.
290. Fatmira, Tahsim, Bukri, 18.09.67.
291. Rezarta, Shefqet, Bulku.
292. Violeta, Ibrahim, Bulriza, 28.12.65.
293. Nike, Gjon, Bushi, 19.07.66.
294. Pellumb, Gjon, Bushi, 18.08.69.
295. Gjustin, Ndue, Bushi, 21.04.72.
296. Dionis, Thoma, Caci, 15.10.79.
297. Pertef, Vehip, Cami, 05.03.33.
298. Kudret, Mynyr, Cami, 11.02.38.
299. Vehip, Petref, Cami, 27.03.64.
300. Zamira, Petref Cami, 30.10.66.
301. Valbona, Mersin, Celmeta, 31.07.70.
302. Taulant, Mersin, Celmeta, 29.11.72.
303. Luljeta, Hamdi, Celmeta, 11.11.67.
304. Mersin, Ali, Celmeta, 29.05.32.
305. Hamide, Murat, Celmeta, 10.03.69.
306. Anila, Ali, Celmeta, 15.05.72.
307. Hane, Latif, Celmeta, 24.01.38.
308. Defrim, Mersin, Celmeta, 10.03.61.
309. Astrit, Mersin, Celmeta, 20.04.63.
310. Artan, Mersin, Celmeta, 14.09.65.
311. Genc, Kujtim, Cenolli, 04.02.73.
312. Sokol, Kujtim, Cenolli, 25.04.69.
313. Blerta, Myzafet, Cenolli, 31.10.74.
314. Kujtim, Garip, Cenolli, 02.03.37.
315. Aferdita, Islam, Cenolli, 09.03.48.
316. Arben, Kujtim, Cenolli, 29.08.70.
317. Elton, Kujtim, Cenolli, 21.05.82.
318. Sanije, Muharem, Collaku, 31.12.40.
319. Nexhip, Ahmet, Collaku, 11.04.62.
320. Arben, Ahmet, Collaku, 21.08.64.
321. Ilir, Ahmet, Collaku, 08.03.74.
322. Anila, Vehbi, Collaku, 28.05.70.
323. Mirushe, Xhemal, Cufe, 20.02.22.
324. Mamudi, Caush, Cuka, 04.01.54.
325. Entela, Kudret, Cuka, 01.08.76.
326. Ana, Kudret, Cuka, 25.08.77.
327. Fatjon, Kudret, Cuka, 14.01.80.
328. Frida, Kudret, Cuka, 24.03.82.
329. Marte, Qemal, Cupi, 04.07.60.
330. Adelina, Ragip, Daka, 02.02.81.
331. Lirije, Bal, Daka, 04.09.69.
332. Etleva, Tajar, Daka, 02.03.75.
333. Lytfije, Latif, Daka, 11.12.38.
334. Avni, Rakip, Daka, 18.01.65.
335. Luftim, Rakip, Daka, 24.06.70.
336. Rozeta, Ragip, Daka, 10.01.78.
337. Dhimiter, Lliko, Daka, 19.11.73.
338. Enkeleda, Lliko, Daka, 30.11.71.
339. Lliko, Kico, Dako, 15.05.43.
340. Shpresa, Muhamet, Dako, 22.11.54.
341. Suela, Liko, Dako, 03.05.78.
342. Haziz, Dalipi, 06.09.62.
343. Elvis, Haziz, Dalipi, 19.06.82.
344. Manushaqe, Xheladin, Dalipi, 13.04.69.
345. Agim, Izet, Dalipi, 14.03.61.
346. Myzejen, Kadri, Dalipi, 31.03.61.
347. Donika, Dalipi, 12.07.78.
348. Elvira, Agim, Dalipi, 27.02.81.
349. Lilana, Agim, Dalipi, 08.01.83.
350. Adriatik, Izet, Dalipi, 04.11.75.
351. Spartak, Izet, Dalipi, 06.04.79.
352. Brixhida, Skendo, Dede, 08.10.64.
353. Diana, Bashkim, Demce, 15.08.64.
354. Besim, Jashar, Demiri, 03.01.37.
355. Rahmije, Demir, Demiri, 30.08.43.
356. Jashar, Besim, Demiri, 10.02.77.
357. Hamza, Besim, Demiri, 30.04.80.
358. Fatbardha, Besim, Demiri, 25.07.62.
359. Drita, Besim, Demiri, 11.06.65.
360. Ramazan, Besim, Demiri, 09.01.67.
361. Zhaneta, Danjel, Demiri, 17.01.75.
362. Natash, Murat, Dervishi, 25.10.57.
363. Sevdie, Mersin, Dervishi, 21.07.68.
364. Jakup, Destan, Disha, 12.03.19.
365. Zaide, Iljaz, Disha, 13.01.20.
366. Hysni, Jakup, Disha, 19.05.58.
367. Kadrije, Faridan, Disha, 15.03.58.
368. Klodiana, Hysni, Disha, 07.06.82.
369. Xhemal, Garip, Disha, 13.03.50.
370. Hane, Ahmet, Doci, 10.02.56.
371. Sanie, Shaban, Doci, 13.03.45.
372. Gentian, Rezart, Doci, 21.09.75.
373. Sabiola, Rezart, Doci, 20.01.81.
374. Hiqmet, Ahmet, Doci, 24.04.60.
375. Anirda, Ali, Doci, 27.06.63.
376. Osman, Jakup, Doka, 25.06.60.
377. Hava, Bequir, Doka, 01.11.63.
378. Fatmir, Skender, Doko, 11.08.64.
379. Liljana, Skender, Doko, 09.03.68.
380. Shkelqim, Skender, Doko, 03.06.70.
381. Floresha, Skender, Doko, 07.11.74.
382. Liljana, Enver, Doko, 16.03.76.
383. Pranvera, Myrvet, Doko, 13.04.71.
384. Ferit, Rexhep, Domi, 16.01.47.
385. Mimoza, Nexhat, Domi, 17.04.61.
386. Entela, Fadil, Dona.
387. Arta, Bajram, Duka, 02.03.73.
388. Besnik, Rexh, Duka, 27.01.65.
389. Blerina, Bajram, Duka, 13.04.78.
390. Drita, Nazif, Duka, 07.02.67.
391. Drita, Lice, Duka, 25.11.68.
392. Festime, Maliq, Duka, 27.01.71.
393. Flutra, Abedin, Duka, 16.10.68.
394. Gjergji, Bajram, Duka, 24.08.75.
395. Ilir, Bajram, Duka, 25.02.71.
396. Jolanda, Bajram, Duka, 04.01.77.
397. Liri, Rushit, Duka, 08.02.50.
398. Manushaqe, Qani, Duka, 20.04.64.
399. Salushe, Meti, Duka, 10.02.26.
400. Sonila, Bajram, Duka, 31.07.82.
401. Zice, Shaqir, Duka, 01.01.27.
402. Barije, Bedri, Dule, 12.02.35.
403. Kastriot, Sherif, Dule, 17.12.69.
404. Pranvera, Qerem, Dule, 12.11.68.
405. Shkelqim, Sherif, Dule, 25.09.55.
406. Naxhije, Ali, Dule, 31.03.61.
407. Besim, Sefer, Durishti, 1.11.43.
408. Vjollca, Ramazan, Durishti, 03.03.47.
409. Albana, Rasim, Durishti, 11.02.71.
410. Ortenca, Rasim, Durishti, 05.10.80.
411. Islam, Novruz, Duro, 21.01.42.
412. Haneme, Ramadan, Duro, 24.07.42.
413. Mimoza, Islam, Duro, 14.07.65.
414. Granit, Islam, Duro, 22.04.68.
415. Heroina, Islam, Duro, 15.02.71.
416. Ilirjan, Islam, Duro, 15.02.71.
417. Nazmi, Rexhep, Dylberi, 25.07.67.
418. Mimoza, Beqir, Dylberi, 10.10.70.
419. Rindertime, Ali, Dylja, 13.01.71.
420. Spiro, Jorgo, Ekonomi, 20.04.41.
421. Natasha, Ramazan, Ekonomi, 22.12.52.
422. Ylli, Spiro, Ekonomi, 10.02.73.
423. Ines, Spiro, Ekonomi, 12.08.75.
424. Trendelin, Veiz, Feka, 20.03.42.
425. Dorian, Refat, Feka, 17.04.77.
426. Kozeta, Refat, Feka, 03.07.80.
427. Bujar, Elez, Ferhati, 17.10.56.
428. Florentina, Preng, Ferhati, 19.03.62.
429. Xhezmi, Abedin, Ferzaj, 01.09.58.
430. Gezim, Ferit, Fetai, 22.05.52.
431. Drita, Xhemal, Fetai, 26.01.55.
432. Alfred, Gezim, Fetai, 15.01.76.
433. Arben, Gezim, Fetai, 20.04.77.
434. Alban, Gezim, Fetai, 07.11.73.
435. Suela, Gezim, Fetai, 19.02.79.
436. Rukije, Gezim, Fetai, 018.07.82.
437. Dhurata, Gezim, Fetai, 18.07.82.
438. Vjollca, Kurt, Fetai, 13.03.72.
439. Brikena, Adem, Fetai, 27.10.76.
440. Tomor, Sabri, Frasheri, 11.05.83.
441. Sanaber, Ali, Frasheri, 02.09.34.
442. Rrozeta, Mridash, Frasheri, 25.05.65.
443. Adrian, Miranda, Frasheri, 28.08.68.
444. Elvis, Pellumb, Furtuna, 16.05.80.
445. Pellumb, Isuf, Furtuna, 01.04.56.
446. Nazmie, Kadri, Furtuna, 19.02.58.
447. Alban, Pellumb, Furtuna, 08.07.75.
448. Haki, Xhelal, Germenji, 15.12.28.
449. Farije, Dalip, Germenji, 01.04.31.
450. Xhelil, Haki, Germenji, 28.05.67.
451. Hysen, Selman, Gici, 28.10.54.
452. Sokol, Hysen, Gici, 21.07.80.
453. Naile, Shyqyri, Gici, 05.08.56.
454. Gezim, Hysen, Gici, 26.07.78.
455. Bardhok, Zef, Gjeci, 10.01.30.
456. Lize, Bardhok, Gjeci, 01.10.55.
457. Pashke, Bardhok, Gjeci, 10.04.63.
458. Ilir, Bardhok, Gjeci, 19.04.67.
459. Kamer, Muharrem, Gjeci, 04.12.39.
460. Haneme, Nevrus, Gjeci, 02.05.44.
461. Edmond, Kamer, Gjeci, 02.04.68.
462. Mico, Nasi, Gjermeni, 15.08.22.
463. Antoneta, Sotir, Gjermeni, 14.01.34.
464. Eduart, Milo, Gjermeni, 18.08.62.
465. Deshira, Halim, Gjermeni, 28.10.65.
466. Spiro, Vasil, Gjika, 06.01.41.
467. Anita, Vasil, Gjika, 07.07.45.
468. Mira, Anastas, Gjika, 27.03.52.
469. Vasken, Spiro, Gjika, 22.10.71.
470. Dorina, Spiro, Gjika, 05.11.74.
471. Safet, Esat, Gjini, 02.10.63.
472. Ismete, Halim, Gjini, 06.11.65.
473. Mark, Gjon, Gjoka, 24.05.52.
474. Ruzhdije, Xhemal, Gjoka, 10.09.59.
475. Violeta, Mark, Gjoka, 16.01.80.
476. Sonila, Mark, Gjoka, 27.10.83.
477. Ndue, Mark, Gjonikaj, 03.04.44.
478. Mri, Zef, Gjonikaj, 01.02.49.

479. Cesk, Ndue, Gjonikaj, 22.12.71.
480. Gjelosh, Ndue, Gjonikaj, 07.02.67.
481. Vera, Marin, Gjonikaj, 11.02.72.
482. Selman, Seit, Gjoshi, 06.03.54.
483. Suzana, Petro, Gjoshi, 19.03.57.
484. Bajram, Qazim, Gjyli, 25.04.54.
485. Hava, Bajram, Gjyli, 12.06.56.
486. Astrit, Bajram, Gjyli, 17.06.76.
487. Gentian, Bajram, Gjyli, 19.03.79.
488. Qazim, Xhemal, Gjyli, 05.04.30.
489. Hajrie, Elez, Gjyli, 10.01.32.
490. Natasha, Petro, Goga, 17.07.58.
491. Valbona, Mehmet, Gonxhi, 20.04.75.
492. Leonora, Kurti, Gore.
493. Behar, Zenun, Goxhenji, 10.02.59.
494. Tone, Ndrec, Goxhenji, 28.09.54.
495. Albert, Shaban, Gravani, 02.08.58.
496. Emiliano, Albert, Gravani, 17.09.81.
497. Luciana, Servet, Gravani, 31.03.68.
498. Fuat, Nexhip, Gruda, 17.04.60.
499. Nefije, Elmas, Gruda, 14.10.61.
500. Elmaz, Izet, Gruda, 09.12.54.
501. Afize, Izet, Gruda, 09.12.54.
502. Xhevdet, Hysni, Guri, 20.10.13.
503. Hajrije, Zenel, Guri, 28.02.61.
504. Antonina, Jani, Guxho, 20.08.38.
505. Aleksander, Jani, Guxho, 21.07.62.
506. Arben, Jorgo, Guxho, 13.08.66.
507. Etleva, Vasil, Guxho, 03.05.71.
508. Agim, Asllan, Halili, 07.02.56.
509. Agron, Bilal, Halilaj, 01.05.63.
510. Aida, Perviz, Halili, 23.05.80.
511. Alban, Irfan, Halilaj, 19.02.72.
512. Ali, Asllan, Halili, 06.09.61.
513. Arjan, Bilal, Halilaj, 01.05.63.
514. Asllan, Xheladin, Halili, 09.03.56.
515. Asllan, Hekuran, Halili, 29.08.79.
516. Aurel, Perviz, Halili, 05.06.83.
517. Azime, Demir, Halili, 04.05.83.
518. Bedrije, Ramadan, Halilaj, 14.11.36.
519. Bilal, Rakip, Halilaj, 10.10.32.
520. Blerina, Kadri, Halili, 14.03.78.
521. Bukurie, Jonuz, Halili, 26.05.62.
522. Bukurije, Islam, Halilaj, 29.07.57.
523. Edison, Ymer, Halili, 31.07.51.
524. Elisabeta, Seid, Halili, 28.09.67.
525. Elisabeta, Jorgji, Halili, 21.09.54.
526. Ervin, Shkelqim, Halili, 08.01.82.
527. Fjorentina, Nehat, Halili, 18.12.61.
528. Gani, Shaban, Halili, 29.08.59.
529. Gani, Muhamet, Halili, 11.09.58.
530. Gentian, Sinan, Halili, 26.03.77.
531. Gentjana, Hekuran, Halili, 12.04.81.
532. Gjergji, Qani, Halili, 21.02.74.
533. Hekuran, Asllan, Halili, 13.08.52.
534. Ilirjan, Agim, Halili, 16.10.80.
535. Ilirjana, Ramadan, Halili, 31.07.59.
536. Ismail, Islam, Halilaj, 13.07.53.
537. Kadrije, Nazmi, Halili, 02.03.35.
538. Lavdie, Baftjar, Halili, 17.06.60.
539. Liljana, Ibrahim, Halili, 27.06.62.
540. Londisa, Edison, Halili, 09.02.83.
541. Lorenc, Petrit, Halili, 19.06.83.
542. Magdalena, Vangjel, Halilaj, 26.01.58.
543. Maringlen, Shefeqet, Halili.
544. Mimoza, Bajram, Halilaj, 08.02.71.
545. Mirela, Asllan, Halili, 29.06.83.
546. Mirela, Rami, Halili, 11.06.80.
547. Naxhije, Bilal, Halilaj, 25.09.26.
548. Naxhije, Ymer, Halili, 12.02.14.
549. Nexhmije, Hasan, Halili. 01.10.64.
550. Perviz, Zija, Halili. 15.04.54.
551. Petrit, Qani, Halili, 05.04.70.
552. Petrit, Asllan, Halili, 03.05.58.
553. Pranvera, Isuf, Halili, 12.05.56.
554. Qani, Xhemal, Halili, 07.07.35.
555. Rita, Haxhi, Halili, 18.09.66.
556. Rozina, Ndoc, Halili, 04.11.55.
557. Shefqet, Reshit, Halili, 06.03.34.
558. Shkelqim, Bilal, Halili, 12.05.56.
559. Shpresa, Bilal, Halilaj, 24.05.60.
560. Silvana, Perviz, Halili, 20.12.81.
561. Sinan, Osman, Halili, 10.10.42.
562. Viktor, Shaban, Halili, 21.11.63.
563. Violeta, Udruz, Halili, 01.01.80.
564. Xhevaire, Asllan, Halili, 10.03.60.
565. Zabit, Myslim, Hamzaj, 04.04.53.
566. Renata, Zabit, Hamzaj, 30.10.78.
567. Zamira, Zabit, Hamzaj, 20.07.83.
568. Mineko, Qani, Hamzaj, 29.11.79.
569. Robert, Dervish, Hamzaj, 03.03.69.
570. Ylli, Sitki, Hamzallari, 09.09.75.
571. Ylli, Riza, Hardhija, 09.02.61.
572. Drita, Xheladin, Hardhija, 16.04.64.
573. Eglantina, Selaudin, Haredinaj, 31.03.57.
574. Kujtim, Hamza, Hasa, 27.05.65.
575. Fatushe, Shefqet, Hasa, 18.04.66.
576. Kumurije, Musa, Hasa, 14.03.50.
577. Kastriot, Nesim, Hasanaga, 13.08.55.
578. Vjollca, Vasil, Hasanaga, 15.01.57.
579. Vojsava, Kastriot, Hasanaga, 08.05.81.
580. Alketa, Hasanaga, 13.05.83.
581. Orkela, Kastriot, Hasanaga.
582. Ago, Qamil, Hasanaj.
583. Dashamir, Ago, Hasanaj.
584. Rolande, Ago, Hasanaj.
585. Fatbardh, Ago, Hasanaj.
586. Rudina, Ago, Hasanaj.
587. Diana, Ago, Hasanaj.
588. Majlinda, Halil, Hasanaj.
589. Gentiana, Agim, Hasanaj.
590. Migen, Baftjar, Hasanaj, 22.12.68.
591. Pellumb, Marsin, Hasani, 02.12.65.
592. Florinda, Nikoll, Hasani, 06.04.68.
593. Pellumb, Hamit, Hasani.
594. Flamur, Mehmet, Hasani, 18.07.70.
595. Sulejman, Hasrama, 15.06.50.
596. Hatixhe, Hasrama, 18.11.48.
597. Ervin, Hasrama, 27.09.76.
598. Silvana, Hasrama, 05.02.78.
599. Blerina, Hasrama, 25.09.82.
600. Andrea, Haxhinasto, 25.11.43.
601. Pina, Haxhinasto, 25.11.44.
602. Sokol, Haxhinasto, 25.11.75.
603. Etleva, Haxhinasto, 05.01.70.
604. Rexhep, Qazim, Hida, 05.03.45.
605. Aishe, Sali, Hida, 06.11.50.
606. Kujtim, Rexhep, Hida, 09.02.77.
607. Merita, Rexhep, Hida, 18.07.80.
608. Sinan, Ymer, Hida, 27.01.64.
609. Mimoza, Selman, Hida, 19.01.75.
610. Bashkim, Ymer, Hida, 28.04.71.
611. Spahi, Ymer, Hida, 15.10.65.
612. Vjollca, Ymer, Hida, 08.11.73.
613. Bashkim, Fasho, Hidri, 19.06.65.
614. Tatjana, Fasho, Hidri, 26.10.61.
615. Fatmir, Mitat, Hodo, 21.03.56.
616. Dafina, Qazim, Hodo, 22.08.63.
617. Drita, Sadri, Hoti, 11.03.54.
618. Adriana, Xheladin, Hoxha, 21.04.69.
619. Amarildo, Liro, Hoxha, 09.07.81.
620. Angjelin, Pjeter, Hoxha, 16.01.54.
621. Arben, Rexhep, Hoxha, 28.11.67.
622. Edlira, Jashar, Hoxha, 30.07.67.
623. Etleva, Veli, Hoxha, 02.03.74.
624. Fehmi, Hysen, Hoxha, 02.01.41.
625. Flora, Rami, Hoxha, 24.12.52.
626. Florent, Liro, Hoxha, 16.01.80.
627. Florind, Fehmi, Hoxha, 29.01.74.
628. Gentjan, Hamit, Hoxha, 09.06.83.
629. Hatixhe, Hasan, Hoxha, 03.12.13.
630. Julian, Haxhi, Hoxha.
631. Liro, Musterhut, Hoxha, 08.06.43.
632. Lulezim, Fehmi, Hoxha, 12.02.72.
633. Razie, Selman, Hoxha, 17.04.46.
634. Reme, Rexhep, Hoxha, 01.12.44.
635. Rexhep, Besim, Hoxha, 18.06.40.
636. Valentina, Qemal, Hoxha, 29.04.43.
637. Xhevdet, Rexhep, Hoxha, 01.02.66.
638. Ylber, Fehmi, Hoxha, 05.07.70.
639. Nevruz, Lutfi, Humo, 10.04.58.
640. Zizo, Novruz, Humo, 10.02.62.
641. Hamushe, Nevruz, Humo, 04.12.80
642. Leonard, Nevruz, Humo, 23.10.83.
643. Danjel, Gani, Hyka, 15.09.72.
644. Hasan, Bajram, Hykaj, 24.12.50.
645. Myruete, Jakup, Hykaj, 30.11.62.
646. Eisabeta, Hasan, Hykaj, 02.04.73.
647. Ajas, Arif, Hysa, 27.10.73.
648. Mirela, Shefki, Hysa, 25.03.79.
649. Sherif, Male, Hysaj, 06.06.64.
650. Lindita, Bajram, Hysaj, 08.07.78.
651. Zog, Sokol, Hysenaj, 27.04.46.
652. Sibe, Isuf, Hysenaj, 30.03.46.
653. Rovena, Zog, Hysenaj, 18.04.76.
654. Elisa, Zog, Hysenaj, 13.07.80.
655. Adem, Hamdi, Hyseni, 16.01.69.
656. Afrim, Ruzhdi, Hyseni, 18.03.77.
657. Altim, Ruzhdi, Hyseni, 08.02.79.
658. Artur, Hamdi, Hyseni, 03.03.75.
659. Asine, Xhevdet, Hyseni, 24.10.81.
660. Avdije, Faik, Hyseni, 02.11.63.
661. Bardhyl, Ruzhdi, Hyseni, 29.06.69.
662. Behare, Hamdi, Hyseni, 02.07.82.
663. Besim, Sali, Hyseni, 30.07.48.
664. Besnik, Safet, Hyseni, 25.05.81.
665. Bukurije, Sali, Hyseni, 06.03.55.
666. Bukurije, Luftim, Hyseni, 14.02.67
667. Erjona, Xhevdet, Hyseni, 01.09.83.
668. Fadil, Hamdi, Hyseni, 12.08.61.
669. Fatos, Besim, Hyseni, 02.07.76.
670. Fredi, Ruzhdi, Hyseni, 12.01.76.
671. Hamdi, Sali, Hyseni, 10.07.43.
672. Lirije, Abdurrahim, Hyseni, 12.03.63.
673. Luan, Besim, Hyseni, 10.01.81.
674. Lulezim, Hamdi, Hyseni, 13.02.71.
675. Lulzim, Meleq, Hyseni, 06.07.67.
676. Manuela, Safet, Hyseni, 01.05.83.
677. Manushaqe, Mahmut, Hyseni, 21.02.70.
678. Mimoza, Ruzhdi, Hyseni, 21.02.74.
679. Mirela, Hazis, Hyseni, 04.04.74.
680. Mirela, Hamdi, Hyseni, 17.08.79.
681. Myhyrije, Xhemal, Hyseni, 15.04.50.
682. Naile, Hysni, Hyseni, 26.03.61.
683. Nargjyle, Shaqir, Hyseni, 20.12.44.
684. Nekije, Ismet, Hyseni, 22.05.54.
685. Pellumb, Adil, Hyseni, 17.06.66.
686. Remzi, Ruzhdi, Hyseni, 02.05.67.
687. Ruzhdi, Sali, Hyseni, 20.09.32.
688. Safet, Ruzhdi, Hyseni, 26.11.58.
689. Sali, Tuzh, Hyseni, 15.10.11.
690. Sami, Ruzhdi, Hyseni, 11.03.62.
691. Shemihe, Sali, Hyseni, 24.02.52.
692. Shpetime, Hamdi, Hyseni, 02.12.76.
693. Valbona, Hyseni, 17.10.70.
694. Vera, Ruzhdi, Hyseni, 27.01.81.
695. Xhevdet, Sali, Hyseni, 08.03.63.
696. Zymbyle, Qerim, Hyseni, 10.04.39.
697. Skender, Hysen, Hysko, 20.05.61.
698. Adelina, Xhevdet, Hysko, 01.05.63.
699. Ali, Hazis, Hysmelaj, 20.06.47.
700. Fiqirete, Beqir, Hysmelaj, 01.02.53.
701. Besnik, Hetem, Ibraj, 16.08.64.
702. Celo, Nazif, Ibraj, 10.02.20.
703. Ernest, Selim, Ibro, 23.01.65.
704. Ervin, Vladimir, Ibro, 02.06.77.
705. Flora, Hetem, Ibraj, 28.10.66.
706. Gezim, Celep, Ibraj, 07.08.54.
707. Hetem, Nazif, Ibraj, 25.06.29.
708. Inxhi, Sali, Ibraj, 05.05.37.
709. Irena, Nevruz, Ibraj, 15.11.59.
710. Lidije, Avni, Ibro, 29.06.77.
711. Merushe, Ahmet, Ibro, 16.03.27.
712. Miranda, Hajredin, Ibro, 27.09.67.
713. Redis, Vladimir, Ibro, 09.11.83.
714. Selim, Nazif, Ibro, 15.06.25.
715. Teuta, Ibraj, 12.07.59.
716. Vera, Celo, Ibroj, 14.03.52.
717. Vladimir, Selim, Ibro, 26.10.48.
718. Zyrika, Qazim, Ibraj, 15.09.30.
719. Tomor, Mane, Idrisllari, 14.02.64.
720. Liljana, Dilaver, Idrisllari, 26.12.55.
721. Altin, Riza, Idrizi, 21.09.71.
722. Zemrije, Haxhi, Idrizi, 11.05.69.
723. Mus, Ahmet, Islamukaj, 10.07.44.
724. Noshe, Adem, Islamukaj, 08.08.08.
725. Pule, Ali, Islamukaj, 01.07.43.
726. Edmira, Islamukaj, 11.06.77.
727. Azmir, Mus, Islamukaj, 30.01.79.
728. Muharem, Ali, Ismailaja, 10.11.48.
729. Barjame, Fecor, Ismailaja, 09.07.51.

730. Majlinda, Muharem, Ismailaja, 22.05.75.
731. Rovena, Murharem, Ismailaja, 20.01.77.
732. Elton, Muharem, Ismailaja, 17.02.81.
733. Lutfi, Sulejman, Ismulja, 24.08.52.
734. Hasibe, Sali, Ismulja, 04.12.50.
735. Hekuran, Lutfi, Ismulja, 16.11.77.
736. Zemrije, Lutfi, Ismulja, 05.04.83.
737. Elvis, Gezim, Isni, 13.08.78.
738. Agron, Gezim, Isni, 08.04.80.
739. Pranvera, Halit, Jonuzi, 16.03.59.
740. Shyqyri, Riza, Kacabanaj, 02.07.38.
741. Liri, Ali, Kacabanaj, 18.11.44.
742. Bajram, Shyqyri, Kacabanaj, 11.05.66.
743. Ilirjan, Shyqyri, Kacabanaj, 03.02.64.
744. Mirela, Shyqyri, Kacabanaj, 03.01.67.
745. Leonora, Asqeri, Kacabanaj, 13.01.69.
746. Sadik, Myhedin, Kaderja, 19.07.54.
747. Ermira, Abdyl, Kaderja, 02.12.59.
748. Anisa, Sadik, Kaderja, 07.10.82.
749. Bexhet, Kadri, Kalemi, 28.06.60.
750. Sado, Sihat, Kalemi, 04.08.60.
751. Erlis, Flamur, Kalemi, 02.12.83.
752. Ramadan, Selman, Kalo, 03.05.56.
753. Dafina, Refat, Kalo, 11.12.63.
754. Enerjeta, Ramadan, Kalo, 13.05.83.
755. Durim, Besim Kamberi, 26.10.72.
756. Fatbardha, Gani, Kamberi, 13.03.70.
757. Fation, Gezim, Kambo, 17.11.73.
758. Bajram, Rushit, Kanani, 23.09.50.
759. Xhemile, Fetah, Kanani, 18.03.53.
760. Enkeleida, Bajram, Kanani, 30.09.75.
761. Klodian, Bajram, Kanani, 08.03.78.
762. Liljana, Rushit, Kanani, 25.06.60.
763. Agron, Rushit, Kanani, 25.06.60.
764. Afrim, Hysni, Kanxha, 05.08.73.
765. Avni, Xhevat, Kanxha, 21.12.70.
766. Dudije, Azis, Kanxha, 05.05.42.
767. Gani, Hysni, Kanxha, 24.07.64.
768. Hysni, Gani, Kanxha, 17.08.35.
769. Isnije, Hysni, Kanxha, 03.04.62.
770. Kimete, Ajdin, Kanxha, 02.03.40.
771. Mirjeta, Qamil, Kanxha, 28.02.82.
772. Myrvete, Zylfi, Kanxha, 15.12.48.
773. Nadire, Qazim, Kanxha, 26.09.76.
774. Rasim, Xhevat, Kanxha, 17.10.69.
775. Rifat, Mahmut, Kanxha, 22.11.52.
776. Sami, Mendim, Kanxha, 22.11.66.
777. Shkelqim, Xhevat, Kanxha, 16.10.67.
778. Valentina, Selman, Kanxha, 16.06.76.
779. Xhevat, Mahmut, Kanxha, 10.04.41.
780. Fatime, Abaz, Kapllani, 01.12.50.
781. Agron, Fuat, Karimani, 11.12.69.
782. Ardian, Fuat, Karimani, 17.05.83.
783. Diana, Hamdi, Karamani, 14.04.75.
784. Donika, Fuat, Karumani, 16.09.75.
785. Edmond, Hamdi, Karamani, 17.03.77.
786. Florinda, Fuat, Karimani, 05.07.77.
787. Fuat, Selami, Karimani, 06.12.47.
788. Ibrahim, Selami, Karimani, 23.02.62.
789. Liljana, Ibrahim, Karimani, 02.11.83.
790. Manuela, Ibrahim, Karimani, 24.08.80.
791. Minir, Selami, Karumani, 20.04.64.
792. Natasha, Fuat, Karimani, 14.10.67.
793. Rabije, Mustafa, Karimani, 01.01.63.
794. Rabije, Qamil, Karimani, 24.12.51.
795. Ramazan, Selami, Karamani, 10.04.50.
796. Robert, Ramazan, Karamani, 04.04.81.
797. Selvi, Kadri, Karamani, 24.02.60.
798. Valentina, Kujtim, Karumani, 15.09.70.
799. Ali, Ymer, Keqi, 02.01.42.
800. Gjyle, Haxhi, Keqi, 04.04.47.
801. Mand9, Ali, Keqi, 27.08.78.
802. Blerim, Ali, Keqi, 01.05.82.
803. Lule, Ramiz, Koci, 25.04.69.
804. Gani, Muharrem, Koci, 25.06.40.
805. Vathe, Dalip, Koci, 02.02.43.
806. Vath, Gani, Koci, 27.02.66.
807. Resmije, Gani, Koci, 28.03.68.
808. Adriana, Gani, Koci, 20.05.78.
809. Shpresa, Rexhep, Koci, 23.10.69.
810. Mimoza, Previz, Koci, 03.04.59.
811. Nazif, Ramiz, Koci, 02.03.63.
812. Valbona, Shaqir, Koci, 02.12.71.
813. Drita, Zenel, Koci, 04.09.63.
814. Olsi, Agim, Kodra, 28.07.72.
815. Manushaqe, Namik, Kokallaj, 01.03.75.
816. Fatmir, Dalip, Kola, 16.02.55.
817. Ariana, Ymer, Kola, 08.04.59.
818. Dritan, Fatmir, Kola, 26.11.81.
819. Safet, Selman, Kolo, 08.04.53.
820. Behije, Ali, Kolo, 10.01.53.
821. Ogerta, Kolo, 18.10.79.
822. Julian, Safet, Kolo, 08.12.77.
823. Arjan, Solli, Kondakciu, 07.09.66.
824. Majlinda, Solli, Kondakciu, 08.05.72.
825. Solli, Pali, Kondakciu, 27.03.34.
826. Evis, Pajtim, Kondakciu, 14.02.76.
827. Rajmonda, Kujtim, Kongjojaj, 07.10.81.
828. Kujtim, Dervish, Kongjonaj, 04.02.54.
829. Leonora, Xhelil, Kongjonaj, 02.03.58.
830. Latif, Xhafer, Koni, 04.04.40.
831. Fatmira, Abduraman, Koni, 28.07.46.
832. Rudina, Koni, 14.09.70.
833. Gjergj, Xhafer, Kora, 22.01.80
834. Artur, Fuat, Korimani, 06.02.72.
835. Firdes, Mersin, Korimani, 05.06.72.
836. Alit, Hamid, Kormaku, 07.01.28.
837. Emine, Velica, Kormaku, 03.11.28.
838. Agron, Alit, Kormaku, 05.03.65.
839. Hatixhe, Myrteza, Kormaku, 23.10.69.
840. Ismail, Alit, Kormaku, 28.03.60.
841. Bukurije, Sefer, Kormaku, 28.03.60.
842. Erion, Ismail, Kormaku, 23.06.81.
843. Valbona, Ismail, Kormaku, 29.12.82.
844. Bajram, Ibrahim, Korra, 12.04.49.
845. Hane, Arif, Korra, 01.09.52.
846. Gentjan, Bajram, Korra, 30.07.72.
847. Shpresa, Bajram, Korra, 07.03.76.
848. Romeo, Bajram, Korra, 26.05.81.
849. Polikron, Vasil, Kosta, 28.08.42.
850. Lena, theodhor, Kosta, 01.05.08.
851. Thipi, Nino, Kosta, 14.08.54.
852. Alma, Polikron, Kosta, 07.03.82.
853. Lulezim, Muharem, Kovaci, 08.12.48.
854. Shpresa, Kovaci, 24.10.54.
855. Enkeleida, Lulezim, Kovaci, 02.07.73.
856. Jonela, Lulezim, Kovaci, 06.03.80.
857. Xheladin, Qerim, Krajka, 05.10.35.
858. Fatime, Osman, Krajka, 08.09.30.
859. Fatbardha, Xheladin, Krajka, 28.08.63.
860. Petrit, Xheladin, Krajka, 05.09.64.
861. Majlinda, Mitat, Krajka, 09.02.68.
862. Hamid, Xheladin, Krajka, 25.10.60.
863. Mediha, Jonuz, Krajka, 18.05.61.
864. Indrit, Hamid, Krajka, 01.09.83.
865. Pranvera, Riza, Kruda, 05.05.71.
866. Floresha, Dilaver, Kruda, 04.02.74.
867. Anila, Dashamir, Kruja, 02.07.75.
868. Xhevit, Caush, Kuburi, 03.07.37.
869. Vaf, Xhevit, Kuburi, 16.07.62.
870. Aishe, Sadik, Kuburi, 15.11.37.
871. Vjollca, Ahmet, Kuburi, 19.07.63.
872. Fellanxa, Xhevit, Kuburi, 23.05.69.
873. Dorine, Mustafa, Kuci, 12.08.79.
874. Saimir, Mustafa, Kuci, 18.11.83.
875. Mustafa, Musa, Kuci, 24.04.71.
876. Vjollca, Hariz, Kuci, 16.05.76.
877. Kujtim, Mustafa, Kuci, 16.06.65.
878. Astrit, Mustafa, Kuci, 14.04.69.
879. Valbona, Mustafa, Kuci, 24.10.76.
880. Adriatik, Mustafa, Kuci, 20.12.77.
881. Mahide, Selim, Kuci, 09.05.39.
882. Adrian, Riza, Kuci, 14.02.61.
883. Riza, Hajri, Kuci, 15.10.28.
884. Mahide, Selim, Kuci, 09.05.39.
885. Adrian, Riza, Kuci, 14.02.61.
886. Elida, Nasi, Kulari, 06.11.61.
887. Faik, Haki, Kumanova, 22.01.34.
888. Sulltane, Hamit, Kumanova, 20.09.45.
889. Gezim, Faik, Kumanova, 28.06.61.
890. Xhevdet, Faik, Kumanova, 29.08.64.
891. Naile, Faik, Kumanova, 25.10.65.
892. Flutura, Sulejman, Kumanova, 25.11.70.
893. Ismet, Qani, Kumbulla, 19.05.52.
894. Rozeta, Zalo, Kumbulla, 14.06.52.
895. Brunilda, Ismet, Kumbulla, 30.11.75.
896. Gramos, Ismet, Kumbulla, 20.02.80.
897. Anila, Sabri, Kurti, 28.04.76.
898. Bedri, Bajram, Kurti, 25.01.61.
899. Eridon, Kadri, Kurti, 05.09.83.
900. Fatime, Qamil, Kurti, 28.08.37.
901. Kadri, Demir, Kurti, 02.06.55.
902. Majlinda, Sabri, Kurti, 10.03.79.
903. Mirushe, Sabri, Kurti, 01.03.74.
904. Pellumb, Sabri, Kurti, 04.05.67.
905. Rajmonda, Sabri, Kurti, 17.06.81.
906. Sabri, Osman, Kurti, 31.03.36.
907. Silvana, Kadri, Kurti, 01.01.79.
908. Xhumaje, Sali, Kurti, 08.06.81.
909. Ylli, Sabri, Kurti, 26.04.69.
910. Manushaqe, Bajram, Kusi, 11.03.67.
911. Aleks, Fatosh, Lacaj, 20.11.54.
912. Olimbi, Ormen, Lacaj, 26.08.66.
913. Irma, Ismail, Laja, 30.08.61.
914. Ismail, Qazim, Laja, 27.01.36.
915. Myzejen, Tohsun, Laja, 10.10.37.
916. Lumturi, Faik, Lajmeri, 05.01.55.
917. Besnik, Ibrahim, Lala, 01.06.61.
918. Bukurie, Halit, Lala, 11.10.62.
919. Gelnida, Selami Lalaj, 15.09.66.
920. Aida, Lami, 05.05.76.
921. Arben, Ilmi, Lamaj, 18.06.65.
922. Arjan, Lami, 09.01.74.
923. Beldar, Ilmi, Lamaj, 25.05.76.
924. Dije, Lami, 30.09.50.
925. Ilmi, Gani, Lamaj, 01.04.41.
926. Lahe, Kalo, Lamaj, 01.04.20.
927. Qazim, Lami, 07.01.45.
928. Roland, Lami, 25.06.79.
929. Sanije, Fejzulla, Lamaj, 24.10.40.
930. Silvana, Lami, 25.01.75.
931. Xhemal. Muharem, Lani, 16.06.39.
932. Mirela, Hamdi, Laze, 21.11.74.
933. Leonora, Gore, Lazri, 13.08.51.
934. Maks, Aleks, Lazri, 13.08.51.
935. Dorian, Maks, Lazri, 25.03.75.
936. Vasilika, Maks, Lazri, 13.05.76.
937. Beldar, Shkurt, Leka, 31.10.76.
938. Klarita, Leka, 10.04.60.
939. Ermira, Shahin, Likaj, 26.12.61.
940. Hasim, Shaban, Lila, 03.10.59.
941. Myzejen, Besim, Lila, 21.09.65.
942. Nedime, Xhevair, Lilaj, 15.12.35.
943. Liljana, Sami, Lilaj, 11.12.59.
944. Spartak, Sami, Lilaj, 26.03.65.
945. Rolanda, Bajram, Lilaj, 22.10.73.
946. Vera, Bajram, Limani, 19.08.31.
947. Shaqir, Kasem, Limani, 07.08.64.
948. Nadire, Abdi, Limani, 16.06.66.
949. Myrvete, Qemal, Limani, 07.03.61.
950. Agim, Kasem, Limani, 11.05.58.
951. Myrvete, Qemal, Limani, 07.03.61.
952. Mustafa, Ibrahim, Livadhi, 28.02.57.
953. Bihane, Ramazan, Livadhi, 07.02.61.
954. Dorina, Mustafa, Livadhi, 13.05.80.
955. Ziodet, Refat, Llanaj, 10.03.66.
956. Valentina, Lavdosh, Llanaj, 20.01.72.
957. Urim, Refat, Llanaj, 03.11.71.
958. Aferdita, Selman, Llatika, 21.09.53.
959. Shpresa, Selman, Llatika, 06.07.56.
960. Albina, Ndue, Lleshaj, 12.07.70.
961. Pjeter, Zef, Lleshaj, 08.01.36.
962. Ruta, Pjeter, Lleshaj, 02.04.42.
963. Gjovali, Pjeter, Lleshaj, 07.04.62.
964. Viktor, Pjeter, Lleshaj, 21.03.66.
965. Lek, Pjeter, Lleshaj, 26.02.69.
966. Artan, Pjeter, Lleshaj, 26.01.71.
967. Bashkim, Pjeter, Lleshaj, 28.05.73.
968. Dorina, Luadhi, 13.05.80.
969. Lefter, Fadil, Luga, 12.02.75.
970. Shpresa, Avdi, Luga, 20.12.77.
971. Ludovik, Pashko, Lulati, 03.01.53.
972. Florinte, Pjeter, Lulati, 05.06.62.
973. Evisi, Ludovik. Lulati, 23.06.83.
974. Nazmije, Banush, Lumani, 09.12.50.
975. Agim, Hysen, Luziu, 19.05.65.
976. Dhurata, Xhafer, Luziu, 14.05.70.
977. Gezim, Murat, Maci.
978. Kujtime, Hamit, Maci, 10.08.53.
979. Bledar, Gezim, Maci, 21.10.75.
980. Ergys, Gezim, Maci, 07.05.83.
981. Altin, Fazli, Malaj, 11.04.72.

982. Vera, Fazli, Malaj, 21.06.67.
983. Islam, Fasli, Malaj, 06.04.61
984. Zylfije, Uke, Malaj, 16.05.64.
985. Donika, Myrehar, Malaj, 29.06.57.
986. Luan, Myrdar, Malaj, 31.12.58.
987. Myrdar, Razi, Malaj, 19.05.37.
988. Arida, Qenan, Malaj, 27.07.74.
989. Qamile, Sinan, Malaj, 20.10.35.
990. Gezim, Myrdar, Malaj, 25.10.55.
991. Pellumb, Myrdar, Malaj, 24.03.64.
992. Majlinda, Ismail, Malaku, 10.05.66.
993. Aferdita, Ibrahim, Malja, 01.02.76.
994. Anila, Ibrahim, Malja, 27.06.79.
995. Elvira, Ndoc, Male, 09.03.56.
996. Fiqiri, Ibrahim, Malja, 01.05.74.
997. Florina, Malja, 20.10.79.
998. Gjergj, Nikoll, Male, 25.02.31.
999. Ibrahim, Islam, Malja, 10.10.40.
1000. Kastriot, Faslli, Male, 28.04.65.
1001. Luisa, Mishel, Male, 21.01.81.
1002. Lule, Ibrahim, Malja, 05.08.70.
1003. Majlinda, Mustafa, Malja, 25.08.81.
1004. Mishel, Gjergj, Male, 15.02.56.
1005. Mustafa, Islam, Malja, 20.06.55.
1006. Natasha, Bastri, Malo, 20.10.76.
1007. Nilsi, Mishel, Male, 10.02.83.
1008. Nurie, Abaz, Malja, 20.04.42.
1009. Oltjana, Ibrahim, Malja, 14.07.82.
1010. Xhemile, Kasem, Malja, 05.01.60.
1011. Flamur, Nevruz, Malushi, 01.09.51.
1012. Fatime, Reshat, Malushi, 12.07.60.
1013. Shkelqesa, Beqir, Manaj, 03.03.64.
1014. Afron, Gjesho, Manja, 12.01.41.
1015. Mine, Meco, Manja, 06.08.50.
1016. Irma, Afron, Manja, 18.02.72.
1017. Edlira, Manja, 30.08.75.
1018. Safet, Yzeir, Manlliu, 20.03.27.
1019. Enverije, Sali, Manlliu, 06.08.67.
1020. Donika, Safet, Manlliu, 06.08.67.
1021. Brikena, Arben, Maratona.
1022. Arben, Maratoni, 24.02.53.
1023. Bajame, Islam, Maratoni, 25.08.53.
1024. Meringlen, Arben, Maratoni, 24.05.78.
1025. Jorinda, Arben, Maratoni, 09.01.82.
1026. Sofika, Refail, Marku, 10.09.47.
1027. Lavdrim, Sabit, Mata, 19.11.65.
1028. Hamide, Skender, Mata, 19.11.65.
1029. Kalosh, Idriz, Matranxhi, 18.10.35.
1030. Fatime, Baftjar, Matranxhi, 04.04.37.
1031. Behar, Kalosh, Matranxhi, 10.05.70.
1032. Rukie, Kalosh, Matranxhi, 27.03.73.
1033. Kujtime, Kalosh, Matranxhi, 17.06.73.
1034. Fiqeri, Kalosh, Matranxhi, 15.02.78.
1035. Remzije, Kalosh, Matranxhi, 10.02.81.
1036. Fatos, Kalosh, Matranxhi, 10.05.66.
1037. Entela, Leli, Matranxhi.
1038. Gjyle, Smajl, Meci, 22.04.30.
1039. Nazmi, Shaban, Meci, 28.09.69.
1040. Diana, Shaban, Meci, 11.03.72.
1041. Riza, Shaban, Meci, 08.03.75.
1042. Halit, Shaban, Meci, 20.04.67.
1043. Mark, Ndue, Mehilli, 15.09.53.
1044. Age, Gjon, Mehilli, 03.08.59.
1045. Sokol, Mark, Mehilli, 23.07.59.
1046. Lodovik, Mark, Mehilli, 10.10.83.
1047. Bashkim, Uke, Mehmeti, 01.08.52.
1048. Alma, Mehmeti, 25.02.83.
1049. Anila, Demir, Mehmeti, 15.03.76.
1050. Demir, Besim, Mehmeti, 31.12.40.
1051. Fatime, Demir, Mehmeti, 21.08.43.
1052. Flutur, Ramadan, Mehmeti, 04.12.61.
1053. Gentian, Bashkim, Mehmeti, 27.12.80.
1054. Lindita, Demir, Mehmeti, 22.03.77.
1055. Lulzim, Skender, Mehmeti, 12.02.81.
1056. Nazmie, Skender, Mehmeti, 18.08.52.
1057. Skender, Ismail, Mehmeti, 05.09.62.
1058. Valmira, Bashkim, Mehmeti, 01.05.82.
1059. Petrit, Jonuz, Mema, 13.07.69.
1060. Manushaqe, Hasan, Mema, 28.02.69.
1061. Nexhat, Irfan, Mersinaj, 04.03.37.
1062. Stoli, Malo, Mersinaj, 26.12.48.
1063. Laura, Nexhat, Mersinaj, 06.03.69.
1064. Aurel, Nexhat, Mersinaj, 08.03.78.
1065. Bujar, Bexhet, Mersini, 13.10.59.
1066. Anila, Petrit, Mersini, 09.06.76.
1067. Maro, Jano, Meshini, 10.10.16.
1068. Avram, Gole, Meshini, 03.05.56.
1069. Leonora, Jorgji, Meshini, 02.11.60.
1070. Denis, Avram, Meshini, 16.02.82.
1071. Gencian, Avram, Meshini, 21.07.83.
1072. Viktor, Gole, Meshini, 22.02.47.
1073. Vitori, Jorgo, Meshini, 22.09.57.
1074. Orlein, Viktor, Meshini, 12.10.81.
1075. Adnand, Fiqiri, Metaj, 08.05.83.
1076. Aferdita, Hajredin, Metaj, 14.02.52.
1077. Agron, QAMIL, META, 19.04.64.
1078. Dolanda, Fiqiri, Metaj, 22.08.81.
1079. Elisabeta, Fiqiri, Metaj, 20.01.79.
1080. Feride, Mustafa, Metaj, 01.05.33.
1081. Fiqiri, Teki, Metaj, 20.11.51.
1082. Flutura, Skender, Meta, 16.09.60.
1083. Hatlije, QAMIL, META, 05.07.67.
1084. Merushe, Beqir, Meta, 08.03.66.
1085. Miranda, Qamil, META, 03.08.70.
1086. Njazi, Hajro, Meta, 16.04.58.
1087. Pajtim, Abdyl, Meta, 01.05.33.
1088. Qamil, Hasan, Meta, 27.09.32.
1089. Qanije, Kalem, Meta, 25.02.32.
1090. Ramazan, Haxhi, Metaj, 27.02.31.
1091. Shpetim, Ramazan, Metaj, 1303.66.
1092. Trendafile, Hajro, Meta, 25.03.65.
1093. Xhevrije, Ibrahim, Metaj, 28.02.41.
1094. Zamira, Cobani, Metaj, 11.04.68.
1095. Fetah, Ali, Metko, 17.06.42.
1096. Pellumbesha, Hajredin, Metko, 11.08.68.
1097. Arben, Feta, Metko, 01.08.68.
1098. Albana, Flamur, Metko, 06.10.75.
1099. Vero, Haredin, Molla, 20.02.67.
1100. Rajmonda, Manxhar, Molla, 28.12.69.
1101. Pellumb, Haredin, Molla, 16.12.63.
1102. Mimoza, Ceno, Molla, 01.06.67.
1103. Sokol, Haredin, Molla, 30.06.67.
1104. Aurora, Pellumb, Molla, 21.05.43.
1105. Brunilda, Idriz, Molla, 03.04.80.
1106. Gjelosh, Ukshan, Mrishaj, 28.02.56.
1107. Liza, Pal, Mrishaj, 12.01.62.
1108. Islam, Faik, Muca, 08.05.65.
1109. Dhurata, Sulejman, Muca, 26.04.66.
1110. Zhydi, Isa, Muca, 15.03.46.
1111. Polita, Marko, Muca, 03.11.57.
1112. Nako, Spiro, Muci, 05.05.30.
1113. Polikseni, Kristo, Muci, 04.07.35.
1114. Arif, Mucollari, 05.02.34.
1115. Sanije, Mucollari, 08.04.41.
1116. Astrit, Mucollari, 13.09.60.
1117. Sala, Mucollari, 11.07.71.
1118. Merita, Mucollari, 28.07.70.
1119. Agim, Aqif, Murra, 19.10.64.
1120. Valentina, Rustem, Murra, 30.05.66.
1121. Agim, Dervish, Musi, 25.10.58.
1122. Dervish, Mahmut, Musi 09.05.22.
1123. Ervin, Ismail, Musi, 17.11.79.
1124. Gani, Dervish, Musi, 08.11.68.
1125. Ismail, Dervish, Musi, 12.10.49.
1126. Kujtim, Dervish, Musi, 19.03.63.
1127. Lejla, Dervish, Musi, 12.02.73.
1128. Lulezim, Agim, Musi, 27.06.83.
1129. Myhyrije, Xhelal, Musi, 10.01.59.
1130. Oriola, Agim, Musi, 19.04.82.
1131. Ornela, Ismail, Musi, 12.06.78.
1132. Pranvera, Halil, Musi, 22.04.63.
1133. Qefsere, Dervish, Musi, 29.03.67.
1134. Rajmonda, Nevrus, Musi, 26.02.66.
1135. Shyqyri, Dervish, Musi, 03.09.60.
1136. Tane, Ymer, Musi, 31.05.52.
1137. Zeliha, Hasan, Musi, 02,08.37.
1138. Servete, Sefedin, Musliu, 05.04.37.
1139. Fluturije, Lutfi, Musliu, 25.05.61.
1140. Lindita, Lutfi, Musliu, 07.10.71.
1141. Xhezair, Ismail, Musliu, 02.08.30.
1142. Ballakzije, Jashar, Musliu, 19.07.32.
1143. Merita, Xhezair, Musliu, 30.05.67.
1144. Qerime, Eles, Musliu, 30.07.20.
1145. Drita, Jakup, Musliu, 08.12.51.
1146. Ledjano, Astrit, Mustafaraj, 15.02.83.
1147. Kudret, Turhan, Myftari, 24.04.55.
1148. Anita, Qermal, Myftari, 10.12.57.
1149. Muharem, Rakip, Nallcia, 06.07.28.
1150. Klodian, Albert, Nallcia, 17.03.82.
1151. Mynevere, Osman, Nallcia, 07.04.31.
1152. Albert, Muharem, Nallcia, 20.06.59.
1153. Suzana, Muharem, Nallcia, 20.01.63.
1154. Abdyl, Muharrem, Nasko, 22.10.67.
1155. Xhevaire, Xhemal, Nasko, 08.09.46.
1156. Lavdije, Abdyl, Nasko, 22.10.67.
1157. Ilirjan, Abdyl, Nasko, 21.06.71.
1158. Alket, Abdyl, Nasko, 07.03.73.
1159. Agron, Nihat, Nasufi, 14.12.70.
1160. Donika, Feim, Nasufi, 27.01.39.
1161. Gentian, Nehat, Nasufi, 14.09.77.
1162. Astrit, Neshat, Nasufi, 28.06.68.
1163. Aida, Murat, Nasufi, 06.06.71.
1164. Mahmude, Rustem, Naziri, 31.12.36.
1165. Arben, Ded, Ndoja, 13.12.66.
1166. Mark, Ndue, Ndreca, 08.01.68.
1167. Alma, Pashke, Ndreca, 08.09.73.
1168. Lec, Gjin, Ndreca, 16.03.47.
1169. Bukurie, Isuf, Ndreca, 10.03.57.
1170. Esuela, Ndreca, 10.06.76.
1171. Armand, Lec, Ndreca, 30.08.78.
1172. Ferit, Ahmet, Ndregjoni, 19.03.50.
1173. Xhaje, Muharrem, Ndregjoni, 21.05.26.
1174. Shpresa, Ahmet Ndregjoni, 15.09.62.
1175. Fitim, Esat, Ndreu, 09.05.46.
1176. Fatushe, Murat, Ndreu, 08.11.57.
1177. Hozur, Fitim, Ndreu, 08.06.78.
1178. Aurel, Fitim, Ndreu, 12.01.82.
1179. Albana, Xheladin, Nexhipi, 14.09.71.
1180. Sabrije, Hiqmet, Nexhipi, 02.06.62.
1181. Rudina, Nexhipi, 30.07.81.
1182. Engjellushe, Esat, Nexhipi, 06.11.79.
1183. Xheladin, Abdyl, Nexhipi, 05.03.38.
1184. Edmond, Xheladin, Nexhipi, 02.04.78.
1185. Mirela, Xheladin, Nexhipi, 10.09.80.
1186. Zamira, Xheladin, Nexhipi, 28.09.75.
1187. Merita, Rifat, Nexhipi, 26.05.83.
1188. Sabrie, Hiqmet, Nexhipi, 02.06.63.
1189. Qani, Xheladin, Nexhipi, 20.09.66.
1190. Mimoza, Haxhi, Nexhipi, 24.03.69.
1191. Aqif, Ariz, Neziraj, 15.05.39.
1192. Bukurije, Bukri, Neziraj, 15.05.39.
1193. Merita, Aqif, Neziraj, 13.08.77.
1194. Hashe, Aqif, Neziraj, 27.02.80.
1195. Ilmi, Sali, Ngota, 24.05.53.
1196. Liljana, Abedin, Ngota, 27.12.55.
1197. Adriatik, Hilmi, Ngota, 16.01.76.
1198. Esmeralda, Hilmi, Ngota, 26.07.79.
1199. Ertila, Ngota, 08.08.82.
1200. Olsi, Sofokli, Nika, 01.10.80.
1201. Ilir, Xhelil, Novruzaj, 13.01.72.
1202. Drita, Nura, 06.06.63.
1203. Nazif, Bejtulla, Nura, 03.05.22.
1204. Atixhe, Amet, Nura, 02.09.28.
1205. Nexhmie, Nazif, Nura, 15.02.55.
206. Andelina, Nazif, Nura, 14.03.68.
1207. Bukurije, Mehmet, Nure, 14.04.53.
1208. Sulltane, Mehmet, Nure, 22.03.57.
1209. Ferit, Ramadan, Nuredini, 10.11.55.
1210. Edmond, Ferit, Nuredini, 23.11.77.
1211. Lule, Ramazan, Nuredini, 13.09.56.
1212. Flora, Ferit, Nuredini, 27.01.83.
1213. Shkelqim, Ferit, Nuredini, 20.02.80.
1214. Genci, Shaban, Nuri, 30.08.77.
1215. Elmas, Ismail, Nuro, 02.06.37.
1216. Qerime, Ajdin, Nuro, 10.05.37.
1217. Beglije, Elmas, Nuro, 26.10.62.
1218. Xhumert, Elmas, Nuro, 05.07.64.
1219. Bashkim, Elmas, Nuro, 10.06.70.
1220. Themistokli, Prokop, Nushi, 15.08.24.
1221. Melpomeni, Ilia, Nushi, 06.12.29.
1222. Vangjel, Themistokli, Nushi, 26.05.51.
1223. Akile, Mehmet, Nushi, 17.05.70.
1224. Parashqevi, Nushi, 07.12.31.
1225. Agron, Rasip, Orhani, 26.06.53.
1226. Bukurije, Etem, Orhani, 13.03.58.
1227. Adriana, Agron, Orhani, 23.03.79.
1228. Liri, Osman, Osmani, 24.12.59.
1229. Romeo, Arben, Osmani, 29.03.79.
1230. Atem, Alo, Ostrovicka, 01.12.49.
1231. Trendelina, Sherif, Ostrovicka, 02.05.52.

1232. Adrian, Atem, Ostrovicka, 04.06.73.
1233. Ateca, Atem, Ostrovicka, 23.08.82.
1234. Roland, Ethem, Pallushi, 12.06.78.
1235. Edmond, Ethem, Pallushi, 08.09.76.
1236. Shahije, Sefer, Papajani, 13.12.47.
1237. Migena, Odhise, Papajani, 24.05.76.
1238. Alketa, Odhise, Papajani, 02.01.81.
1239. Odisa, Odhise, Papajani, 22.05.83.
1240. Mariana, Milja, Pasho, 09.04.67.
1241. Petraq, Athanas, Peci, 15.06.72.
1242. Lulzim, Musa, Peqini, 11.07.63.
1243. Sebid, Peza, 19.03.58.
1244. Safije, Peza, 25.05.57.
1245. Koco, Feto, Pilo, 28.12.34.
1246. Rodhavije, Jorgo, Pilo, 20.05.43.
1247. Aleksander, Koco, Pilo, 08.04.63.
1248. Sefedin, Qamil, Pinushi, 12.11.63.
1249. Lucije, Isuf, Pinushi, 30.04.69.
1250. Haxhi, Ahmet, Pirushi, 19.08.49.
1251. Sadete, Xhevat, Pirushi, 01.01.54.
1252. Edlira, Haxhi, Pirushi, 31.08.76.
1253. Gentian, Haxhi, Pirushi, 10.07.78.
1254. Lime, Arif, Pirushi, 12.02.27.
1255. Hike, Musa, Plaku, 10.04.35.
1256. Aziz, Nuri Plaku, 20.02.66.
1257. Zamira, Nuri, Plaku, 03.03.74.
1258. Bukuroshe, Feçor, Plaku, 18.06.66.
1259. Ndoc, Lulash, Planasi, 20.07.52.
1260. Lulash, Mark Planasi, 30.10.33.
1261. Dile, Mark, Planasi, 23.03.34.
1262. Dede, Lulash, Planasi, 10.11.71.
1263. Agron, Lulash, Planasi, 11.07.71.
1264. Roza, Mirash, Planasi, 19.08.56.
1265. Alfred, Ndoc, Planasi, 18.07.75.
1266. Alban, Ndoc, Planasi, 17.03.77.
1267. Anoni, Nikolla, Premto, 07.08.36.
1268. Dhimitrulla, Xhimo, Premto, 01.05.36.
1269. Marjeta, Anoni, Premto, 16.04.65.
1270. Dritan, Anoni, Premto, 27.01.73.
1271. Arben, Sherif, Preza, 06.05.54.
1272. Merita, Qemal, Preza, 28.08.62.
1273. Ndoc, Bib, Qafa, 18.02.60.
1274. Mire, Nikll, Qafa, 19.02.64.
1275. Mazar, Izeir, Qato, 01.09.43.
1276. Naferita, Nuri, Qato, 23.03.48.
1277. Adriatik, Nazar, Qato, 15.07.74.
1278. Edlir, Nazar, Qato, 08.07.79.
1279. Figon, Qazim, Qatollari, 04.03.41.
1280. Merushe, Zenel, Qatollari, 01.04.54.
1281. Anila, Figan, Qatollari, 22.03.72.
1282. Blerta, Figan, Qatollari, 09.09.73.
1283. Ermira, Figan, Qatollari, 01.02.76.
1284. Ilirjana, Figan, Qatollari, 21.09.77.
1285. Eralda, Figan, Qatollari, 24.01.82.
1286. Demiran, Qazimi, 18.09.51.
1287. Ndue, Mirash, Qehaja, 20.06.51.
1288. File, Ndue, Qehaja, 28.05.48.
1289. Xhevaire, Ndue, Qehaja, 22.02.79.
1290. Besnik, Ndue, Qehaja, 15.06.82.
1291. Nazmi, Emin, Qemali, -.-.49.
1292. Lutfije, Sadik, Qemali, 17.11.55.
1293. Albert, Nazmi, Qemali, 07.02.75.
1294. Shyqyrije, Shaqir, Qerallari, 24.07.39.
1295. Shaqir, Adem, Qerallari, 14.12.66.
1296. Lumturi, Adem, Qerallari, 19.11.73.
1297. Mimoza, Hysen, Qerallari, 21.03.70.
1298. Agim, Izet, Qerimi, 23.09.71.
1299. Arben, Hilmi, Qerimi, 05.06.61.
1300. Ardian, Kujtim, Qerimi, 10.12.82.
1301. Artan, Izet, Qerimi, 16.05.78.
1302. Astrit, Hilmi, Qerimi, 04.01.64.
1303. Bajame, Oran, Qerimi, 14.05.62.
1304. Bukurije, Qerimi, 17.07.64.
1305. Elena, Xheladin, Qerimi, 15.05.77.
1306. Elvira, Demir, Qerimi, 12.02.77.
1307. Fatmir, Izet, Qerimi, 15.11.67.
1308. Festim, Mazllim, Qerimi, 24.04.71.
1309. Fidarije, Dalip, Qerimi, 24.11.54.
1310. Gjylbere, Sulo, Qerimi, 08.12.10.
1311. Ilir, Mazllim, Qerimi, 07.10.74.
1312. Izet, Ramadan, Qerimi, 02.06.37.
1313. Kadri, Izet, Qerimi, 10.10.65.
1314. Kujtim, Izet, Qerimi, 14.09.59.
1315. Luljeta, Besnik, Qerimi, 06.08.74.
1316. Manjola, Reshat, Qerimi, 23.02.81.
1317. Mazllim, Ramadan, Qerimi, 18.06.49.
1318. Mimoza, Ahmet, Qerimi, 03.04.74.
1319. Miranda, Haqif, Qerimi, 09.04.67.
1320. Nefke, Sefedin, Qerimi, 13.01.42.
1321. Renata, Fejzi, Qerimi, 31.01.72.
1322. Selvi, Hilmi, Qerimi, 03.06.66.
1323. Skender, Izet, Qerimi, 19.03.75.
1324. Zamira, Besnik, Qerimi, 29.10.79.
1325. Eneida, Nikolla, Qirjaqi, 15.02.76.
1326. Lulezim, Faik, Rakipi, 25.08.70.
1327. Anila, Besim, Rakipi, 13.04.72.
1328. Argjentina, Festim, Rakipi, 28.01.80.
1329. Festim Sulo, Rakipi, 14.02.52.
1330. Zyra, Sulo, Rakipi, 08.02.56.
1331. Enlent, Festim, Rakipi, 21.01.77.
1332. Ali, Sulejman, Rama, 01.06.33.
1333. Anila, Sako, Rama, 15.06.74.
1334. Arben, Mehmet, Rama, 29.12.63.
1335. Devis, Luan, Rama, 17.09.76.
1336. Dritan, Sako, Rama, 05.07.69.
1337. Genci, Hajrulla, Rama, 18.07.77.
1338. Hajrije, Hajrulla, Rama, 04.09.80.
1339. Hajrulla, Dan, Rama, 20.01.50.
1340. Liri, Rapi, Rama, 01.03.65.
1341. Luljeta, Ali, Rama, 04.02.70.
1342. Lytfije, Baki, Rama, 17.08.48.
1343. Mage, Rushit, Rama, 02.02.55.
1344. Nazmije, Jonuz, Rama, 04.08.33.
1345. Sako, Sulo, Rama, 20.03.40.
1346. Xhuljeta, Fatmr, Rapo, 29.12.76.
1347. Sulejman, Islam, Rapushi, 06.09.62.
1348. Semiha, Abdyl, Rapushi, 14.11.61.
1349. Qerim, Rapo, Ribaj, 10.02.41.
1350. Teuta, Xhemal, Ribaj, 25.07.42.
1351. Afrim, Shefqet, Ropalli, 08.03.68.
1352. Hytbi, Selami, Ropi, 30.07.49.
1353. Ylmete, Osman, Ropi, 30.07.49.
1354. Marsela, Ropi, 17.03.79.
1355. Oliver, Hytbi, Ropi, 25.01.82.
1356. Hamdi, Rrahman, Rrahmani, 26.04.59.
1357. Elmira, Hamdi, Rrahmani, 17.08.78.
1358. Lulzim, Hamdi, Rrahmani, 17.08.80.
1359. Islam, Sulejman, Rrapushi, 08.10.40.
1360. Caje, Shyqyri, Rrapushi, 20.10.42.
1361. Agron, Islam, Rrapushi, 06.08.64.
1362. Maksut, Islam, Rrapushi, 23.04.66.
1363. Ajet, Islam, Rrapushi, 27.11.69.
1364. Zana, Islam, Rrapushi, 30.04.69.
1365. Rrapush, Myslim, Rrenja, 14.03.46.
1366. Meleqe, Shaqir, Rrenja, 04.01.48.
1367. Roland, Rrapush, Rrenja, 31.08.75.
1368. Robert, Rrapush, Rrenja, 03.04.80.
1369. Kadri, Smajl, Rrustaj, 01.09.49.
1370. Sabrije, Hasan, Rrustaj, 20.08.57.
1371. Gentjan, Kadri, Rrustaj, 21.09.79.
1372. Aisa, Kadri, Rrustaj, 04.06.83.
1373. Fatime, Haxhi, Rushi, 25.12.44.
1374. Nadire, Sulo, Rustemi, 26.09.55.
1375. Astrit, Hajdar, Rustemi, 08.07.69.
1376. Vjollca, Estref, Rustemi, 03.10.70.
1377. Emine, Ramadan, Rustemi, 18.06.51.
1378. Fatime, Zenel, Rustemi, 21.02.48.
1379. Qerim, Ramazan, Sada, 27.10.66.
1380. Kujtim, Mehmet, Sadiku, 20.06.56.
1381. Zhaneta, Belul, Sadiku, 16.10.61.
1382. Ali, Sadik, Sadiku, 30.03.72.
1383. Altin, Sadik, Sadiku, 20.06.78.
1384. Elida, Hamdi, Sadiku, 10.02.65.
1385. Rexhep, Sdri, Sadria, 30.09.38.
1386. Myzafere, Iljaz, Sadria, 10.02.43.
1387. Ardian, Rexhep, Sadria, 18.01.69.
1388. Etleva, Rexhep, Sadria, 30.09.70.
1389. Nexhip, Selim, Sala, 21.01.36.
1390. Zoje, Rexhep, Sala, 10.10.38.
1391. Arian, Mexhio, Sala, 01.07.73.
1392. Selam, Myrto, Saliasi, 16.11.55.
1393. Bajame, Haxhi, Saliasi, 12.01.67.
1394. Myrto, Xhafer, Saliasi, 15.02.18.
1395. Aferdita, Myrto, Saliasi, 10.07.63.
1396. Engjell, Nevrus, Saliko, 02.01.51.
1397. Vergjene, Qemal, Saliko, 03.09.59.
1398. Endri, Engjell, Saliko, 03.04.81.
1399. Fiqirete Hamdi, Saliu, 24.05.52.
1400. Elmas, Xheladin, Saliu, 12.07.79.
1401. Ana, Muharem, Saliu, 04.06.83.
1402. Neshat, Bedri, Salla, 12.01.68.
1403. Lirije, Qazim, Salla, 26.08.76.
1404. Bajram, Osman, Sallaku, 01.08.58.
1405. Fellanxa, Beqir, Sallaku, 02.08.66.
1406. Dritan, Hekuran, Sanxhaku, 24.02.69.
1407. Valbona, Yzedin, Sanxhaku, 03.01.71.
1408. Nuredin, Elez, Seci, 15.02.53.
1409. Aishe, Muharrem, Seci, 22.02.60.
1410. Kujtim, Skender, Seferi, 01.11.54.
1411. Xheneta, Hasan, Seferi, 07.08.55.
1412. Bledar, Kujtim, Seferi, 02.10.80.
1413. Eqerem, Ramis, Sejdini, 21.12.42.
1414. Sadrije, Eqerem, Sejdini, 20.01.77.
1415. Endrit, Eqerem, Sejdini, 26.02.81.
1416. Emiljan, Azis, Selimaj, 28.03.69.
1417. Irena, Sherif, Selimaj, 07.09.70.
1418. Bajram, Hilmi, Selmani, 23.12.74.
1419. Miranda, Fatos, Selmani, 26.02.71.
1420. Hilmi, Ramadan, Selmani, 05.10.53.
1421. Fiqerete, Aqif, Selmani, 04.07.53.
1422. Gentian, Hilmi, Selmani, 02.06.79.
1423. Elton, Hilmi, Selmani, 08.02.81.
1424. Ramazan, Ramadan, Selmani, 27.01.63.
1425. Lindita, Zihni, Selmani, 02.09.65.
1426. Alfred, Fadil, Shabani, 05.07.68.
1427. Alma, Vladimir, Shabani, 31.08.82.
1428. Altin, Shabani, 08.11.77.
1429. Arjan, Perparim, Shabani, 11.07.68.
1430. Bujar, Shabani, 25.02.79.
1431. Diana, Baskim, Shabani, 15.08.64.
1432. Fadil, Qerim, Shabani, 04.10.40.
1433. Hamedije, Ramazan, Shabani, 14.12.67.
1434. Hane, Latif, Shabani, 21.02.43.
1435. Lirije, Sadik, Shabani, 05.08.42.
1436. Monika, Hazmi, Shabani, 26.12.74.
1437. Renata, Shabani, 14.02.81.
1438. Tomor, Fadil, Shabani, 12.10.65.
1439. Vladimir, Nuri, Shabani, 28.05.63.
1440. Ylli, Nuri, Shabani, 23.01.60.
1441. Petrit, Avdi, Shalca, 17.07.30.
1442. Betije, Rushan, Shalca, 15.01.32.
1443. Valentina, Petrit, Shalca, 01.09.64.
1444. Bardhyl, Petrit, Shalca, 18.04.67.
1445. Altina, Rapo, Shalca, 03.06.68.
1446. Safet, Xhevair, Shapku, 02.04.60.
1447. Agim, Xhevair, Shapku, 07.05.58.
1448. Anila, Neim, Shapku, 30.09.68.
1449. Artur, Neim, Shapku, 20.02.65.
1450. Atixhe, Mestan, Shapku, 12.06.38.
1451. Bashkim, Xhevair, Shapku, 30.06.67.
1452. Burkurije, Gani, Shapku, 19.11.75.
1453. Fetije, Xhevair, Shapku, 30.09.62.
1454. Ilira, Nazif, Shapku, 20.07.61.
1455. Lindita, Xhevair, Shapku, 21.05.69.
1456. Nadire, Salih, Shapku, 12.03.40.
1457. Naim, Xhermail, Shapku, 10.04.39.
1458. Sonja, Ibrahim, Shapku, 07.05.58.
1459. Xhevair, Xhemail, Shapku, 03.02.35.
1460. Petrit, Dergut, Sharra, 12.06.57.
1461. Jovan, Trifon, Shegani, 05.01.60.
1462. Margarita, Gjergj, Shegani, 16.08.62.
1463. Sazan, Haxhi, Shehaj, 20.11.54.
1464. Zyhra, Mustafa, Shehaj, 28.11.56.
1465. Gazment, Haxhi, Shehaj, 20.04.52.
1466. Mimoza, Tahir, Shehaj, 19.04.57.
1467. Vilma, Gazmend, Shehaj, 25.06.80.
1468. Sezai, Haxhi, Shehaj, 21.03.57.
1469. Aferdita, Haxhi, Shehaj, 27.03.60.
1470. Ina, Sezai, Shehaj, 30.12.79.
1471. Anaida, Sezai, Shehaj, 08.02.83.
1472. Haxhi, Lamce, Shehaj, 08.08.20.
1473. Didi, Halil, Shehaj, 28.02.26.
1474. Bashkim, Shaban, Shehati, 14.10.48.
1475. Dritan, Bashkim, Shehati, 15.06.75.
1476. Erinda, Bashkim, Shehati, 15.02.81.
1477. Dilaver, Tofik, Shehi, 02.08.64.
1478. Behije, Jonus, Shehu, 10.08.79.
1479. Jetmir, Jonus, Shehu, 15.06.82.
1480. Jonus, Ramadan, Shehu, 12.02.34.
1481. Kudrete, Qamil, Shehu, 11.01.59.
1482. Latif, Musa, Shehu, 03.02.57.
1483. Lindita, Jonus, Shehu, 02.09.76.

1484. Mihane, Elmaz, Shehu, 01.10.43.
1485. Qamile, Xhavit, Shehi, 13.11.72.
1486. Zenepe, Jonus, Shehu, 05.06.71.
1487. Florand, Shefit, Shema, 12.09.68.
1488. Albana, Abedin, Shema, 05.09.71.
1489. Aferdita, Shefqet, Sherifi, 03.03.71.
1490. Aferdita, Rexhep, Sherifi, 26.12.68.
1491. Agron, Hilmi, Sherifi, 09.04.69.
1492. Albana, Pellumb, Sherifi, 03.08.78.
1493. Arjan, Rexhep, Sherifi, 08.03.73.
1494. Artan, Bashkim, Sherifi, 12.07.82.
1495. Bashkim, Rexhep, Sherifi, 18.02.60.
1496. Bujar, Sherifi, 23.01.61.
1497. Bujar, Hilmi, Sherifi, 23.01.61.
1498. Demizhan, Ramadan, Sherifi, 12.02.32.
1499. Edmond, Pellumb, Sherifi, 06.10.75.
1500. Elvira, Halil, Sherifi, 20.01.75.
1501. Engjellushe, Xhevat, Sherifi, 18.01.77.
1502. Engjellushe, Demir, Sherifi, 05.06.75.
1503. Eqerem, Rexhep, Sherifi, 15.01.62.
1504. Etleva, Shaban, Sherifi, 18.06.73.
1505. Fatmir, Hilami, Sherifi, 06.06.64.
1506. Fatmir, Arif, Sherifi, 08.03.69.
1507. Festim, Rexhep, Sherifi, 24.10.76.
1508. Fitnete, Enver, Sherifi, 02.08.64.
1509. Floreta, Pellumb, Sherifi, 08.03.77.
1510. Flutur, Ali, Sherifi, 19.09.62.
1511. Genci, Rexhep, Sherifi, 10.01.71.
1512. Gezim, Zeqir, Sherifi, 26.06.61.
1513. Hamdije, Kadri, Sherifi, 08.10.67.
1514. Hazbije, Rasim, Sherifi, 15.01.49.
1515. Kimete, Shaqir, Sherifi, 01.03.28.
1516. Kujtim, Rexhep, Sherifi, 25.02.58.
1517. Lavdie, Lulzim, Sherifi, 21.07.68.
1518. Lirim, Rexhep, Sherifi, 17.03.65.
1519. Lorenc, Lulzim, Sherifi, 31.10.66.
1520. Lucie, Mustafa, Sherifi, 28.06.54.
1521. Luljan, Skender, Sherifi, 09.06.69.
1522. Luljeta, Ismet, Sherifi, 11.09.70.
1523. Luljeta, Rexhep, Sherifi, 22.07.68.
1524. Lulzim, Hilami, Sherifi, 14.12.66.
1525. Lumturi, Sali, Sherifi, 04.02.64.
1526. Lumturi, Demo, Sherifi, 02.05.66.
1527. Mimoza, Eqerem, Sherifi, 25.04.73.
1528. Mirela, Xhevat, Sherifi, 19.08.80.
1529. Mukades, Hajredin, Sherifi, 17.06.59.
1530. Musa, Rexhep, Sherifi, 13.03.67.
1531. Myhyrije, Zenel, Sherifi, 31.12.75.
1532. Naim, Zeqir, Sherifi, 22.04.81.
1533. Natasha, Hamdi, Sherifi, 05.11.74.
1534. Naxmije, Murat, Sherifi, 08.05.54.
1535. Nurije, Arif, Sherifi, 25.02.55.
1536. Pelumb, Rexhep, Sherifi, 31.03.54.
1537. Rabihan, Ali, Sherifi, 20.05.42.
1538. Remzije, Nexir, Sherifi, 03.11.50.
1539. Rexhep, Mustafa, Sherifi, 06.11.45.
1540. Rita, Esmet, Sherifi, 28.12.67.
1541. Sanije, Ali, Sherifi, 27.09.33.
1542. Shyqyrije, Mustafa, Sherifi, 21.11.49.
1543. Silvana, Bujar, Sherifi, 13.06.80.
1544. Skender, Arif, Sherifi, 14.09.52.
1545. Sonila, Resul, Sherifi, 28.01.77.
1546. Vjollca, Hajredin, Sherifi, 05.09.72.
1547. Xhevat, Mustafa, Sherifi, 15.05.42.
1548. Yllka, Rexhep, Sherifi, 07.05.75.
1549. Zeqir, Rexhep, Sherifi, 03.06.30.
1550. Mimoza, Murat, Shima, 24.12.78.
1551. Edmond, Murat, Shima, 07.01.82.
1552. Fatmira, Murat, Shima, 04.10.83.
1553. Murat, Qamil, Shima, 31.12.55.
1554. Merjeme, Abedin, Shima, 22.04.59.
1555. Mimoza, Murat, Shima, 24.12.78.
1556. Qani, Idriz, Shino, 12.04.52.
1557. Aurora, Shino, 27.10.83.
1558. Misiko, Qani, Shino, 29.11.77.
1559. Riza, Rexh, Shira, 29.01.59.
1560. Natasha, Bajram, Shira, 24.05.57.
1561. Zamira, Riza, Shira, 19.01.81.
1562. Emerie, Hakik, Shira, 20.08.73.
1563. Lumturi, Fadil, Shira, 08.06.78.
1564. Agron, Bajram, Shkalla, 01.06.57.
1565. Gjyle, Sadik, Shkalla, 27.12.63.
1566. Elert, Agron, Shkalla, 04.02.83.
1567. Hava, Mas-har, Shkoza, 20.06.61.
1568. ???, ???, ???, 23.06.65.
1569. Fatmira, Ruzhdi, Shoshari, 04.10.65.
1570. Ladimir, Shoshari, 04.04.71.
1571. Mimoza, Ruzhdi, Shoshari, 21.02.74.
1572. Agim, Gone, Shtylla, 15.07.65.
1573. Flutura, Files, Shtylla, 20.04.67.
1574. Gani, Fejzo, Shtylla, 20.04.19.
1575. Kafaze, Kapo, Shtylla, 01.06.18.
1576. Rexhep, Gani, Shtylla, 04.03.56.
1577. Dile, Zenel, Shtylla, 30.12.59.
1578. Entela, Rexhep, Shtylla, 10.03.82.
1579. Mustafa, Kadri, Shtylla, 13.10.69.
1580. Anila, Petrit, Shtylla, 13.02.73.
1581. Dritan, Kadri, Shtylla, 11.08.77.
1582. Xhemal, Mehmet, Shullazi, 24.08.51.
1583. Emine, Hysen, Shullazi, 13.11.50.
1584. Igli, Xhemal, Shullazi, 09.08.74.
1585. Pada, Xhemal, Shullazi, 19.05.79.
1586. Ramazan, Mexhit, Shushku, 14.03.61.
1587. Nazmije, Qemal, Shushku, 24.06.68.
1588. Keidi, Bujar, Skendo, 10.07.83.
1589. Mustafa, Muhamet, Skera, 28.09.63.
1590. Qamile, Beqir, Skera, 25.10.65.
1591. Myrvete, Rexh, Skira, 23.08.61.
1592. Gani, Adem, Skudrinja, 05.05.39.
1593. Myzejen, Ali, Skudrinja, 22.04.60.
1594. Elena, Efter, Sojli, 28.06.70.
1595. Drita, Mustafa, Sopoti, 09.09.48.
1596. Fatos, Adem, Sopoti, 17.01.80.
1597. Lirim, Adem, Sopoti, 23.10.83.
1598. Bedri, Ramazan, Spahiu, 03.06.57.
1599. Mejte, Hamdi, Spahiu, 16.02.64.
1600. Besnik, Nazmi, Spahiu, 25.04.56.
1601. Naxhije, Mazllem, Spahiu, 23.08.54.
1602. Fatjon, Besnik, Spahiu, 09.03.83.
1603. Florjan, Besnik, Spahiu, 09.03.83.
1604. Isamil, Xhaferr, Spahiu, 28.06.52.
1605. Lumturi, Xhaferr, Spahiu, 21.03.62.
1606. Elton, Ismail, Spahiu, 12.12.82.
1607. Vasil, Josif, Spirollari, 06.01.49.
1608. Vionera, Petro, Spirollari, 06.05.54.
1609. Blendi, Vasil, Spirollari, 11.08.79.
1610. Ilir, Thanas, Spirollari, 01.02.61.
1611. Thanas, Ligor, Spirollari, 29.04.36.
1612. Laureta, Vasil, Spirollari, 09.05.74.
1613. Albert, Astrit, Sula, 30.04.80.
1614. Alida, Dilaver, Sula, 05.03.76.
1615. Ardian, Shaqir, Sula, 28.12.71.
1616. Arife, Haki, Sula, 06.04.65.
1617. Arjan, Tomor, Sula, 30.08.62.
1618. Arta, Astrit, Sula, 25.05.82.
1619. Artur, Hasan, Sula, 05.10.67.
1620. Astrit, Shyqyri, Sula, 10.09.61.
1621. Dhurata, Petrit, Sula, 08.01.72.
1622. Dritan, Sula, 19.08.73.
1623. Ermira, Demir, Sula, 17.03.69.
1624. Gentian, Refat, Sula, 03.06.72.
1625. Kujtim, Shyqyri, Sula, 02.01.59.
1626. Lefteri, Mynir, Sula, 19.07.65.
1627. Lefteri, Mynyr, Sula, 19.07.65.
1628. Leme, Myslim, Sula, 14.08.63.
1629. Majlinda, Fehim, Sula, 29.04.66.
1630. Marinela, Agim, Sula, 06.09.83.
1631. Marjeta, Refat, Sula, 23.06.74.
1632. Medine, Xhevit, Sula, 25.12.63.
1633. Miliano, Kujtim, Sula, 12.09.82.
1634. Pembe, Haxhi, Sula, 17.01.62.
1635. Refat, Sula, 22.03.51.
1636. Shefqet, Ismail, Sula, 01.02.55.
1637. Shkelqim, Nazmi, Sula, 13.07.70.
1638. Sokol, Nazmi, Sula, 22.02.83.
1639. Sonila, Sula, 03.02.80.
1640. Valbona, Sula, 06.04.78.
1641. Vera, Sula, 29.12.62.
1642. Vojsava, Pelivan, Sula, 03.02.79.
1643. Ylli, Ismail, Sula, 22.03.66.
1644. Zana, Islam, Sula, 18.03.76.
1645. Zyhra, Beqir, Sula, 05.05.24.
1646. Resul, Sulejman, Sulejmani, 07.04.34.
1647. Dashamira, Sotir, Sulejmani, 27.07.52.
1648. Isa, Qamil, Sulmina, 03.12.54.
1649. Skenderije, Servet, Sulmina, 01.05.55.
1650. Fabjola, Isa, Sulmina, 06.02.79.
1651. Enea, Isa, Sulmina, 14.04.80.
1652. Nertila, Hava, Sulovari, 14.08.79.
1653. Sonila, Naim, Sulovari, 29.08.77.
1654. Skender, Ismail, Tafaj, 06.05.30.
1655. Tahir, Zenel, Tahiri, 21.05.55.
1656. Safete, Shefit, Tahiri, 28.01.64.
1657. Fation, Tahi, Tahiri, 10.01.77.
1658. Llesh, Zef, Tahiri, 25.10.54.
1659. Tefik, Hekuran, Taraj, 02.01.35.
1660. Adile, Karafil, Taraj, 05.01.44.
1661. Jorgo, Tefik, Taraj, 27.09.65.
1662. Mimoza, Tefik, Taraj, 26.10.75.
1663. Valbona, Tefik, Taraj, 10.07.78.
1664. Xhavit, Dali, Tatraku, 07.02.34.
1665. Josif, Vangjel, Tiko, 20.09.48.
1666. Vjollca, Ligor, Tiko, 07.04.50.
1656. Armando, Josif, Tiko, 08.05.74.
1668. Rovena, Josif, Tiko, 21.08.79.
1669. Artan, Haxhi, Tila, 04.03.73.
1670. Isak, Ajet, Toci, 12.07.70.
1671. Shqiponja, Zenel, Toci, 02.09.70.
1672. Nazmi, Jusuf, Tola.
1673. Merita, Kadri, Tola.
1674. Matilda, Nazmi, Tola.
1675. Sefer, Izet, Tomja, 10.12.31.
1676. Teuta, Hamdi, Tomja, 14.12.31.
1677. Aferdita, Sefer, Tomja, 17.08.55.
1678. Agron, Sefer, Tomja, 27.04.60.
1679. Jani, Naum, Tona, 21.03.58.
1680. Nazmije, Nimet, Topalli, 18.11.73.
1681. Amaroldo, Clirim, Topalli, 24.04.77.
1682. Artur, Tush, Topuzi, 17.04.70.
1683. Mine, Qemal, Topuzi, 01.12.75.
1684. Tush, Topuzi, 21.04.40.
1685. Darije, Topuzi, 06.01.43.
1686. Blerim, Zylyf, Tora, 01.12.62.
1687. Zylyf, Rexhep, Tora, 01.07.35.
1688. Hazhire, Hasan, Tora, 13.02.40.
1689. Bajram, Qazim, Tori, 18.03.60.
1690. Minushe, Demir, Tori, 02.03.67.
1691. Qazim, Bajram, Tori, 10.05.23.
1692. Shegushe, Adem, Tori, 05.09.37.
1693. Flutura, Zylyf, Toro, 18.05.65.
1694. Bukuroshe, Muhamet, Toshkezi, 22.04.61.
1695. Zaim, Xhemali, Tota, 14.06.56.
1696. Shyqyrije, Mehdi, Tota, 09.06.61.
1697. Sabri, Xhemali, Tota, 05.02.67.
1698. Bije, Elmaz, Tota, 20.04.30.
1699. Bashkim, Xhemali, Tota, 01.02.71.
1700. Nadire, Xhemali, Tota, 20.11.73.
1701. Mimoza, Haki, Tota, 15.11.75.
1702. Gjylsime, Bajram, Tota, 03.03.78.
1703. Miftar, Xhemali, Tota, 14.08.59.
1704. Hane, Vasil, Tota, 13.05.71.
1705. Zelie, Ramadan, Totraku, 13.08.20.
1706. Dije, Mehmet, Totraku, 01.01.69.
1707. Vangjel, Vaso, Trola, 06.01.41.
1708. Ollga, Kola, Trola, 17.03.22.
1709. Isuf, Hasan, Tuga, 12.06.44.
1710. Lavdije, Rasim, Tuga, 01.11.44.
1711. Albana, Isuf, Tuga, 22.11.74.
1712. Iljaz, Jonuz, Tulja, 25.11.48.
1713. Meriban, Adem, Tulja, 18.04.54.
1714. Elisadera, Iljaz, Tulja, 10.04.79.
1715. Jenis, Iljas, Tulja, 29.08.81.
1716. Narushe, Dali, Tunaj, 15.04.63.
1717. Haki, Han, Tusha, 05.06.66.
1718. Besarie, Bilal, Tusha, 19.03.21.
1719. Shaban, Han, Tusha, 18.03.82.
1720. Selim, Limon, Tusha, 25.08.68.
1721. Han, Limon, Tusha, 04.03.34.
1722. Alma, Rifat, Tusha, 04.07.74.
1723. Barije, Sali, Tusha, 04.07.74.
1724. Alfred, Han, Tusha, 10.03.74.
1725. Dritan, Han, Tusha, 15.04.77.
1726. Shkelqim, Han, Tusha, 14.04.79.
1727. Selim, Han, Tusha, ?.
1728. Besarije, Sali, Tusha, 18.03.71.
1729. Imer, Hysen, Tusha, 24.06.60.
1730. Fatmira, Asllan, Tusha, 05.04.65.
1731. Shqipe, Rexhep, Uba, 03.02.52.
1732. Lulezim, Avdyl, Uba, 27.06.71.
1733. Elvis, Avdyl, Uba, 27.05.77.
1734. Albert, Avdyl, Uba, 11.09.69.

1735. Zamira, Lutfi, Uba, 07.11.75.
1736. Havzi, Xhelal, Uka, 10.09.48.
1737. Lume, Selman, Uka, 17.11.48.
1738. Blerim, Havzi, Uka, 07.10.70.
1739. Mimoza, Havzi, Uka, 13.06.81.
1740. Yltez, Hekuran, Uka, 24.03.78.
1741. Drita, Ibrahim, Vaidllari, 11.01.59.
1742. Haxhi, Mehmet, Vathi, 23.07.50.
1743. Vjollca, Petrit, Vathi, 03.06.53.
1744. Klodian, Haxhi, Vathi, 13.07.79.
1745. Aldo, Haxhi, Vathi, 03.11.80.
1746. Aferdita, Velaj, 29.10.56.
1747. Engjellushe, Myslim, Visha, 06.02.55.
1748. Genci, Xhemal, Visha, 03.04.78.
1749. Vasilika, Thoma, Vllaha, 25.12.46.
1750. Sadete, Myslim, Vogli, 15.04.38.
1751. Shpetim, Hamid, Vogli, 26.09.75.
1752. Tone, Rahman, Vrapi, 26.06.56.
1753. ali, Jonuz, Vrapi, 09.06.51.
1754. Albana, Avdyl, Vrapi, 06.11.72.
1755. Hazbi, Asllan Vruzhda, 29.01.53.
1756. Donika, Kostaq, Vruzhda, 10.02.56.
1757. Rejnaldo. Hazbi, Vruzhda, 27.04.82.
1758. Njazi, Asllan, Vruzhja, 05.03.46.
1759. Mediha, Shaferdin, Vruzhja, 14.03.50.
1760. Rozeta, Niazi, Vruzhja, 04.04.73.
1761. Gentiana, Niazi, Vruzhja, 04.07.75.
1762. Oriola, Niazi, Vruzhja, 21.09.80.
1763. Besnik, Abdulla, Xhafa, 06.06.63.
1764. Kadife, Ramadan, Xhafa, 27.10.62.
1765. Rasim, Abdulla, Xhafa, 17.08.72.
1766. Suzana, Xhafa, 04.05.79.
1767. Aferdita, Asllan, Xhaferaj, 20.12.72.
1768. Agim, Sulo, Xhaferaj, 16.07.64.
1769. Albana, Dylber, Xhaferaj, 16.10.80.
1770. Brikena, Xhaferaj, 30.12.76.
1771. Fidarie, Mehmet, Xhaferaj, 08.06.50.
1772. Halil, Sulo, Xhaferaj, 08.04.49.
1773. Hidajet, Halil, Xhaferaj, 30.06.77.
1774. Luan, Sulo, Xhaferaj, 23.06.71.
1775. Muharrem, Halil, Xhaferaj, 24.09.65.
1776. Myruete, Xhaferaj, 02.11.80.
1777. Nexhip, Sulo, Xhaferaj, 19.02.67.
1778. Qamil, Sulo, Xhaferaj, 10.05.60.
1779. Shirko, Besim, Xhaferaj, 31.12.33.
1780. Vjollca, Halil, Xhaferaj, 07.08.80.
1781. bujar, Dervish, Xhakani, 04.12.68.
1782. Merita, Kamer, Xhakani, 10.08.71.
1783. Abedin, Serjan, Xhambazi, 04.06.19.
1784. Arjan, Zenel, Xhambazi, 11.04.78.
1785. Besnik, Abedin, Xhambazi, 13.06.69.
1786. Drita, Ferit, Xhambazi, 20.06.66.
1787. Drita, Kasem, Xhambazi, 01.11.53.
1788. Fatjon, Aqif, Xhambazi, 16.07.80.
1789. Haziz, Abedin, Xhambazi, 05.11.52.
1790. Ilir, Haziz, Xhambazi, 27.03.71.
1791. Kadri, Abedin, Xhambazi, 30.09.59.
1792. Perian, Adem, Xhambazi, 23.08.68.
1793. Rabije, Nexhip, Xhambazi, 04.06.20.
1794. Sevdije, Izet, Xhambazi, 31.08.64.
1795. Shazije, Qamil, Xhambazi, 21.04.69.
1796. Vedimir, Zenel, Xhambazi, 16.06.81.
1797. Zamir, Zenel, Xhambazi, 23.06.76.
1798. Zana, Ruzhdi, Xhambazi, 01.08.72.
1799. Zenel, Abedin, Xhambazi, 28.10.54.
1800. Hysen, Abdyl, Xhanija, 06.02.41.
1801. Emine, Rexhep, Xhanija, 07.04.55.
1802. Gezim, Alizot, Xhaxha, 25.11.45.
1803. Doloreza, Ali, Xhaxha, 17.02.56.
1804. Artur, Gezim, Xhaxha, 23.05.74.
1805. Vangjel, Dhoske, Xhoga, 27.08.44.
1806. Drita, Ali, Xhoga, 27.09.48.
1807. Kostandine, Margarit, Xhoga, 11.05.05.
1808. Besnik, Ahmet, Xhoga, 27.04.65.
1809. Marjeta, Rahman, Xhoga, 18.08.65.
1810. Rudina, Anstas, Xhoga, 17.08.71.
1811. Kujtim, Ali, Ylli, 28.04.60.
1812. Dallandyshe, Kadri, Ylli, 07.02.63.
1813. Sheqere, Kujtim, Ylli, 17.11.83.
1814. Aishe, Haki, Ymeri, 22.05.61.
1815. Besim, Shefqet, Ymeri, 04.02.62.
1816. Diana, Loni, Ymeri, 01.12.62.
1817. Enverije, Malo, Ymeri, 07.03.83.
1818. Faik, Shefqet, Ymeri, 10.04.57.
1819. Gurie, Xhevdet, Ymeri, 13.07.68.
1820. Ilir, Ymeri, 29.08.76.
1821. Ismet, Aqif, Ymeri, 30.10.63.
1822. Jalldez, Ramadan, Ymeri, 11.12.64.
1823. Malo, Zejni, Ymeri, 30.06.63.
1824. Natasha, Malo, Ymeri, 16.09.81.
1825. Rita, Skender, Ymeri, 20.01.64.
1826. Robert, Safet, Ymeri, 14.02.64.
1827. Rudina, Faik, Ymeri, 12.10.78.
1828. Safet, Sjefget, Ymeri, 04.03.64.
1829. Shpresa, Xhemi, Ymeri, 23.08.77.
1830. Silvana, Faik, Ymeri, 05.05.83.
1831. Suela, Faik, Ymeri, 02.01.78.
1832. Zamira, Besim, Ymeri, 09.05.83.
1833. Fatbardha, Maliq, Zajmi, 24.01.41.
1834. Antoneta, Feti, Zajmi, 28.07.46.
1835. Fitnete, Jonuz, Zebi, 13.09.38.
1836. Albert, Abdulla, Zebi, 30.08.76.
1837. Skender, Hasan, Zela, 15.05.42.
1838. Fatmira, Mustafa, Zela, 02.03.52.
1839. Eltion, Skender, Zela, 26.10.73.
1840. Gerti, Skender, Zela, 27.05.78.
1841. Margarita, Gani, Zelia, 07.12.67.
1842. Muharrem, Skender, Zelija, 24.03.76.
1843. Sajmir, Skender, Zelija, 24.03.77.
1844. Shefqet, Mehmet, Zeneli, 19.06.38.
1845. Shpetim, Shefqet, Zeneli, 01.04.61.
1846. File, Qazim, Zenunaj, 10.07.27.
1847. Shaje, Mehmet, Zenunaj, 01.02.50.
1848. Suzana, Mehmet, Zenunaj, 01.01.54.
1849. Ike, Mehmet, Zenunaj, 09.02.60.
1850. Liljana, Mehmet, Zenunaj, 19.07.62.
1851. Shaje, Mehmet, Zenunaj, 13.03.73.
1852. File, Qazim, Zenunaj, 10.07.27.
1853. Fahri, Zhilla, 08.05.30.
1854. Aterdita, Zhilla, 19.12.30.
1855. Armand, Zhilla, 13.05.59.
1856. Ferdinand, Zhilla, 29.03.61.
1857. Ganimete, Zhilla, 04.12.62.
1858. Zenepe, Zhilla, 05.01.62.
1859. Shahin, Mustafa, Zogu, 05.10.42.
1860. Sokol, Shahin, Zogu, 07.06.70.
1861. Vasfije, Bajram, Zogu, 27.06.46.
1862. Altin, Shahin, Zogu, 08.05.72.
1863. Abedin, Riza, Zoto, 10.11.42.
1864. Jane, Haki, Zoto, 02.08.49.
1865. Adriatik, Abedin, Zoto, 16.02.70.
1866. Mirela, Abedin, Zoto, 09.12.76.
1867. Mynevere, Haki, Zoto, 27.06.20.
1868. Agim, Riza, Zoto, 01.10.47.

LISTA VOTUESVE SIPAS REGJISTRIT TE GJENDJES CIVILE QENDRA E VOTIMIT 122 VOTUES ME BANIM TE PERKOHSHEM

Nr., Emri, Atesia, Mbiemri, Datelindja

1. Enver, Beslim, Ahmetaj, 20.06.59x.
2. Farije, Sinan, Ahmetaj, 01.04.65x.
3. Kujtim, Hamdi, Ahmeti, 23.04.61x.
4. Valdete, Halit, Ahmeti, 23.04.63x.
5. Neje, Alush, Alili, 11.09.33x.
6. Ilir, Xhevdet, Aliu, 27.01.75x.
7. Drita, Skender, Aliu, 05.08.73x.
8. Xhevat, Ali, Aliu, 20.05.43x.
9. Zymbyle, Kasem, Aliu, 20.04.48x.
10. Altin, Tajar, Allajbej, 29.01.73x.
11. Andrea, Tajar, Allajbej, 19.05.67x.
12. Aleksander, Elmaz, Allajbej, 15.06.67x.
13. Mustafa, Rifat, Allmuca, 14.01.74x.
14. Xhevrije, Hamdi, Allmuca, 06.04.77x.
15. Shaje, Zenel, Allmuca, 07.03.44x.
16. Bujana, Idriz, Avdia, 02.11.78x.
17. Merita, Idriz, Avdia, 15.04.63x.
18. Dashnor, Idriz, Avdia, 16.09.66x.
19. Lazime, Hysni, Avdia, 20.06.66x.
20. Idriz, Rexhep, Avdia, 05.06.37x.
21. Vasili, Zak, Avdia, 06.07.33x.
22. Mendu, Idriz, Avdia, 31.03.60x.
23. Agron, Idriz, Avdia, 07.05.70x.
24. Fellenxa, Irfan, Avdia, 23.03.76x.
25. Rajmonda, Idriz, Avdia, 10.06.73x.
26. Ermelinda, Idriz, Avdia, 01.07.75x.
27. Ramadan, Abaz, Baca, 03.03.32x.
28. Shyqyri, Ramadan, Baca, 23.05.62x.
29. Flutra, Fiqiri, Baca, 02.08.62x.
30. Stela, Ramadan, Baca, 30.09.31x.
31. Naim, Hasan, Balliu, 24.02.77x.
32. Fidane, Elez, Balliu, 15.10.74x.
33. Sander, Preng, Baloj, 22.01.66x.
34. Nurije, Qerim, Baloj, 04.05.68x.
35. Nusha, Frok, Baloj, 10.06.42x.
36. Hysen, Ymer, Basha, 02.12.60x.
37. Servete, Ahmet, Basha, 20.03.64x.
38. Hasan, Ymer, Basha, 02.18.60x.
39. Selime, Shyqyri, Basha, 02.08.69x.
40. Ramazan, Ismail, Basha, 14.05.75x.
41. Gjyle, Ismail, Basha, 03.01.73x.
42. Avni, Isail, Basha, 04.08.81x.
43. Qemal, Sefedin, Bastriu, 19.04.69x.
44. Vjollca, Zeqir, Bastriu, 23.07.71x.
45. Bashkim, Sefedin, Bastriu, 11.06.82x.
46. Mimoza, Qerem, Bastriu, 12.01.73x.
47. Burbuqe, Muharem, Baushi, 13.11.46x.
48. Zyra, Mersin, Berisha, 13.04.56x.
49. Fetije, Ramadan, Berisha, 11.01.43x.
50. Shpresa, Haxhi, Berisha, 30.01.76x.
51. Petrit, Iljaz, Bicakani, 08.01.62x.
52. Valbona, Isa, Bicakani, 20.07.63x.
53. Xhevat, Ramazan, Braja, 20.01.61x.
54. Vjollca, Myslym, Braja, 04.05.62x.
55. Muhamet, Ramadan, Bregu, 15.09.45x.
56. Lefteri, Sefedin, Bregu, 03.10.30x.
57. Artana, Selman, Cali, 25.01.12x.
58. Agron, Fejzo, Canaj, 24.05.57x.
59. Engjellushe, Hydai, Canaj, 17.03.61x.
60. Hysen, Sadik, Cani, 06.09.55x.
61. Kadri, Ramazan, Cani, 21.02.70x.
62. Safiqete, Osman, Cani, 17.05.57x.
63. Ermir, Hysen, Cani, 19.08.81x.
64. Ismet, Sadik, Cani, 20.05.49x.
65. Shukrije, Hajrulla, Cani, 10.10.48x.
66. Arben, Ismet, Cani, 24.04.69x.
67. Arjan, Ismet, Cani, 23.09.71x.
68. Valbona, Gani, Cani, 09.04.74x.
69. Vladimir, Gaqe, Cecolli, 03.12.60x.
70. Vitore, Nevruz, Cecolli, 15.11.63x.
71. Tartar, Hamit, Celaj, 07.10.40x.
72. Kadrije, Qemal, Celaj, 02.09.45x.
73. Dritan, Tartar, Celaj, 02.09.72x.
74. Kujtim, Garip, Cenolli, 02.03.37x.
75. Aferdita, Islam, Cenolli, 09.03.48x.
76. Arben, Kujtim, Cenolli, 29.08.70x.
77. Lindita, Cuman, Cenolli, 29.02.64x.
78. Elton, Kujtim, Cenolli, 21.05.82x.
79. Mimoza, Sefedin, Dajlani, 16.12.72x.
80. Mimoza, Sefedin, Dajlani, 16.12.72x.
81. Sefedin, Nazif, Daljani, 17.02.42x.
82. Feride, Abedin, Daljani, 12.05.80x.
83. Ardjan, Sefedin, Daljani, 12.03.69x.
84. Rudina, Ramazan, Daljani, 18.06.71x.
85. Zef, Mehill, Dedaj, 30.08.40x.
86. Elsa, Zef, Dedaj, 29.12.74x.
87. Silvana, Zef, Dedaj, 06.05,81x
88. Pal, Lin, Dedaj, 17.11.55x.
89. Roza, Fran, Dedaj, 10.03.62x.
90. Nik, Pal, Dedndreaj, 04.09.78x.
91. Marta, Pal, Dedndreaj, 26.07.83x.
92. Marjana, Pal, Dedndreaj, 26.07.83x.
93. Xhovalin, Pal, Dedndreaj, 27.02.69x.
94. Lul, Mehill, Dedndreaj, 01.12.77x.
95. Lazer, Pal, Dedndreaj, 01.04.65x.
96. Shega, Ramazan, Deliu, 14.11.66x.
97. Hajrije, Isuf, Deliu, 01.04.45x.
98. Abaz, Demir, Deliu, 18.11.64x.
99. Zagoll, Jonuz, Dervishi, 28.08.48x.
100. Mimoza, Halil, Dervishi, 09.04.54x.
101. Elidon, Zagoll, Dervishi, 11.10.80x.
102. Esmeralda, Zagoll, Dervishi, 01.11.76x.
103. Hamide, Josuf, Difi, 02.02.38x.
104. Dalip, Sadik, Doci, 07.01.35x.
105. Dyzene, Ramazan, Doci, 19.11.37x.
106. Fatbardha, Qemal, Dokolli, 01.01.69x.
107. Agim, Jashar, Duka, 08.01.51x.
108. Artan, Rexhep, Duka, 13.08.67x.
109. Liljana, Rexhep, Duka, 25.05.62x.
110. Loreta, Sami, Duka, 23.12.75x.
111. Aeron, Hamdi, Faruku, 17.12.66x.

112. Miranda, Qazim, Faruku, 03.09.70x.
113. Hamdi, Ramazan, Faruku, 24.05.30x.
114. Hane, Abaz, Faruku, 14.12.33x.
115. Tane, Muhamet, Ferati, 15.05.42x.
116. Belul, Raif, Fero, 26.08.55x.
117. Luljeta, Muco, Fero, 13.12.57x.
118. Ramazan, Zenel, Filja, 16.10.42x.
119. Leme, Islam, Filja, 09.01.53x.
120. Behar, Ramazan, Filja, 28.04.72x.
121. Bukurije, Mustafa, Filja, 17.12.71x.
122. Zenel, Ramazan, Filja, 26.04.74x.
123. Lavdije, Ramazan, Filja, 28.04.83x.
124. Hane, Sulejman, Furtuna, 04.04.30x.
125. Farije, Dalip, Gjermenji, 01.04.31x.
126. Haki, Xhelal, Gjermenji, 15.12.28x.
127. Mirela, Pellumb, Gjypi, 28.08.67x.
128. Ramazan, Sami, Gjypi, 24.08.65x.
129. Skender, Islam, Haka, 14.03.80x.
130. Anife, Hysen, Haka, 07.12.57x.
131. Esmeralda, Skender, Haka, 20.07.80x.
132. Sofije, Kalem, Haka, 05.04.25x.
133. Flora, Skender, Haka, 12.08.82x.
134. Alban, Luan, Halili, 25.06.55x.
135. Blerta, Kujtim, Halili, 03.03.77x.
136. Dhurata, Krenar, Halili, 21.06.82x.
137. Elvin, Sinan, Halili, 01.09.81x.
138. Fadile, Xhemal, Halili, 29.03.54x.
139. Fife, Isuf, Halilaj, 07.05.50x.
140. Gani, Zenel, Halilaj, 07.04.43x.
141. Luan, Shaban, Halili, 05.05.53x.
142. Maksim, Sinan, Halili, 25.03.77x.
143. Rudina, Luan, Halili, 15.03.78x.
144. Sinan, Shaban, Halili, 06.06.58x.
145. Novruz, Lutfi, Hamo, 10.04.38x.
146. Zize, Novruz, Hamo, 07.10.62x.
147. Hanushe, Novruz, Hamo, 04.10.80x.
148. Leonard, Novruz, Hamo, 23.10.83x.
149. Qamil, Hamza, Hamzai, 04.07.32x.
150. Mexhimore, Myrteza, Hamzai, 24.04.51x.
151. Vladimir, Qamil, Hamzai, 29.12.82x.
152. Zabit, Myslym, Hamzaj, 04.04.53x.
153. Meleqe, Rapi, Hamzaj, 15.04.60x.
154. Lutfi, Sabri, Hanku, 04.04.33x.
155. Hazbie, Zenel, Hanku, 03.04.34x.
156. Amarda, Lutfi, Hanku, 20.07.69x.
157. Petrit, Hekuran, Harxhiu, 11.09.39x.
158. Drita, Izet, Harxhiu, 13.09.64x.
159. Hysen, Musa, Hasa, 17.13.51x.
160. Liza, Hekuran, Hasa, 03.10.55x.
161. Sajmir, Hysen, Hasa, 24.11.77x.
162. Rozina, Hysen, Hasa, 31.10.80x.
163. Shaqir, Osman, Hasa, 14.03.50x.
164. Razie, Beqir, Hasa, 17.06.57x.
165. Markelen, Besim, Hasani, 10.08.74x.
166. Idriz, Muharem, Hidri, 05.05.62x.
167. Violeta, Bajram, Hidri, 17.07.66x.
168. Arjan, Iljaz, Hoxha, 20.07.65x.
169. Veli, Muke, Hoxha, 03.03.67x.
170. Lulzime, Shefqet, Hymeri, 30.11.72x.
171. Reshite, Maliq, Hysenaj, 30.11.62x.
172. Bujar, Mitat, Ibrahimllari, 20.09.69x.
173. Kozeta, Elmaz, Ibrahimllari, 21.07.68x.
174. Ahmet, Qemal, Ibro, 02.01.56x.
175. Zhuljeta, Qerim, Ibro, 20.10.65x.
176. Mimoza, Halim, Iljazi, 12.03.64x.
177. Pellumb, Gani, Kalemi, 01.12.57x.
178. Vera, Halit, Kalemi, 23.02.62x.
179. Viron, Pellumb, Kalemi, 28.12.83x.
180. Gani, Xhelal, Kalemi, 16.02.30x.
181. Halime, Haxhi, Kalemi, 01.11.34x.
182. Myftar, Veli, Kamberi, 24.05.47x.
183. File, Hysen, Kamberi, 28.12.52x.
184. Besnik, Nazif, Kapllani, 23.04.39x.
185. Fatime, Riza, Kapllani, 03.09.59x.
186. Artur, Fuat, Karamani, 06.02.72x.
187. Firdes, Mersin, Karamani, 16.03.72x.
188. Namik, Faik, Kita, 20.05.60x.
189. Vitore, Nikoll, Kita, 11.01.81x.
190. Faik, Elmaz, Kita, 10.10.74x.
191. Hanke, Ali, Kita, 08.01.20x.
192. Selman, Hamet, Kllojka, 20.01.67x.
193. Fiqirete, Xhelal, Kllojka, 17.06.73x.
194. Shefqet, Ramiz, Koci, 04.06.56x.
195. Majlinda, Nexhip, Koci, 17.05.67x.
196. Reme, Xheladin, Koci, 10.09.27x.
197. Nazif, Ramiz, Koci, 02.03.63x.
198. Halit, Nexhip, Koci, 12.05.32x.
199. Agron, Riza, Koci, 28.01.70x.
200. Silvana, Agim, Koci, 14.12.74x.
201. Gjyle, Halim, Koci, 15.06.42x.
202. Astrit, Halit, Koci, 03.04.64x.
203. Xhemile, Ramadan, Koci, 31.08.63x.
204. Jemine, Halit, Koci, 04.09.58x.
205. Ervin, Zenun, Kodra, 16.01.73x.
206. Suela, Enver, Kodra, 14.09.79x.
207. Bashkim, Halil, Koka, 01.12.67x.
208. Majlinda, Kadri, Koka, 10.01.81x.
209. Arta, Ram, Koka, 22.06.81x.
210. Halil, Hamza, Koka, 16.03.38x.
211. Sanije, Dash, Koka, 13.02.49x.
212. Bedrije, Halil, Koka, 15.10.74x.
213. Gezim, Halil, Koka, 20.10.70x.
214. Aferita, Halil, Koka, 20.06.80x.
215. Fetije, Halil, Koka, 06.05.53x.
216. Reiz, Tare, Kokallaj, 16.12.36x.
217. Farfuri, Sefer, Kokallaj, 13.01.47x.
218. Valbona, Reiz, Kokallaj, 22.09.72x.
219. Ervin, Zenun, Kodra, 16.01.73x.
220. Suela, Enver, Kodra, 14.09.79x.
221. Bashkim, Halil, Koka, 01.12.67x.
222. Majlinda, Kadri, Koka, 10.01.81x.
223. Arta, Ram, Koka, 22.06.81x.
224. Halil, Hamza, Koka, 16.03.38x.
225. Sanije, Dash, Koka, 13.02.49x.
226. Bedrije, Halil, Koka, 15.10.74x.
227. Gezim, Halil, Koka, 20.10.70x.
228. Aferita, Halil, Koka, 20.06.80x.
229. Fetije, Halil, Koka, 06.05.53x.
230. Reiz, Tare, Kokallaj, 16.12.36x.
231. Farfuri, Sefer, Kokallaj, 13.01.47x.
232. Valbona, Reiz, Kokallaj, 22.09.72x.
233. Dukate, Lulash, Kola, 10.09.67x.
234. Frok, Gjok, Kola, 02.03.35x.
235. Age, Fran, Kola, 10.05.45x.
236. Robert, Frok, Kola, 25.12.66x.
237. Ladjola, Ramazan, Kora, 24.04.72x.
238. Albana, Ramazan, Kora, 09.08.72x.
239. Besnik, SAli, Kovaci, 15.04.57x.
240. Nexhmie, Riza, Kovaci, 22.03.60x.
241. Hatixhe, Avdyl, Kovaci, 01.11.33x.
242. Beslim, Beslim, Kovaci, 24.08.81x.
243. Aleks, Fatosh, Lecaj, 20.01.54x.
244. Gezim, Hekuran, Lifo, 28.10.60x.
245. Gjinovefa, Daljan, Lifo, 02.11.64x.
246. Selman, Mamut, Lika, 02.06.60x.
247. Xhevaire, Hamdi, Lika, 11.02.69x.
248. Evelina, Anastas, Likollari, 31.03.66x.
249. Arife, Skender, Lila, 03.03.30x.
250. Violeta, Gani, Lila, 07.07.51x.
251. Ervin, Arife, Lila, 27.12.82x.
252. Gaqo, Gani, Lila, 05.01.27x.
253. Ali, Gani, Loka, 15.09.81x.
254. Fiqirete, Jonuz, Loka, 16.10.59x.
255. Tomor, Skender, Loshi, 13.06.67x.
256. Fatmira, Haki, Lumani, 23.02.55x.
257. Marsela, Resmi, Lumani, 06.03.81x.
258. Petrit, Shaban, Mamudi, 13.02.64x.
259. Vjollca, Sinan, Mamudi, 10.01.59x.
260. Shaban, Sefer, Mamudi, 10.06.31x.
261, Suela, Kujtim, Manushi, 06.06.81x.
262. Rozina, Shytan, Mehilli, 25.09.76x.
263. Festim, Vasfi, Meta, 16.11.74x.
264. Kozeta, Banush, Meta, 09.06.75x.
265. Kristul, Apostol, Minga, 24.10.44x.
266. Nexhmie, Qamil, Minga, 13.03.54x.
267. Dorina, Kristul, Minga, 16.11.83x.
268. Drita, Ramadan, Muharemi, 03.01.50x.
269. Edmond, Gurali, Muharemi, 11.01.82x.
270. Manjola, Bashkim, Muharemi, 09.09.82x.
271. Sadete, Gurali, Muharemi, 09.09.82x.
272. Fatime, Hamdi, Mulleti, 26.11.64x.
273. Bajram, Aziz, Murati, 31.01.30x.
274. Urani, Miti, Murati, 18.08.32x.
275. Kujtim, Skender, Mustafai, 12.07.81x.
276. Tushe, Hasan, Mustafai, 12.02.20x.
277. Bujar, Skender, Mustafai, 11.04.72x.
278. Skender, Kasem, Mustafai, 18.03.54x.
279. Skender, Ismail, Mustafaj, 06.05.31x.
280. Nife, Ramazan, Mustafaj, 18.08.47x.
281. Shpetim, Arshi, Nazifi, 12.10.80x.
282. Shpresa, Arshi, Nazifi, 03.10.78x.
283. Gezim, Demir, Nazifi, 29.08.60x.
284. Nurije, Zini, Nazifi, 06.03.61x.
285. Mahmudije, Shefqet, Nazifi, 14.05.36x.
286. Shaban, Nevruz, Nazifllari, 13.04.45x.
287. Mereme, Ibrahi, Nazifllari, 18.03.54x.
288. Zoi, Mark, Ndrepepaj, 17.08.45x.
289. Ismail, Zenel, Nika, 15.03.43x.
290. Barije, Shaban, Nika, 01.05.54x.
291. Agron, Ismail, Nika, 05.08.75x.
292. Nexhmije, Ismail, Nika, 21.11.73x.
293. Tasim, Ismail, Nika, 21.03.80x.
294. Shpend, Bajram, Papa, 08.08.67x.
295. Skender, Halit, Pasha, 12.04.62x.
296. Shpresa, Rexhep, Pasha, 05.06.64x.
297. Liljana, Rexhep, Pojani, 23.04.50x.
298. Enver, Haxhi, Pojani, 14.03.53x.
299. Ramije, Vait, Pasho, 04.03.27x.
300. Luan, Zenel, Pasho, 22.08.73x.
301. Erjona, Agim, Pasho, 02.10.77x.
302. Adriana, Ali, Peci, 15.06.72x.
303. Greta, Sherif, Preza, 02.02.52x.
304. Agim, Mirash, Qehaja, 20.06.51x.
305. Drane, Memet, Qehaja, 03.08.30x.
306. Genti, Agim, Qehaja, 14.04.83x.
307. Hekuran, Ramadan, Qerimi, 13.01.46x.
308. Fiqiret, Ramadan, Qerimi, 07.08.39x.
309. Fatime, Xhemal, Qerimi, 05.10.39x.
310. Lulzim, Fiqeret, Qerimi, 15.07.73x.
311. Florinda, Besim, Qerimi, 06.10.76x.
312. Artur, Hekuran, Qerimi, 26.06.77x.
313. Elvira, Demir, Qerimi, 12.02.77x.
314. Elvira, Demir, Qerimi, 12.02.77x.
315. Hajrije, Zini, Qerimi, 15.10.58x.
316. Bujar, Meleq, Qerimi, 17.10.80x.
317. Meleq, Shefqet, Qerimi, 11.09.46x.
318. Zamir, Meleq, Qerimi, 11.10.72x.
319. Shaqir, Adem, Qerollari, 14.10.66x.
320. Mimoza, Hysen, Qerollari, 21.03.70x.
321. Shyqyrie, Shaqir, Qerolli, 24.04.79x.
322. Adriatik, Agim, Rakipi, 09.12.72x.
323. Merita, Sefedin, Rakipi, 23.11.76x.
324. Artan, Agim, Rakipi, 21.01.79x.
325. Fatmira, Bato, Rakipi, 17.02.62x.
326. Majlinda, Pellumb, Rexha, 25.03.86x.
327. Agim, Sali, Rexha, 29.10.50x.
328. Bukurije, Oran, Rexha, 03.05.50x.
329. Arben, Agim, Rexha, 12.10.69x.
330. Anila, Rexhep, Rexha, 12.05.69x.
331. Liljana, Agim, Rexha, 02.10.73x.
332. Pellumb, Sali, Rexha, 09.10.53x.
333. Lirije, Ramadan, Rexha, 19.09.56x.
334. Sali, Zyber, Rexha, 15.01.18x.
335. Astrit, Agim, Rexha, 15.12.67x.
336. Lumturi, Qemal, Rexha, 11.11.75x.
337. Meleqe, Demir, Rinxhi, 31.11.51x.
338. Viktor, Llesh, Ruci, 25.07.59x.
339. Argjentina, Pashk, Ruci, 25.07.59x.
340. Alma, Nikoll, Ruci, 07.02.83x.
341. Nazmije, Qamil, Rugja, 29.09.82x.
342. Gentjan, Sabri, Rugja, 20.09.75x.
343. Mehmet, Faslli, Sadiku, 12.09.25x.
344. Sanije, Rapi, Sadiku, 06.05.28x.
345. Luan, Hamit, Sadiku, 09.04.63x.
346. Nexhmie, Shaban, Sadiku, 01.09.63x.
347. Kadri, Asllan, Salcku, 10.04.35x.
348. Brunilda, Ferit, Salku, 24.09.74x.
349. Ylli, Hamit, Shara, 07.06.55x.
350. Bedri, Bajram, Shehu, 03.04.47x.
351. Nekije, Bajram, Shehu, 09.01.56x.
352. Klodjan, Bedri, Shehu, 02.06.79x.
353. Paqize, Arif, Sherifi, 25.11.57x.
354. Lumturi, Sali, Sherifi, 04.02.64x.
355. Selvije, Mersin, Sherifi, 21.08.68x.
356. Gani, Adem, Shkodrina, 03.05.39x.
357. Myzejen, Ali, Shkodrina, 22.04.60x.
358. Merita, Musa, Shra, 23.12.59x.
359. Behar, Zeqir, Shushku, 20.05.55x.
360. Ismete, Qazim, Shushku, 06.10.56x.
361. Plorat, Behar, Shushku, 24.12.80x.

362. Matilda, Behar, Shushku, 28.06.83x.
363. Fatbardh, Ymer, Sokolaj, 02.04.70x.
364. Valbona, Ymer, Sokolaj, 02.06.81x.
365. Rudina, Sulejman, Sokolaj, 02.12.70x.
366. Hamet, Hajrulla, Sokoli, 13.08.66x.
367. Sanije, Estref, Sokoli, 03.08.41x.
368. Burbuqe, Hajrulla, Sokoli, 24.11.70x.
369. Entela, Hajrulla, Sokoli, 01.10.81x.
370. Fredi, Ramazan, Sopoti, 11.01.81x.
371. Sanije, Çelo, Sopoti, 21.10.50x.
372. Viron, Mefail, Stefani, 13.08.66x.
373. Arta, Nevruz, Stefani, 05.05.67x.
374. Sulltane, Avdulla, Sula, 17.04.41x.
375. Ylli, Hysni, Sulo, 05.05.74x.
376. Alma, Qemal, Sulo, 13.06.75x.
377. Xhemal, Mustafa, Tafani, 22.08.68x.
378. Miranda, Demir, Tafani, 15.04.79x.
379. Valbona, Tofik, Tare, 10.07.79x.
380. Tefik, Hekuran, Tare, 02.10.35x.
381. Adile, Karafil, Tare, 05.10.44x.
382. Agron, Sali, Titi, 07.10.77x.
383. Mirand, Pellumb, Titi, 04.06.82x.
384. Tomor, Qazim, Tori, 02.09.63x.
385. Lutfije, Ymer, Tori, 26.04.63x.
386. Bedri, Zyber, Tori, 30.01.61x.
387. Valbona, Hasan, Tori, 14.09.69x.
388. Shefqet, Adem, Toshkezi, 22.06.39x.
389. Bajame, Fadil, Tufa, 11.08x.
390. Haxhi, Osmam, Tuti, 20.06.56x.
391. Kumrije, Tush, Tuti, 07.07.55x.
392. Fatime, Hasan, Xhafa, 08.04.48x.
393. Agim, Bajrama, Xhambazi, 20.01.55x.
394. Ajrije, Ruzhdi, Xhambazi, 11.10.60x.
395. Dile, Kasem, Xheleku, 10.02.20x.
396. Afrim, Xhemal, Xhemali, 05.09.70x.
397. Veli, Haxhi, Ylli, 27.09.32x.
398. Zylfe, Shaban, Ylli, 06.05.45x.
399. Zihni, Xhemal, Ymeri, 31.12.31x.
400. Nevrez, Beqir, Ymeri, 31.01.40x.
401. Kujtim, Zihni, Ymeri, 07.10.75x.
402. Donika, Ramazan, Ymeri, 12.64.83x.
403. Xhemal, Shefqet, Ymeri, 23.03.59x.
404. Nexhmije, Skender, Ymeri, 10.01.62x.
405. Arjan, Xhemal, Ymeri, 04.04.80x.
406. Balleza, Met, Ymeri, 01.04.80x.

ON THE PHYSICS OLYMPIAD

HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. HOLT. Mr. Speaker, I rise today to congratulate and celebrate the achievements of the 24 high school students of the United States Physics Team.

This is a wonderful opportunity to extol the best in American education, which these students represent. They inspire us as they learn to ask the questions of science to explore, investigate, and discover. Let us keep these students and their accomplishments in mind as we discuss the future of American education in the coming months.

I am proud to be the Representative of two of the members of the team—Daniel J. Peng of Englishtown, N.J. and Jennifer H. Hou of Plainsboro, N.J.

Daniel, who is a senior at Manalapan High School, is an avid debater as well as a strong science student. Jennifer, a student at West Windsor-Plainsboro High School, is also a talented musician. She plays both the piano and the violin. Both students have won countless awards and honors. I am proud to know that Daniel and Jennifer represent the future faces of science.

I hope that my colleagues in the House will join me in extending our congratulations to the United States Physics Team and wish them well as they travel and compete in the International Physics Olympiad this summer.

On this day as we celebrate the scientific achievements of our students, I would like to direct the attention of my colleagues to the policy statement of the Physics Olympiad, which has been signed by 18 scientific societies representing more than half a million people.

It states: "As Congress considers the future of the Elementary and Secondary Education Act and other education legislation this year, we urge Congress to maintain support for programs which benefit K–12 science and math education, particularly professional development programs for teachers and the preparation of new teachers."

IN HONOR OF DONALD N. BERSOFF, PHD., JD

HON. CHAKA FATTAH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. FATTAH. Mr. Speaker, I rise today to recognize a truly remarkable man, one who genuinely exemplifies what it means to be a teacher, mentor, and scholar.

Donald N. Bersoff, who is both a psychologist and lawyer, will be retiring this month from academic life and from his position as Director of the dual degree program in Law & Psychology co-sponsored by Drexel University and Villanova University School of Law, both of which are in the great State of Pennsylvania.

The son of first-generation Americans, Donald N. Bersoff was born in the Greenwich Village section of New York City in 1939. He received his Bachelor's degree, Master's degree and his Ph.D. in School Psychology from New York University. After serving as a therapist at a psychiatric facility in Staten Island, New York, he served his country as a staff psychologist in the United States Air Force stationed in southeast Asia during the Vietnam War. When he returned to civilian life, after teaching at several different Universities, he attended prestigious Yale Law School, graduating in 1976. After law school, where he was on the editorial board of the Yale Law Review, Dr. Bersoff, returned to academics, founding the dual degree program in Law & Psychology jointly administered by the University of Maryland School of Law and the Department of Psychology of The Johns Hopkins University.

When Dr. Bersoff returned to private, practice, he became the first general counsel of the American Psychological Association. Later, Bersoff continued his representation of that organization as a partner in the firm of Ennis Friedman & Bersoff, and later as a partner in the firm of Jenner & Block in Washington, DC. Dr. Bersoff eventually returned to the world of academics when he agreed to assume the directorship of the dual degree program in Law & Psychology administered by Drexel University and the Villanova University School of Law, where he has served as a tenured professor on both faculties for the past 11 years.

A pioneer in the field of Law & Psychology, Dr. Bersoff has taught undergraduate, graduate and law students as well as practicing psychologists and attorneys for over 35 years. In his distinguished teaching career, he has taught courses in Ethics and Professional Responsibility, Mental health Law, Criminal Law, Forensic Psychology, Legal and Civil Rights of the Mentally Ill, and advanced seminars in Social Science Applications to Law. He has also been active in the clinical arena, supervising school psychology interns as well as supervising attorneys in practice clinics. Dr. Bersoff is a diplomate of the American Board of Professional Psychology and is also admitted to practice law in Maryland, Pennsylvania, District of Columbia, and before the United States Supreme Court. In fact, in his years of legal practice, has written 25 amicus briefs to the Supreme Court.

Dr. Bersoff was an invited participant in the 1994 American Psychological Association Assembly for the 21st Century, and has been listed in Who's Who in America for 15 years. He is the recipient of scores of teaching awards, and is a Fellow of all the major organizations in both law & psychology. His publications number in the hundreds, including the leading text book for the teaching of Ethics to psychologists, and the leading treatise on mental health law for his home state of Pennsylvania.

As a psychologist and attorney, Dr. Bersoff has devoted significant time and effort to facilitating interdisciplinary cooperation between these two great professions. Dr. Bersoff was the American Psychological Association's first general counsel, directed that organization's Ethics Committee for over a decade, and served on the Association's Board of Directors from 1994 to 1997. In fact, in December 2000, Dr. Bersoff was awarded a Presidential Citation by the American Psychological Association which aptly summed up his remarkable list of accomplishments by concluding, in part: "Few others will reach the level of accomplishment that Donald N. Bersoff has attained both as a lawyer and a psychologist to promote, advance, and assist in shaping the future of the field of Psychology and the Law."

Based on the reports of his students, Donald N. Bersoff is a gentleman, a scholar and a wonderful teacher. He is a warm, funny and authentic individual who clearly cares about his students and colleagues. As a practitioner in both the fields of law and psychology, he has consistently demonstrated the general ethical and professional principles of competence, integrity, responsibility, respect for people's rights and dignity, concern for other's welfare, and social responsibility. He has enjoyed a rich, diverse and satisfying career spanning four decades.

Most importantly, perhaps, Donald N. Bersoff's legacy is marked by the indelible impact he had on the hundreds of students for whom he has served as a mentor. Dr. Bersoff's former students have worked for this country's government, serving various Senators and Representatives. Many of his students have served as law clerks for state and federal judges. His former students serve with distinction in the Armed Forces, in hospitals and mental health clinics, and in prestigious law firms across the country. And the "family tree," which starts with Donald Bersoff at its roots, extends into the world of academics,

with Bersoff proteges teaching at great Colleges and Universities across the country.

Please join me in applauding the 35 year career of a gifted and generous scholar and practitioner in the fields of Law & Psychology. Donald Bersoff has worked extremely hard to reach this momentous occasion. Again quoting from the Presidential Citation Dr. Bersoff received from the American Psychological Association: ''In so many areas of his life, he has challenged individuals to 'try to make what is thinkable, doable.' His life serves as a testament to that challenge.''

COMMUNITY RAIL LINE RELOCATION ASSISTANCE ACT

HON. CHARLES W. ''CHIP'' PICKERING

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. PICKERING. Mr. Speaker, as you know, there are many components to our transportation infrastructure upon which we all rely heavily. However, in many cities and towns across this great nation, the increased need for transportation infrastructure has caused some of our modes of transportation to conflict with the general function of the other. Throughout history as the United States expanded, much of the growth could be attributed to the rail lines. The railroad was the vital economic link for many communities. Therefore the railroads were often the focal point of many downtowns. Today, with an increased use in automobiles for surface transportation purposes, these rail lines have become quite problematic. However, this is no fault of the railroad. Railroads in this country still meet vital needs for both cargo and passenger transport. Many rail lines have divided downtown areas in half, while providing virtually no service to the downtown area. There are multiple dangers incurred when this happens. Rail disruptions like this have cut off essential services such as police, fire, ambulance and other medical services. Fatal accidents are occurring along improperly marked and located crossings. Also, many areas have been hampered economically by a rail line that has bisected a downtown area.

Mr. Speaker, I want to commend the railroads for their heavy investment in maintaining their lines. Again, these conflicts are no fault of the railroad, but have developed from changes that have erupted more rapidly than the railroads can adjust. In many cases, the road/rail conflict should not be corrected by cutting off or modifying a roadway. The best solution often is to relocate the railroad. My bill, the Community Rail Line Relocation Assistance Act would provide for this relocation. There are many situations in Mississippi where the railroads need to be moved. I am sure that this is true in many of your states, too. Railroads have the right of way and have no legal obligation to move. Therefore, my bill provides for a much needed solution. The railroads want to help solve these problems and foster good community relations with these towns that they serve. The Association of American Railroads and the Short Line and Regional Railroad Association support this legislation.

Mr. Speaker, my bill would authorize grants to fund rail relocation projects that mitigate the adverse effects of rail traffic on safety, vehicle traffic flow, or economic development; involving the vertical or lateral relocation of the rail line in lieu of the closing of a grade crossing or the relocation of a road; and provide at least as much benefit over the economic life of the project as the cost of the project. The Department of Transportation would fund 90 percent of the cost of these rail line relocation projects out of the general fund of the Treasury. The state or local government would be required to pay the remaining 10 percent, but would be allowed to cover this cost through appropriate in-kind contributions or dedicated private contributions.

Mr. Speaker, I urge my colleagues to evaluate the needs of the communities in their states in relation to the location of rail lines and join me in cosponsoring this legislation.

HONORING NATIONAL STUDENT BUSINESS CHAMPIONS

HON. ROY BLUNT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. BLUNT. Mr. Speaker, I rise today to congratulate the thirty five young men and women who comprise the 2001 National Championship Students in Free Enterprise Team from Drury University in Springfield Missouri. This is the first time in SIFE's 27 year history that a team from Missouri has won the national competition sponsored by this international organization headquartered in Springfield, Missouri.

These outstanding young academics achieved their top rating in open competition with teams from 111 other four year U.S. colleges and universities. The team took top honors for their multi-media presentation detailing their year's accomplishments.

Drury's SIFE team devoted more than 7,000 hours to 35 educational and community service projects. All of the projects were designed to develop leadership and communication skills through free enterprise education. Besides receiving excellent practical experience in business skills, the students were also investing themselves in their local and national communities.

Among their almost three dozen projects this year the team continued to develop and expand the Young Entrepreneurs Association, a web-based organization devoted to free enterprise education for middle school teachers and students. Only three years old, the program now serves 510 middle schools, representing 17 countries and all 50 states.

The Team also built on a three year relationship with an ''at-risk'' middle school in Laredo Texas and this year conducted a three day educational program built around the principles of free enterprise, ethical marketing and entrepreneurship. The project culminated with a ''mercado,'' in which 800 customers purchased products designed and produced by the middle school students.

Their win qualifies them for the first SIFE World Cup, to be held in London on July 11–13. Teams from 23 nations will compete for the title of SIFE Global Champion.

SIFE is a grassroots student movement active on more than 1,000 college and university campuses in 48 states and 20 foreign countries. Seventy five percent all four year colleges and universities in the United States participate in SIFE and their programs reach some 4 million students annually.

I know my Colleagues, especially those from Missouri, join me in offering their heartiest congratulations to the team members and their advisors—Dr. Charles Taylor and Dr. Robert Wyatt at Drury University. I further offer the best wishes of all the Members of this Congress for a successful competition in London later this summer.

VETERANS OPPORTUNITIES ACT OF 2001

SPEECH OF

HON. JO ANN DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 24, 2001

Mrs. JO ANN DAVIS of Virginia. Mr. Speaker, I rise today in support of H.R. 801, the Veterans' Opportunities Act of 2001. As a cosponsor of this legislation, I am proud to be able to say that the committee referred a bill that has practical and immediate effects for many veterans and their loved ones. This legislation comprehensively addresses many issues associated with veterans and their dependents.

What I would like to speak about today is one section of this legislation that I believe will have an immediate and practical effect for the surviving families of many of our recently deceased veterans.

As you may know, I recently introduced a bill, H.R. 1015, the SGLI Adjustment Act. The substantive language of this bill was incorporated by the committee directly into H.R. 801. This legislation will directly and immediately help many of the families and beneficiaries of those killed since October 1, 2000.

I am extremely pleased and grateful the Veterans Committee included my legislative language in the final version of H.R. 801.

Mr. Speaker, I know you are aware that our military has recently suffered numerous tragedies: the bombing of the USS *Cole*, the crash of an Osprey, a Blackhawk, a National Guard airplane, and the accidental bombing of our own troops in Kuwait. All of these accidents were unforeseen, and all of these accidents resulted in the tragic loss of life.

Recently, on November 1st of last year, the President signed a bill increasing this maximum benefit to 250,000 dollars. Unfortunately for those recently affected families, this increase in coverage does not take effect until April 1st of this year.

By incorporating the substantive language of my bill, we will retroactively grant this increase to those families who had opted for the maximum benefit and subsequently lost a loved one in the performance of their duty.

Mr. Speaker, I would be remiss if I did not thank the committee and its staff for their hard work and dedication in seeing this bill brought

to the floor. In particular, I would like to thank the gentleman from New Jersey, Mr. SMITH, and the gentleman from Arizona, Mr. HAYWORTH, and the gentleman from Florida, Mr. CRENSHAW, for ensuring that my legislation was attached to this bill in the form of a friendly amendment.

COMMONWEALTH OF VIRGINIA,
OFFICE OF THE GOVERNOR,
Richmond, VA, April 4, 2001.

Hon. JO ANN DAVIS,
U.S. Representative, 1st Congressional District of Virginia,
Longworth House Office Building, Washington, DC.

DEAR CONGRESSWOMAN DAVIS: I would like to thank you for your support and concern for the members of the 203rd Red Horse Flight Virginia Air National Guard and their families as we all struggled to cope with their tragic loss. I appreciate your participation in the Memorial Service March 10th for our 18 Guardsmen who lost their lives while serving their country.

While only time will heal the wounds, I take some solace in the knowledge that H.R. 1015 was, with your steadfast support, passed overwhelmingly and the members of the National Guard will enjoy increased benefits.

Your thoughtfulness and consideration is much appreciated.

Sincerely,

GARY K. ARONHALT,
Secretary of Public Safety.

AIR FORCE ASSOCIATION,
Arlington, VA, March 14, 2001.

Hon. JO ANN DAVIS,
Longworth House Office Building, Washington, DC.

DEAR MS. DAVIS: The Air Force Association applauds your efforts to include those service members killed in the line of duty and covered at the maximum limit of the Servicemembers Group Life Insurance (SGLI) Program since November 1, 2000 under the proposed increased limits for SGLI.

Your initiative will ensure that service-families mourning these tragic losses will receive the same benefits as those affected after the passage of the legislation.

We look forward to working with you to enact this legislation into law.

Sincerely,

JOHN A. SHAUD,
General, USAF (Ret.).

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES,
Washington, DC, March 14, 2001.

Hon. JO ANN DAVIS,
House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE DAVIS: On behalf of the members of the National Guard Association of the United States (NGAUS), I wish to extend our support for H.R. 1015, legislation that will provide for an increase in the amount of Servicemember's Group Life Insurance (SGLI) paid to survivors of members who died in the line of duty.

With the increased level of operations for all members of the Armed Services, there have been an unfortunate increasing number of training accidents. This was all too evident when 21 members of the National Guard tragically lost their lives on March 3rd, in a military airplane crash. These good men died while serving their country, their state and their community. The severity of this accident is a grim reminder of the risks we ask of the members of the National Guard, along with all men and women who serve in uniform.

On November 1, 2000, the President signed into law S. 1402 that increased the maximum benefit for the SGLI from $200,000 to $250,000. However, implementation of the increase was delayed until April 1, 2001. The legislation you introduced will provide those service members who previously contracted for the maximum benefit of SGLI and died in the line of duty to receive the increased maximum amount of $250,000.

The National Guard Association of the United States fully supports your efforts and therefore I am proud to offer the endorsement of the NGAUS for H.R. 1015.

Respectfully,

RICHARD C. ALEXANDER,
Major General, OHARNG (Ret),
Executive Director.

NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA,
Alexandria, Va., March 16, 2001.

Hon. JO ANN DAVIS,
U.S. House of Representatives, Longworth House Office Building, Washington, DC.

DEAR REPRESENTATIVE DAVIS: Thank you for introducing legislation to provide an increase in the amount of Servicemember's Group Life Insurance (SGLI) paid to survivors of members of the Armed Forces who died in the performance of duty between November 1, 2000, and April 1, 2001.

Recognizing those men and women whom made the ultimate sacrifice, and ensuring that their family members are cared for is of utmost importance to the NCOA.

The NCOA strongly supports your proposed piece of legislation. Accordingly, it will be our privilege to provide testimony on behalf of H.R. 1015, or whatever other assistance you may require.

Sincerely,

ALEX J. HARRINGTON,
Director of Legislative Affairs.

THE RETIRED OFFICERS ASSOCIATION,
Alexandria, VA, March 16, 2001.

Hon. JO ANN DAVIS,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE DAVIS: On behalf of the 390,000 members of The Retired Officers Association (TROA), I wish to extend our support for H.R. 1015, a bill to provide for an increase in the amount of Servicemember's Group Life Insurance (SGLI) paid to survivors of members of the Armed Forces who died in the performance of duty between November 1, 2000, and April 1, 2001.

Your legislation provides an important and timely correction in the implementation of the recent increase in SGLI coverage from $200,000 to $250,000. The legislation is also consistent with action taken to increase SGLI after operational accidents such as the Gander, Newfoundland disaster. H.R. 1015 will ensure that those not covered at the higher SGLI level during the period between passage and implementation of the increase authorized under P.L. 106–419 will now be covered.

With the increased level of operations for all members of the Armed Services, tragic accidents are occurring more frequently. From the USS Cole to the most recent crash of an Air National Guard plane, our servicemen and women risk their lives on a daily basis. The severity of these accidents serve as a reminder that liberty is not procured without the constant vigilance of those who freely give up theirs to protect us.

TROA greatly appreciates your leadership on this issue and we offer our full endorsement of H. R. 1015, a bill that will help surviving family members to meet critical family needs following the tragic loss of their servicemembers in recent terrorist attacks or training accidents.

Sincerely,

MICHAEL A. NELSON,
President.

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES,
Washington, DC, March 16, 2001.

Hon. JO ANN DAVIS,
U.S. House of Representatives, Washington, DC.

DEAR REPRESENTATIVE DAVIS: On behalf of the 75,000 members of the Reserve Officers Association of the United States, chartered by Congress in 1922 to support the development and implementation of a military policy that will provide adequate national defense for the United States, I want to congratulate you for introducing HR 1015, legislation that would provide for an increase in the amount of Servicemembers Group Life Insurance (SIGLI) paid to the survivors of service members who die in the line of duty. I want you to know that the Reserve Officers Association fully supports your efforts in this regard.

Since the end of the Cold War we have witnessed a three-fold increase in the level of deployments of our Armed Forces. Our men and women in uniform are increasingly called upon to support contingency operations around the world, operations that expose them to danger on a continual basis, as the headlines daily remind us. Over the past several years, members of the Reserve components have annually provided more than 12,500,000 workdays of contributory support to our Active component forces. Truly the level of our military operations is remarkable. So, too, are our men and women of the uniformed services. Your bill will help recognize the value of these contributions and of the men and women who make them.

Again, let me thank you for sponsoring HR 1015. ROA appreciates your efforts and is pleased to offer our full support.

Sincerely,

JAYSON L. SPIEGEL,
Executive Director.

ENLISTED ASSOCIATION OF THE NATIONAL GUARD OF THE UNITED STATES,
Alexandria, VA, March 19, 2001.

Hon. JO ANN DAVIS,
Longworth House Office Building, Washington, DC.

DEAR REPRESENTATIVE DAVIS: On behalf of the enlisted men and women of the Army and Air National Guard, the Enlisted Association of the National Guard of the United States (EANGUS) wishes to thank you for introducing H.R. 1015, a bill to increase the amount of Servicemember's Group Life Insurance paid to survivors of servicemembers who died in the performance of duty recently.

Although an increase was signed into law last November, the increase doesn't go into effect until April 1. Your bill would cover those who died in the recent tragedies and ensure that their survivors will receive the new maximum benefit.

EANGUS fully supports this bill. Thank you for your efforts on behalf of our uniformed men and women who serve their

country and sometimes pay the ultimate price in that service.

Working for America's Best!

MSG MICHAEL P. CLINE (RET),
Executive Director.

March 16, 2001.

Hon. JO ANN DAVIS,
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE DAVIS: On behalf of the members of the National Order of Battlefield Commissions, I wish to extend our support for H.R. 1015, a bill to provide for an increase in the amount of Servicemember's Group Life Insurance (SGLI) paid to survivors of members of the Armed Forces who died in the performance of duty between October 1, 2000, and April 1, 2001.

Your legislation provides an important and timely correction in the implementation of the recent increase in SGLI coverage from $200,000 to $250,000. The legislation is also consistent with action taken to increase SGLI after operational accidents such as the Gander, Newfoundland disaster. H.R. 1015 will ensure that those not covered at the higher SGLI level during the period between passage and implementation of the increase authorized under P.L. 106–416 will now be covered.

With the increased level of operations for all members of the Armed Services, tragic accidents are occurring more frequently. From the USS *Cole* to the most recent crash of an Air National Guard plane, our servicemen and women risk their lives on a daily basis. The severity of these incidents serve as a reminder that liberty is not procured without the constant vigilance of our servicemembers.

The members of the National Order of Battlefield Commissions greatly appreciate your leadership on this issue. We offer our full endorsement of H.R. 1015, a bill that will help surviving family members meet critical needs following the tragic losses of their loved ones to recent terrorist attacks or training accidents.

Sincerely,

ROBERT C. EVANS,
Washington Representative.

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, DC, March 21, 2001.

Hon. JO ANN DAVIS,
House of Representatives,
Washington, DC.

DEAR CONGRESSWOMAN DAVIS: The Veterans of Foreign Wars of the United States strongly supports your bill, H.R. 1015, to provide an increase in the amount of the Service Members' Group Life Insurance (SGLI) paid to survivors of Armed Forces' members who died in the line of duty since November 1, 2000 through April 1, 2001 from its presently authorized amount of $200,000 to the maximum amount of $250,000. This two million-member service organization believes this is the equitable thing to do under present circumstances.

It is an unfortunate fact that, even during peacetime, military service members lose their lives while training for wartime scenarios and are targets of international terrorists. Your legislation is consistent with prior legislation taken to increase the SGLI—after the operational accident that resulted in deaths in the Gander, Newfoundland, disaster. H.R. 1015 will retroactively extend the maximum coverage five months, from November 2000 and carry it forward to 1 April of this year, when P.L. 106–419 authorizes the new maximum rate of insurance coverage. While it is impossible to place a dollar value on anyone's life, the VFW believes that the added cost of your proposal is absolutely miniscule when considering the Department of Veterans Affairs' current budget.

Again, thank you for taking the initiative to correct a small but very important gap in the life insurance program our nation provides to the military community.

Sincerely,

DENNIS C. CULLINAN,
Director, National Legislative Service.

HONORING RANNEY SCHOOL

HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. HOLT. Mr. Speaker, I rise today in recognition of the Ranney School's dedication of its recently constructed Middle and Upper School Academic Complex, which marks a significant step in the school's ongoing expansion effort. The school's achievements in helping to educate Central New Jersey's young people throughout its forty-one years of existence have truly been exemplary.

The Ranney School, based in Tinton Falls, New Jersey and enrolling 650 students in grades pre-K–12, began as the Rumson Reading Institute. As the school grew, it moved out of the basement of its founders private home and into the 60-acre campus that it currently calls home. In spite of the significant changes during the past four decades, Ranney's mission has continued to emphasize the development of each student's character and sense of scholarship. As a result, many of the school's graduates go on to attend the nation's top colleges and universities.

The completion of the first phase of Ranney's expansion and modernization program will be marked on June 2, as the Academic Complex, comprised of 40,000 square feet of classroom and laboratory space, will be officially dedicated. The new complex is certainly a testament to the Ranney School's continued commitment to maintaining the highest educational standards for its students and faculty.

Once again, I applaud the Ranney School and its contribution to our community. I ask my colleagues to join me in recognizing the institution's steadfast commitment to the education of hundreds of our nation's young people.

SECTION 245(i) EXTENSION ACT OF 2001

SPEECH OF

HON. MAJOR R. OWENS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 24, 2001

Mr. OWENS. Madam Speaker, H.R. 1885 has been assured of passage as a result of the participation of the White House to promote a four month extension while the President considers our request for a one year or a permanent extension. We should all applaud the bi-partisan cooperation which allows us to immediately relieve the anxieties of many immigrants who could not make the April 30th deadline.

Last month I joined several of my New York colleagues by sending a letter to President Bush asking him to support extending 245(i) by at least one year. "We are concerned that once section 245(i) expires, those individuals who have failed to apply by the deadline could face deportation, and in some cases, be barred from reentry to the U.S. for three to ten years. Many of these individuals are parents of natural-born citizens of the U.S." Recently, President Bush has indicated he does support extending 245(i) beyond four months. As a result, I look forward to working with the Administration and my colleagues to ensure legal immigrants are given extended opportunities to petition for permanent resident status.

On December 21, 2000 former President Clinton signed into law the Legal Immigration Family Equity Act (LIFE Act) which reinstated section 245(i) of the Immigration and Nationality Act. As a result, thousands of hard working immigrants were given the opportunity to apply for legal residence without the threat of being deported. Unfortunately, the deadline for visa petitions expired on April 30th of this year which left many immigrants in my district at a loss. Because of the backlog of immigration cases in large cities such as New York, recent immigrants seeking legal residence face a system that is ill-equipped to handle such a large volume of cases.

Each day, case workers are inundated with hundreds of new cases that demand immediate attention. For this reason, I strongly support H.R. 1885 which extends 245(i) for four months beyond the April 30th deadline. The four month extension will provide relief for thousands of New Yorkers, who due to no fault of their own, did not file a petition before April 30th. Extension of 245(i) would not only benefit legal immigrants who seek permanent resident status, but would ensure the United States economy does not suffer as a result of the mass deportation of thousands of immigrants. With the passage of H.R. 1885 everybody wins.

NO CHILD LEFT BEHIND ACT OF 2001

SPEECH OF

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 23, 2001

The House in Committee of the Whole House on the State of the Union 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:

Mr. RANGEL. Mr. Chairman, I believe that there are no expendable human resources in my America. I view every high school dropout, every welfare recipient, every child as a vital resource that must be rescued from the effects of dependency, reduced earnings, and

the potential of being permanently locked out of a productive future. This Congress must adequately fund public schools; this Administration must support a national initiative to engage educators, parents, business, and communities in addressing the needs of urban schools; and our U.S. Department of Education must articulate a new vision to address the needs of poor performing urban schools. This is about ensuring that we leave no child behind, no family behind, no community behind.

Investment in public education and job training is the key to developing young minds and giving all of America's children a chance to excel. At the present time, however, a significant number of children attend schools where facilities are crumbling, classrooms are overcrowded, students are without computers and Internet access, and many teachers are uncertified and lack the requisite content expertise. While there are many dedicated teachers and great public schools in this country, it is a shame when even one child in the United States receives an obsolete and inadequate education.

America must develop a new paradigm to keep children in school, provide a solid education foundation, world-class academic skills, industry responsive job training, and preparation for post-secondary education and life-long learning. Children growing up in America's urban communities need to know that there will be a job for them when they complete school. It just makes good sense to educate people.

The economic future of America's urban communities is contingent upon developing strategies for achieving sustainable and systemic change in public school and the delivery of state of the art technical training. We must value the input of families, businesses, teachers, unions, universities, and faith and community-based organizations in a coordinated effort to promote educational achievement and the creation of work. All stakeholders in the community must recognize and acknowledge the contributions of all members of the community.

If this nation is to succeed in closing the opportunity divide, we must first close the racial, literacy, economic, social, and the technology gap for future generations.

The private and public sector must be willing to blur the distinctions among public schools, the business community, and traditional academic institutions. We need a national agenda for addressing poor performing urban schools. This initiative is about creating opportunity for America's poorest communities.

What is good for our poorest communities is ultimately an investment in the future of America's economic growth. Free market expertise can have a dramatic effect the quality of public schools and their ability to attract the best and brightest of the teaching profession.

The business community must assist schools in laying a solid groundwork in math, science, and technology skills at the elementary, middle school, and high school levels. We also must reach out to public schools, whose teachers and administrators are charged with the responsibility to insure that the skills learned today are the skills prospective employers want and need. We must reach into the hearts and minds of the students we serve, giving them the skills, the confidence, and the opportunity to succeed in our nation's increasingly digital economy.

Our nation's children have a big stake in the future of America, but many are not being provided with adequate education, job training, and opportunities that will allow them to take advantage of the prosperity and promise of the new global economy. Tragically, an entire generation of poor urban and rural children, many minority and most undereducated, are missing out on the American dream. At the time of unprecedented economic growth in this country these children are being left behind. Where is the outrage? Where is America's outrage? These children deserve better.

Students in schools that have high concentrations of poor children are at great risk of being left behind in an economy driven by technology, increased knowledge, and higher skills. Gaps in student achievement, between high-poverty and low-poverty students, and between minority students and their peers have persisted and in some cases widened in recent years.

As they get older, these children are less likely than other students to attend a college or university. This breach in opportunity undermines one of the central purposes of public education: providing all children, regardless of background, with a basic sound education and an equal chance to compete in the world of work when they leave school.

Americans consistently tell us that education is their highest domestic priority. In that context, we need to put a face on America's education priority, the face of America's poorest children. We must articulate our plans for the next century; a message of inclusive economic participation, self-reliance, affordable higher education, market-driven job training, world-class public schools, and accountability for educators and students.

NO CHILD LEFT BEHIND ACT OF 2001

SPEECH OF

HON. JAMES R. LANGEVIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 23, 2001

The House in Committee of the Whole House on the State of the Union 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:

Mr. LANGEVIN. Mr. Chairman, I rise to commend my colleagues on the Education and the Workforce Committee for crafting a bill that contains landmark investments in education and prioritizes disadvantaged children and low-performing schools.

In total, H.R. 1 authorizes $22.8 billion, about $5'billion more than was appropriated in fiscal year 2001. This bill creates new accountability systems that hold our schools responsible for delivering the first-rate education that our children deserve. It tackles the problem of illiteracy by creating two new reading programs and authorizing them at three times the level of past programs. H.R 1 gives children more personal attention and improves teacher quality by almost doubling funding for class size reduction and professional development for teachers. It authorizes $11.5 billion for Title I in 2002 with increases over five years that amount to almost twice the 2001 level. Finally, H.R. 1 rejects both vouchers, which would drain resources from public schools, and ''Straight As,'' which would politicize education and deny critical funding to the students who need the money most.

In sum, H.R. 1 is a remarkable measure. My only fear is that the budget we were forced to vote on last week so binds our hands that we will not be able to keep our promises. By enacting a $1.35 trillion tax cut and a four percent cap on discretionary spending increases, we have virtually guaranteed that we will not adequately fund all the programs we are about to authorize. Mr. Speaker, reforms without resources will not produce results.

I ask my colleagues to vote in favor of H.R. 1. However, we must all remember that our job is not over until we meet these obligations during the appropriations process.

HONORING ROBERT INGLIS

HON. RUSH D. HOLT

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. HOLT. Mr. Speaker, I rise today in recognition of Mr. Robert Inglis and his continued commitment to the young people in my district through his nearly seven-decade long affiliation with Lawrenceville, New Jersey's Boy Scout Troop 28. Bob's years of dedicated community service have made him a valuable contributor to our society whose efforts are to be applauded.

Bob's relationship with the Boy Scouts began in 1932 when he joined Troop 28 at the Lawrence Road Presbyterian Church. At this time, Bob, a resident of the Trenton-Lawrenceville area for most of his life, also became affiliated with the Mounted Troop 112 Field Artillery at Eggerts Crossing Road. Since his childhood, Bob has maintained his ties with Troop 28 as a Scoutmaster, Cubmaster, or assistant. Outside of his various official duties, Bob has also volunteered his time whenever the need arose.

One of the highlights of Bob's youth was his participation in the MacGregor Arctic Expedition of 1937–38 as an assistant surveyor. During his time with the expedition Bob had the opportunity to assist in groundbreaking polar magnetism experiments. After his graduation from Rutgers University in 1943, Bob became the first scout in Troop 28 history to earn the rank of Eagle Scout. During a two-year stint in the army from 1944 to 1946, which took him to France and later to Germany, Bob served as an army machine gunner. Bob's postwar life included marriage and a 38-year-long career with both New Jersey and Lawrence Township's Department of Health.

Robert Inglis' generous support of the Boy Scouts and his brave service to the United States have been exemplary. Once again, I

applaud Robert Inglis and ask my colleagues to join me in recognizing his steadfast commitment to our community.

TRIBUTE TO FATHER HOWARD LINCOLN

HON. JOE BACA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. BACA. Mr. Speaker, this June, we will be honoring Father Howard Lincoln, on the occasion of his leaving the Saint Catherine of Siena Parish, and also on the 10th anniversary of his ordination for the Diocese of San Bernardino.

Father Lincoln was ordained a Catholic priest in 1991 for the Diocese of San Bernardino. He served as Associate Pastor for Saint Catherine of Alexandria Church, Riverside; Priest Moderator for Our Lady of Fatima and Saint Bernardine's Churches, San Bernardino; and as Pastor of Saint Catherine of Siena Church, in Rialto for the past six years. He has been the Director of Communications and the Spokesman for Bishops Straling and Barnes for the past nine years and has served on numerous diocesan committees for the Diocese of San Bernardino.

Father Lincoln is a friend, a mentor, a guide to my family, to his parish, and the community of Rialto. He is known throughout our area for his outstanding sermons and his work as a fine educator, counselor and community leader. I have been privileged to know Father Lincoln, and have found him to be a mentor, a scholar, and an inspiration.

But Father Lincoln is also very down to earth, enjoying recreational pastimes. His golf game is so exceptionally good that he was appointed Official Golf Pro for the Vatican in 1997! A highlight for me was when we had a chance to play the Congressional Golf Course and Robert Trent Jones.

In furthering the mission of his parish to build the community through worship, education and service, Father Lincoln has been a gifted spiritual leader, a man of vision, virtue, and wisdom. His sermons have inspired and uplifted, causing me to reflect on the words of the Scripture:

> Now unto him that is able to keep you from falling, and to present you faultless before the presence of his glory with exceeding joy, To the only wise God our Savior, be glory and majesty, dominion and power, both now and ever. Amen. Jude 24–25

Many times, we seek guidance, so that we may know the right way in our personal lives, our careers, our public lives. This has been true for me as a husband, father, grandfather, and public official. Father Lincoln has always been there in times when I have sought spiritual guidance, so that I might know the power and the comfort of the Lord in making decisions that are fair, just, and right.

I am very pleased to have known Father Lincoln over the years, and wish him every success in his new posting. I offer my best wishes, and ask for the blessing of God to mark this occasion.

EASTERN QUEENS DEMOCRATIC CLUB HONOREES

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. ACKERMAN. Mr. Speaker, I rise today to ask all my colleagues to join me in recognizing Chester (Chet) Szarejko, Cantor Doreen Gammel, Frank Biordi, Joanna Laba, and Mohammed Saleh, who will be honored by The Eastern Queens Democratic Club at its Annual Awards Dinner on May 31, 2001.

Chet Szarejko has demonstrated strong leadership qualities as the Democratic District Leader of the 24th Assembly District in Queens County, NY. Chet also serves as Political Activities Chair of the Polish American Congress, which represents the more than one million Americans of Polish descent in the New York Metropolitan area. He has met with many Polish leaders, including Lech Walesa, and has worked to organize the Polish community in New York politics. He recently testified at the Holocaust Restitution Committee and helped to organize several Holocaust programs. Due to his activism among Americans of diverse backgrounds, members of the Southeast Asian Community have nicknamed Chet the "Queens Political Ambassador." He has been awarded citations from various immigrant communities and has received local acclaim as a champion of immigrants and new Americans.

Cantor Doreen Gamell studied music and philosophy for years before finding her true calling. When Cantor Jacob Taron asked her to substitute for him at a Friday night service in Port Washington, she found the perfect home for her voice, mind, and heart. Several years of study and several student pulpits later, Doreen Gamell became the Cantor at Temple Shalom in Floral Park. In addition to her duties at the synagogue, Cantor Gamell has been recognized for her work instructing developmentally challenged adults in the study of the Jewish texts and music, and in ritual and Torah cantillations.

Frank Biordi, President of Biordi Construction Company, has long been involved in community and business affairs in Queens, and has been a strong supporter of various local and national civic organizations. Frank has been a generous benefactor of the SIDS Foundation, Cancer Care Society, Deepdale Gardens Boulevard Bank Drive, Bayside Little League, and New Hyde Park Little League.

Joanna Laba is the Executive Director of Savoy at Little Neck, a world-class assisted living facility which opened in the fall of 2000. Her responsibilities include: developing and maintaining operational systems, maintaining a maximum census, developing initiatives consistent with resident-care needs, maintaining the memory support program, and supervising admission criteria practices. Joanna has also developed and managed support groups for seniors and their caregivers, including those concerning Alzheimer's and other memory-impairing diseases.

Mohammed Saleh was born and raised in Bangladesh, and received his Bachelor of Science in Pharmacy from the University of Dhaka. Mr. Saleh has served his community in several capacities: as President of the Long Island Muslim Society, Former President of the Empire State Pharmaceutical Society, and Founding President of the Bangladesh-American Pharmacists Association. He currently owns three pharmacies in the New York Metropolitan Area and is an active member of the Pharmacists Society of the State of New York and the National Community Pharmacists Association.

Mr. Speaker, I ask all my colleagues in the House of Representatives to join me in honoring these exceptional Americans as they are honored by The Eastern Queens Democratic Club, for their outstanding service and tireless dedication to the community.

HAPPY 50TH BIRTHDAY TO JONATHAN FRIEDMAN

HON. HOWARD L. BERMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. BERMAN. Mr. Speaker, I rise today to pay tribute to an outstanding individual and a good friend, Jonathan Friedman, who is celebrating his 50th birthday on June 3, 2001. Jonathan is a wonderful person, full of integrity and honesty, dedicated to improving the world around him, and an all-around good guy.

Jonathan and I have been friends since the early 60's when we worked together in the California Federation of Young Democrats. He was only in high school, but even then he was extremely interested in politics. In the Young Dems, he was a master debater on the Resolutions Committee and was known for providing a fresh and interesting insight which challenged previous policies of the Young Democrats. Jonathan's contributions to the Democrats for Israel Club and the California Democratic State Central Committee are equally impressive and indispensable.

Jonathan has enjoyed a distinguished career since receiving his M.B.A. at Wharton Graduate School, where he majored in finance. His educational background, which includes a B.A from UCLA, enabled him to enter the business world in 1975 as a securities analyst and later as an Assistant Vice President at Equitable Life. His interest and acumen in the financial arena continued to grow and led to a position with the Ford Foundation in New York. He made his way back to Los Angeles to serve as an investment consultant at the J. Paul Getty Trust. After a successful stint there, he turned his skills and savvy to the retail market by starting his own jewelry business, Miller Gems.

I frequently turn to Jonathan for analysis of legislative proposals in tax and financial matters. His counsel in these areas (and many others) has been invaluable to me.

Jonathan also finds time in his busy schedule to be of service to the Jewish community in Los Angeles and nationwide. He serves as a member of the Jewish Community Relations Council which fosters equal protection and justice for all, and he is a long-time member of the American Israel Policy Action Committee. Jonathan is also a volunteer board member of the Friends of the UCLA Library.

So it is with special joy that I ask my colleagues to join me in wishing my good friend, Jonathan Friedman, a very happy 50th Birthday and many happy returns. His friendship has added immeasurably to my life.

A TRIBUTE TO MAJOR STEWART H. HOLMES, USMC

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. LEWIS of California. Mr. Speaker, I rise today to recognize an outstanding Marine Corps Officer, Major Stewart H. Holmes, who served with distinction and dedication for two and a half years for the Secretary of the Navy, Commandant of the Marine Corps and under the Assistant Secretary of the Navy (FM&C) as the Marine Corps Appropriations Liaison Officer in the Appropriations Matters Office. It is a privilege for me to recognize his many outstanding achievements and commend him for the superb service he has provided to the United States Marine Corps, the Department of the Navy, the Congress, and our nation.

During his tenure in the Appropriations Matters Office, which began in December of 1998, Major Holmes has provided members of the House Appropriations Committee, Subcommittee on Defense as well as our professional and associate staffs with timely and accurate support regarding Marine Corps plans, programs and budget decisions. His valuable contributions have enabled the Defense Subcommittee and the Marine Corps to strengthen its close working relationship and to ensure the most modern, well-trained and well-equipped marine forces attainable for our nation's defense.

Mr. Speaker, Stewart Holmes and his wife Deborah have made many sacrifices during his marine career, and his distinguished service has exemplified the Marine motto ''Semper Fidelis.'' As they depart the Appropriations Matters Office to embark on yet another great Marine adventure, I call upon colleagues to wish them both every success.

HONORING LILLI PEREZ

HON. ROBERT A. UNDERWOOD

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. UNDERWOOD. Mr. Speaker, I would like to take this occasion to congratulate Lilli Perez lyechad on the publication of her new book entitled An Historical Perspective of Helping Practices Associated with Birth, Marriage and Death Among Chamorros in Guam.

A native of Guam, Lilli earned her bachelor's degree in Social Work from the University of Guam. She holds a masters degree in Human Relations from the University of Oklahoma and was awarded a Ph.D. by the Bryn Mawr College, Graduate School of Social Work and Social Research in Pennsylvania. Her areas of concentration include mental health, family dynamics and the significance of cultural explication. For almost two decades, she closely worked with numerous Native American community groups focusing particular attention on Pacific Islanders.

Lilli is currently employed as an extension agent by the Cooperative Extension Service at the University of Guam. She is a member of the Guam Association of Social Workers, the National Association of Social Workers, the Council on Social Work Education, and the National Network for Collaboration. On a part-time basis, she also provides services as an individual, marriage, and family therapist—concentrating her efforts on ''at risk'' populations.

The sociological discussions brought about by Lilli in this book will bring about knowledge and understanding about Guam's culture and traditions. This goes a long way toward getting the professional and academic communities acquainted with the unique situation and needs of Chamorros in Guam. I applaud her efforts and urge her to keep up the good work.

FIRST-TIME HOMEBUYER AFFORDABILITY ACT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. LAFALCE. Mr. Speaker, I am introducing the ''First-time Homebuyer Affordability Act.'' This legislation is identical to H.R. 1333 from the 106th Congress.

This bill is a pro-homeownership initiative, based on the principle of empowering families and individuals to use funds in their own retirement accounts to buy a home.

The ''First-time Homebuyer Affordability Act'' unlocks the more than $2 trillion currently held nationwide in Individual Retirement Accounts (IRA's) for homeownership use. It does so by allowing individuals to borrow up to $10,000 from their own IRA (or from their parent's IRA) to use as a down payment on a first-time home purchase. Since funds are borrowed, rather than withdrawn, the homebuyer does not incur federal taxes or a premature withdrawal penalty.

This bill is a targeted effort to narrow the arbitrary disparity between treatment of 401(k) retirement plans and IRA retirement plans. Under current law, individuals may borrow from their 401(k) retirement account without paying taxes for a broad range of purposes, including buying a home. Yet, individuals cannot borrow or otherwise use funds in their IRA for personal use, even to buy a home, without incurring federal taxes. This is a significant and inequitable impediment to homeownership.

Four years ago, Congress took a modest step towards lowering financial barriers to the use of IRA funds for home purchase—through enactment of a waiver of the 10% premature withdrawal penalty for withdrawal of up to $10,000 from an IRA account for a first-time home purchase. However, such a withdrawal still subjects the homebuyer to federal taxes on the amount withdrawn. For a $10,000 withdrawal by a typical taxpayer in the 28% tax bracket, this creates a federal tax liability of $2,800—leaving only $7,200 for a down payment on a home purchase.

Under the ''First-time Homebuyer Affordability Act,'' funds may be borrowed tax- and penalty-free from an IRA account for a period of up to 15 years. The loan must be repaid if the house is sold or if it ceases to be a principal residence. When the loan is repaid, the funds are restored in the IRA account, fully available for re-investment on a continuing tax-deferred basis.

Alternatively, the bill permits use of IRA funds for a first-time home purchase as a home equity participation investment. Under this approach, IRA funds are used for down payment; when the house is sold, the investment, plus a share of the profit from home sale (typically 50%) is repaid to the IRA account.

The purpose of IRAs is to encourage long-term savings and investment, to provide a financial cushion in retirement. Yet, even though buying a home is one of the best investments an individual can make, it is not an eligible IRA investment. Allowing an individual to borrow from their IRA to buy a home effectively makes this an eligible investment.

Allowing IRA borrowing for home purchase would also eliminate a disincentive against IRA contributions. Many young families and individuals are hesitant to tie up funds in an IRA account that they may need later to buy a home. And, IRA borrowing for home purchase does not deplete the IRA account, since the funds are replenished when the loan is paid back. Thus, the bill will encourage more long-term savings through IRA retirement accounts.

Finally, this legislation is responsibly drafted, to prevent self-dealing and generally track provisions of 401(k) loans. Non-payment or forgiveness of the loan is treated as a premature withdrawal. In such event, the unpaid amount would be subject to federal taxes and a 10% premature withdrawal penalty.

Other protections include a prohibition against taking an interest deduction on the borrowed funds, and a limitation that loan rates cannot vary by more than two hundred basis points [2%] from comparable Treasury maturities.

I urge Congress to enact this pro-homeownership, pro-savings initiative.

PAYING TRIBUTE TO THE CHELSEA BLEU PRINT

HON. MIKE ROGERS

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. ROGERS of Michigan. Mr. Speaker, I rise to honor the accomplishments of the staff of the Chelsea High School student paper, the ''Chelsea Bleu Print.'' This group of students competed in an American Scholastic Press Association competition and received the prestigious ''first place with special merit'' award for high school papers with a student body of 1,001 to 1,700.

This award, granted to only one other high school paper in Michigan and only 85 nationwide, is based on several high profile criteria, including the newspaper's demonstration of

community awareness, student interest, investigative reporting, design, layout, photography and overall style. The Chelsea Bleu Print staff earned a near perfect score of 945 of a possible 1,000.

The students, with their advisor Mr. Phil Jones, invested their personal time and energy to create a truly high-quality school newspaper. Their commitment to serving as a mirror of their school and community, and at the same time as the conscience of their constituency, is to be admired.

I urge my colleagues in the U.S. House of Representatives to join me in congratulating the Chelsea Bleu Print Advisor Mr. Phil Jones, the Editor-in-Chief Erin Ryder, and the dedicated Bleu Print staff. We wish them well in their future endeavors.

NATIONAL SCHOLARSHIP MONTH GALA HONOREES

HON. TOM OSBORNE

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. OSBORNE. Mr. Speaker, May is National Scholarship Month and one of its galas took place May 23, 2001, in St. Paul, Minnesota. The purpose was to present two significant awards—the Trustee's Award, which was given to the General Mills Foundation, and the President's Award—recognizing a major corporation's and an individual's perpetual assistance to students. The President's award was given to my longtime friend, Col. Barney Oldfield, USAF (Ret.). Born in Tecumseh, Nebraska, he left the state in 1940 to enter military service. Col. Oldfield has lived and worked in 81 countries and on every continent in the world, but he and his late wife, Vada, never forgot their Nebraska roots. He is a discredit to General MacArthur's statement, "Old soldiers never die, they just fade away," because he remains a generous contributor to education and medical research as he nears his 92nd birthday.

Since we share a great affection for both our home state and the needs of education, I want to share with my colleagues the acceptance speech of Col. Oldfield. But first, I would like to include the introduction that the Citizens' Scholarship Foundation of America's President, Dr. William C. Nelsen, delivered that evening:

As we gather here for the fourth presentation of our President's Award, more than eight hundred young people as far away as Singapore and Hong Kong, as nearby as North and South Dakota and Nebraska, are in careers or preparing for careers because of the one we honor and his late wife. And this is only the beginning as endowments created by them insure education assisting perpetual motion addressing not only the future but as far out as infinity. Communicators themselves, she an artist and himself a writer, no matter where life put them, these skills were put to use in many different applications. In this year, as he works himself toward being 92, he will be in the documentary for theater release called, Marlene Dietrich: Her Own Song, and his participation in Marlene's Biography is being constantly replayed on May 26, on The History Channel. He will be in the Stephen Ambrose funded two hour long production of Moment of Truth. When supreme headquarters, allied powers, Europe celebrated its fiftieth anniversary last month, researchers in Belgium found he was the only survivor on Order No. 1 Dash I, as General Dwight D. Eisenhower's advance man so they had him on camera on all armed forces network TV stations in western Europe telling anecdotes about how the greatest and most successful coalition began. He has been a celebrity ghostwriter known internationally for clients as varied as heavyweight boxing champion George Foreman and jokes for Ronald Reagan for forty years. Imagine what it was like that day when president Ronald Reagan made that Bittburg reconciliation gesture in Germany with German chancellor Helmut Kohl. When he watched on his TV set as Kohl, accompanied by Luftewaffe General Johannes Seinhoff and President Reagan, accompanied by Paratrooper General Matthew Ridgeway walked up to the monument—and he had been the ghostwriter for all four! When his beloved wife, Vada, died after eleven years of Alzheimer's disease . . . and she had been one of the original WAACS, he asked that there be no eulogy as she would always be a "work in progress" and after Taps at the Fort McPherson National Military Cemetery that the bugler perform Reveille so she could re-enlist herself as a research ally. Her fund at the Nebraska Medical Center in Omaha has drawn more than $200,000 and grows daily. He has written, spoken, and done documentary participations on military subjects all his life but has never taken the money, giving it instead to scholarships and medical research. This is a partial portrait of the one we honor tonight. A tough act to follow, but how much better off our world would be if others made similar gestures. His motto has always been, "If each of us who could, would help one who needs it, we would have very few social problems."

For all these and many other good reasons, these are why our fourth President's Award is presented to Col. Barney Oldfield, USAF (Ret.).

[Response of Col. Barney Oldfield, USAF (Ret.) on the receipt of the President's Award at the observance of Scholarship Month in St. Paul, Minnesota in the evening of May 23, 2001:]

How can one properly respond to an incredible honor such as your President's Award? Years ago at the old Astor Hotel in New York I stepped on an elevator to go to one of their many meeting rooms to be the luncheon speaker. Only one other person was on it and we were stuck between floors for thirty minutes! I introduced myself. He reached his hand and said he was Gutzon Borglum. . .the sculptor who had done Mt. Rushmore, whose audience that day were national geographic devotees. That has to be a tough audience. I said, "How do you start a speech to get the attention of such a group?" He said he was going to tell them of the time he almost fell off Abraham Lincoln's nose!

I don't know how he did that day, but I opened my remarks by telling of my elevator hiatus with him and it never went over as well anywhere else in my life.

But who will rescue me today?

Once when I had a long lunch with comedian Jack Benny, I asked him how he had acknowledged some meaningless award given him. He said, "I was introduced, and knew I was going to be hooted anyway, so I looked sternly at the audience and said—once every one hundred years or so a great man is born. Now that I am here, make the most of it."

To let you know I have a hard time taking myself seriously. I have worn this red hat. The late Charles Kuralt did a CBS "Who's Who" sequence about me called The Man in the Red Hat in 1977, in which he called me the king of the press agents. Why? In 1941, I made and gave Sonja Henie a valentine made of ice, which is still in storage in Omaha, Nebraska, more than 60 years old, which he declared was the longest running, open-ended publicity stunt in the world. I have worn this red hat in 81 countries on every continent in the world.

On February 1, 1938, Robert L. Ripley carried me into more than 1,000 periodicals in his Believe-it-or-Not feature, and it's been like that ever since.

But this president's award is highly serious. A peering into the reality that has always been a part of my late wife, Vada, and myself . . . a constancy of interest in education and medical research. She was one of the original WAACS (forerunner of the women's army corps) . . . served two years as a teletype operator with HQ 12th Air Force across North Africa, Sicily, and Italy. We are pedestaled in the celebrities in uniform section of the great US Air Force Museum in Dayton, Ohio, as a military couple. Clark Gable, Jimmy Stewart, bandleader Glenn Miller, and the fortieth President of the United States, Ronald Reagan, all surround and look down at us.

Vada, who fought Alzheimer's Disease 11 years, was still lucid when it happened and when I told her about it, she said "It's a good thing they can't talk as they're probably saying, 'There goes the neighborhood!'" When she died two years ago and was given full military honors at Fort McPherson National Cemetery, I told them there would be no eulogy as her story would always be unfinished . . . a work in progress, and had the bugler play "Reveille", the military wakeup call. There is a Vada Kinman Oldfield Alzheimer's research fund at the University of Nebraska Medical Center in Omaha, which allies her inspiration with research expertise and is funded to address infinity. A thousand people a day go by her tribute on its wall.

As we met on the campus of the University of Nebraska and went the world around . . . none more than us know of the extraordinary difference a college education can make in the lives of two people. Global experience has shown us how brutal lack of knowledge can be . . . how awful is the dirt and disease in which so many lives are lived.

We are great believers in living memorialization, naming awards for friends . . . the admired . . . who inspire . . . motivate . . . piggy-back history on educational assistance. We campaign endlessly against those who are in foundations who see themselves only as collectors of money and have neither interest nor time for publicizing the impact on recipients and the goals they achieve because of help at the crossroads of their lives.

Oddly, the question Vada and I were, and are, constantly asked has been, "Why have you been so persistently interested in education when you have no kids of your own?" Our answer has always been, "Who says we don't have any kids? You don't read our Christmas mail!" It comes from all over the world—some as much as twenty years after winning one of our scholarships. Those we knew as struggling students write to us about their successes and their achievements. On the Kinman-Oldfield family foundation stationary there is a photo of Vada giving the first scholarship to an electrical engineering student named Tony Kozlik. He was the son of a dairy worker and his mother

was a seamstress and he had to drive 43 miles to and from school each day. The scholarship made possible a room on campus. He graduated 4th in a class of 448 and made the dean's list. He has been an employee of Honeywell ever since.

What we are talking about here is the greatest game in town. Give some thought to it personally. You will be startled about how good you feel about yourself And you, too, may come to enjoy your Christmas mail from kids you never had, but will never forget you for what you did. For my Vada and for me, many thanks for this President's Award!

It will not be un-employed, but on view at functions related to the Vada Kinman Oldfield and Col. Barney Oldfield Nebraska Dollars for Scholars Program we have launched in Nebraska.

TRIBUTE TO GREATER OMEGA M.B. CHURCH

HON. BOBBY L. RUSH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. RUSH. Mr. Speaker, I rise to commemorate the 19th Anniversary of the Greater Omega M. B. Church, located in my congressional district in Chicago, Illinois. The Greater Omega M.B. Church has served as a beacon of hope and strength for Illinois' First Congressional District since it was founded on March 14, 1982. With approximately 150 pioneering members, Greater Omega M.B. Church began its mission of service under the leadership of its late founding pastor, Rev. Edmond Blair, Jr.

Since then, the church and its congregation have endured a vibrant history. Under Rev. Messenger's leadership, the Greater Omega family made the final mortgage payment on its current church home located at 135 W. 79th Street. In addition, the church began broadcasting its services on the WBEE radio station.

On November 12, 2000, the Greater Omega family selected their current pastor, Rev. Melvin Reynolds. Under the helm of a new leader, the congregation is excited about the future of Greater Omega. According to church members, Rev. Reynolds, ''loves and respects the people of Greater Omega, he loves and respects God's church, he sees the needs of the community, he tries to aid people in every walk of life and he loves God . . . Even more Rev. Reynolds has a vision of Greater Omega becoming a great church.''

In the midst of changing pastors and relocating four times, the members of Greater Omega have remained steadfast in their mission and devotion to God and the Chicago community. The church has continuously enacted programs in the community such as, job ministries, drug rehabilitation ministries, and prison ministries. The church also has a homeless food program and a mentoring program for the youth.

I commend Greater Omega M. B. Church for their continued high standards of worship and fellowship. Greater Omega's accomplishments are a true testament to their enduring faith and unwavering commitment to God. I am confident that the church will continue to grow and vigorously serve the community in the years to come.

SECTION 245(i) EXTENSION ACT OF 2001

SPEECH OF

HON. MAXINE WATERS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 21, 2001

Ms. WATERS. Madam Speaker, today the House passed a bill introduced by Congressmen SENSENBRENNER and GEKAS. This bill, H.R. 1885, seeks to extend for four months provision 245(i) of the Immigration and Naturalization Act. I was not able to be present for that vote, but I write today to state my support for reinstatement of 245(i).

245(i) allows certain undocumented immigrants to adjust their status while remaining in this country. Without that provision, they are forced to return home for a period of three to ten years before they can gain legal residency. This means, for example, that if someone from the Phillippines who lacks legal status marries a U.S. citizen, the couple must either be separated for several years, or they must both move to the Phillippines for the necessary time period. Either option is problematic.

In 1994, 245(i) was created to provide a third option—one which allowed the couple to remain together in the United States while the undocumented immigrant sought legal status. Unfortunately, that provision expired in 1998.

Last December, 245(i) was revived for a four-month period. It has become clear that there were problems with that time frame. Specifically, the Immigration and Naturalization Service (INS) was unable to process all of the applications by April 30, the date of expiration. In addition, immigrants were not able to comply with the complex paperwork requirements in that four month time frame.

I applaud the efforts of Mr. SENSENBRENNER and Mr. GEKAS in seeking to reinstate 245(i) again. However, their efforts do not go far enough. We should not stop by providing another four-month window of opportunity. Instead, we should reenact 245(i) as a permanent provision of the Immigration and Naturalization Act. Punishing people who have legitimate claims to legal residency by forcing them to leave the country for several years is not an acceptable solution. We should provide them an avenue by which they can stay here while their application is pending.

RECOGNIZING BRIAN KENT

HON. RANDY "DUKE" CUNNINGHAM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. CUNNINGHAM. Mr. Speaker, I rise today to commend, Brian Kent, a young man from White River, Vermont who recently won an award for a letter he wrote regarding the protection of the United States flag. Not only do I have deeply held, personal feelings on this subject, but I have also introduced a Constitutional amendment (H.J. Res. 36) to prohibit the desecration of the American Flag. Millions of American men and women have died in defense of this nation and the flag that represents the history of our nation. The American flag is a national treasure and the ultimate symbol of freedom, equal opportunity and religious tolerance.

Brian's letter to his Congressman reflects these feelings and I was pleased to see a young person have such strongly held values and pride in America. Brian's value system and convictions are commendable at any age, but all the more impressive for this 8th grader. I had the opportunity to meet this young man and judging from this encounter, I know his parents must be proud of this fine young American.

I commend his letter to my colleagues. Knowing students such as Brian assures me that this country's future is in good hands.

DEAR REPRESENTATIVE SANDERS: Two hundred and twenty-five years ago, the great nation of the United States was formed. This country has had its share of wars and protests, but one act of violence that offends most Americans is flag burning. Flag burning is a way of protesting, but it is at the expense of the country's unity and it needs to be stopped.

An unfathomable number of men and women have fought and died to defend the red, white, and blue. To see not only young, but also older Americans burning flags literally makes me ashamed that these people are Americans. Former POWs have created the American flag out of dead bugs while imprisoned. For many Americans, our flag has lifted their spirits through the darkest hours of our nation's history. The American flag is not only our nation's emblem, it's a part of our everyday life.

Flag burning was not just a fad of the sixties but many people still burn flags in protest today. People defend their despicable acts by insisting that flag burning is practicing their freedom of speech. Does anyone really believe that is what Samuel Adams and Thomas Jefferson intended when they wrote the constitution of the United States of America and included the article for freedom of speech? Did they want to create one nation under God that would spit on and burn the American flag, the symbol that our forefathers died to defend? No. These acts of burning our flag have divided our country and some of the ramifications still divide Americans today.

I am writing lawmakers to bring flag burning to their attention and ask them to consider passing a new law to prosecute any person unlawfully burning or desecrating to flag of the United States. I urge you to strongly consider supporting this type of law. Burning of the American flag is an act perpetrated against both our country and government, and should be prosecuted as a federal offense. Every unjustifiable burning of the American flag is a mockery of the patriots who first died for ''liberty and justice for all.''

Sincerely,

BRIAN KENT.

IN HONOR OF FATHER WILLIAM GULAS

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. KUCINICH. Mr. Speaker, I rise today to honor and celebrate St. Stanislaus pastor William Gulas on his 40th anniversary of his ordination of priesthood on this 27th day of May.

Father Gulas was born in 1934 in Hazleton, Pennsylvania. His first priestly assignment was with the editorial staff of Franciscan Publishers of Pulaski, Wisconsin, as editor of ''Franciscan Message.'' While with Franciscan Publishers, he assisted on weekends at parishes and edited other religious publications. He attended Marquette University in Milwaukee, Wisconsin, and was awarded a Master of Arts Degree in Journalism. He later taught at St. Mary's High School in Burlington, Wisconsin, and served as the Catholic Chaplain at Southern Wisconsin Colony at Union Town. His accomplishments did not go unnoticed; he soon served as President of the English-speaking Provincial Ministers of the Order of Friars Minor. In 1992, he was appointed General delegate of the Lithuanian Franciscans. His accomplishments are countless.

In 1993, Father Gulas assumed the pastorship of St. Stanislaus Catholic Church in Southeast Cleveland. One of his primary objectives was to restore the historic century-old church in Slavic Village. Father Gulas raised over $1.3 million for the church and successfully completed the restoration on the church's 125th anniversary. St. Stanislaus was blessed and dedicated on November 22, 1998 by Cleveland Bishop Anthony Pilla.

St. Stanislaus now thrives under the leadership and direction of Father William Gulas. We as a community are grateful for his time and dedication to St. Stanislaus and Cleveland. Please join me in honoring Father William Gulas on this very special day.

SLAVERY REPARATIONS

HON. CHAKA FATTAH

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. FATTAH. Mr. Speaker, I submit the following editorials for the RECORD.

[From the Philadelphia Inquirer, May 20, 2001]

FORWARD ON RACE—TOGETHER

Try this sometime: Say the words reparations for slavery in a crowded room.

Then watch the stereotypes and anxieties roll in like thunderheads: Hands move protectively over wallets or extend to receive a check; eyes scan the floor for an escape hatch or roll back in exasperation.

For 136 years, stereotypes and anxieties have stifled the conversation. But change is coming—and it's long overdue.

Recent investigations into race riots in places such as Rosewood, Fla., and Tulsa, Okla., have brought reparations to the fore. Businesses have apologized for slavery-era practices. The writings of people such as Randall Robinson, author of The Debt: What America Owes to Blacks, and conservative columnist David Horowitz have broadened and energized the debate. A class-action lawsuit is possible. The issue will arise at a United Nations conference on racism this summer in South Africa.

But the reparations issue is too weighty, too unsettling to be left to individual communities or businesses. Books, conferences or lawsuits by themselves won't be enough.

Slavery and the century of government-sanctioned discrimination that followed were national policies that denied fundamental rights—justice, equality, freedom—to African Americans. It will take a national effort to answer for that.

An excellent starting point is a bill that U.S. Rep. John Conyers (D., Mich.) has introduced annually since 1989. It would ''acknowledge the fundamental injustice, cruelty, brutality and inhumanity of slavery in the United States.''

And it would create a commission to study the impact of slavery and post-Civil War discrimination and to recommend remedies.

Mr. Conyers' colleagues and President Bush, who has eloquently spoken of taking on the mantle of Abraham Lincoln, should rise to the moment and turn this bill into law.

A reparations commission, handled fairly, could give America an honest grasp of the past that would help it seize a better future. It would show how by-products of the past—stereotypes, demagoguery, denial—block the path to progress. It would allow an open airing of wrongs, not to define the country by its sins but to help Americans see history through each other's eyes.

Most of all, it would remind America that the idea of reparations is not about who gets a check. It is about justice. But if Washington can't stir itself to pass the Conyers bill on its merits, America may be forced to have this conversation anyway.

In court.

Last year, a powerhouse team of lawyers and advocates formed the Reparations Coordinating Committee. It is considering strategies to address the legacy of slavery and discrimination, including lawsuits. The group includes Randall Robinson; Harvard professor Charles J. Ogletree; attorney Johnnie Cochran; Alexander J. Pires Jr., who won a $1 billion settlement for black farmers in a discrimination suit against the U.S. Department of Agriculture, and Mississippian Richard F. Scruggs, who helped win the $368.5 billion tobacco settlement.

Mr. Ogletree says the committee is hoping ''for a serious examination of the issues that provides some sense of healing and an ability to move forward.''

Who can blame advocates for thinking of lawsuits? In the nation's civil-rights history, courts have often been the place where minorities finally got action after appeals to community conscience or legislatures failed.

But while lawsuits can further justice, they are not designed to promote healing. The best approach to reparations is one that manages to serve both those goals.

What's more, if you put the words lawsuit and reparations together, most Americans will focus on one thing: money. How much? Who gets paid? Who has to pay? Those questions get sticky in a hurry. Critics of the idea have a field day.

That's why the courts, with their adversarial tone and necessary focus on legalistic details, aren't the best venue.

It is in Congress, elected by the people to talk through America's challenges, where the nation could best begin the moral process it urgently needs.

That process has three steps—acknowledgment, atonement and reconciliation.

The idea of atonement is as delicate a part of this discussion as money. Similar questions swiftly arise. Who should atone? To whom? Are you exempt if your ancestors came to America after 1865? If they lived in a ''free state'' before the Civil War? If your black ancestors ''crossed over'' to live as whites?

Ten seconds into such a discussion, you risk confusion, anger and defensiveness. That's why many Americans argue the nation should just duck this question and ''move on.''

And that is why it should be made clear from the start that a national initiative to study reparations must not be a festival of finger-pointing.

White Americans should not be required to apologize individually for benefits that they or theirs received from the exploitation of African Americans. Regardless of station or ancestry, no one person should be expected to shoulder all the years of moral, political, economic and social exploitation. Besides, words alone won't be enough.

No, atonement must come through actions—actions by the federal government. That government, acting for white people, allowed slavery for the first 76 years of its existence. That government, acting for white people, stood aside for almost 100 years as atrocities were committed against freed slaves and their descendants. That government now must act for the sake of all the people and take the lead in making amends.

As for acknowledgment, Americans need to grasp certain hard truths about their country.

First and foremost is that horrible wrongs were done to African Americans during the years of slavery and the century of government-sanctioned discrimination that followed.

But not just that. Those wrongs weren't done by just one evil region or contingent while the rest of white America innocently went about its business. Those wrongs were a major part of America's business. The unpaid labor of millions—even the slave trade itself—helped set in motion the U.S. economic juggernaut and fueled world trade. In 1790, the value of America's slaves was estimated at $140 million, twice the national debt, and 20 times the budget of the federal government.

So this truth may come as a surprise: The race that has been so vilified throughout U.S. history, that has often been depicted as a drain on the country's resources, worked side by side with white people in building America, in war and peace, right from the start.

Here is another necessary acknowledgment: Other ethnic groups in the United States have suffered. American Indians endured unspeakable atrocities. Many immigrants were cheated of fair pay for their labors and felt the sting of bias. Race hatred has claimed victims of all colors. All these stories should be heard and a reparations commission should be prepared to hear other requests for compensation.

But the African American experience is unique. As hard as other groups' roads may have been, none of them suffered chattel slavery and zero compensation for their labor and a hundred years of racebased discrimination.

A national dialogue on reparations will also have to acknowledge that America has made down payments on its debt.

Not every young man who went off to battle in the Civil War did so to free the slaves, but many on the Union side did. And, at the end of the war, the slaves were free. Not equal, but free.

The hundreds of thousands of war dead—black and white—the millions wounded, maimed, widowed and orphaned, can't be denied. The post-Civil War amendments to the Constitution, however imperfectly enforced, must be placed into the ledger.

The war on poverty will have to be counted as well. Yes, that war was waged on behalf of all poor people. But high rates of black poverty were part of the legacy of slavery and segregation, and many see the trillions spent to alleviate poverty from the New Deal onward as a good-faith attempt to address that legacy. The effort known as affirmative action also must be counted.

So, while America hasn't wholly atoned, it hasn't been wholly coldhearted either. Acknowledging that fact might help Americans see reparations not as an out-of-the-blue demand, but a logical, useful next step.

After acknowledgment and atonement, the final goal is reconciliation.

A national reparations commission would not make distrust over race disappear. It would, however, lift the veil of secrecy.

It would allow whites to see more clearly how race does impact today's public-policy issues. It would assuage blacks who feel that white America's constant refrain of ''Let's move on'' negates their experiences. It might, in the very best case, build enough trust that Americans of all races could begin to curb harmful reflexes ingrained by culture and experience.

Of course, there is more to reconciliation than government policy. Here's where individuals would play the largest role, as described by Bishop Desmond Tutu of South Africa in his book No Future Without Forgiveness:

''Reconciliation . . . has to be a national project to which all earnestly strive to make their particular contribution—by learning the language and culture of others; by being willing to make amends; by refusing to deal in stereotypes by making racial or other jokes that ridicule a particular group; by contributing to a culture of respect for human rights, and seeking to enhance tolerance—with zero tolerance for intolerance; by working for a more inclusive society where most, if not all, can feel they belong—that they are insiders and not aliens and strangers on the outside, relegated to the edges of society.''

Acknowledgment. Atonement. Reconciliation. A good-faith, national effort dedicated to those goals could make this the last turn of a century in which America is haunted by this intractable problem.

[From the Philadelphia Inquirer, May 20, 2001]

JUSTICE AND RECONCILIATION

What is the scariest thing about a discussion of reparations for slavery?

Is it the money? No. The country would have a long and loud argument over this, but, at heart, Americans are a generous people. Convince them of a genuine need or wrong, confront them with an emergency, and they'll dig deep to make things right.

Is it the fear of dividing the country? Only for those who don't recognize the divisions already there. Look at the black-white fault lines on issues such as affirmative action, the criminal justice system, support for political parties.

Is it that even reparations might not be enough to eliminate racism or demagoguery? Well, they won't. They won't fully make up for the horrors of slavery and segregation, either. They'll be a step, as much symbol as substance, to acknowledge wrong and atone in some way in hope of reconciliation.

No, the thing that is scariest is also what will have the greatest long-term benefit.

Knowledge.

Knowledge, above all, is what America would gain if Congress moved ahead on U.S. Rep. John Conyers' bill calling for a commission to study the impact of slavery and discrimination and to make recommendations on remedies.

And knowledge can heal, even as the gaining of it causes some pain.

A national study will reveal some truths about race in America—maybe more than many want to know, but much that the nation needs to know.

The challenge will be keeping this knowledge in perspective, in remembering that this racial history is one truth about America, but not the sole defining truth. That the seeking of this knowledge is itself part of the process of atonement. That acknowledging these truths is a necessary step to true reconciliation.

How can the past teach about race in America today?

Consider, for example, the charges about black disenfranchisement in Florida last November. How different do those events look when viewed not in isolation, but from the perspective of America's tradition of turn-of-the-century disenfranchisement?

In the 1790s, as the revolutionary principle ''all men are created equal'' waned, free blacks were disenfranchised in Delaware, Maryland and Kentucky. In the early 1800s, many Northern states followed suit (New Jersey in 1807; Pennsylvania in the 1830s).

At the turn of the next century, despite civil rights gained by blacks after the Civil War, Southern states enshrined disenfranchisement in law, with such things as poll taxes and literacy tests. Consider the political impact in just one state: In Louisiana, the number of African American voters dropped from more than 130,000 in 1896 to 1,342 in 1904.

So what does this tradition tell us? First, that ''Let's move on'' will never be an adequate response to concerns about political disempowerment of African Americans. History demands vigilance in protecting fundamental rights. Second, though, it also suggests how much has changed for the better. However you judge the unproven charges in Florida, they hardly resemble the wholesale, deliberate disenfranchisement that occurred in Jim Crow or slavery-era America.

That's the scary thing about knowledge. It leads to new places. Instead of giving either side the trump card in the ongoing racial debate, it might challenge old assumptions and raise new questions.

But running away from knowledge poses even greater risks in the long run.

Studying the impact of slavery and segregation is not just a task for historians. A reparations commission could provide an opportunity for Americans of all descriptions to come forward and tell their stories and the stories of their families; to fill in the gaps, to give voice to those who were silenced.

This education process has great potential to heal. There is tremendous power in airing what has been denied for generations. Just by listening, this commission, representing the people of the United States, can acknowledge and honor what has been endured. It can show that America is ready to hear and accept responsibility for the full story of its history.

Then the question arises: How can the living symbolically repay for political, economic and social wrongs stretching back over more than two centuries?

Some argue that the next step is for the government to issue checks to descendants of slaves. Many assume that's all reparations mean.

Not so.

Individual checks would have made sense and been just if given directly to slaves or their immediate descendants.

But today, the complications and logistics of issuing checks to descendants five generations removed boggle the mind. It's hard to see justice in that. It's even harder to envision it leading to any form of national reconciliation.

A commission studying slavery and reparations will be besieged with alternatives. It should give any creative, legitimate idea its due. But it must ensure that any recommendations are made with an eye toward balancing the justice that is deserved with the reconciliation that is needed.

What follows is one way to handle reparations.

A commission that has spent so much of its time educating America might consider it appropriate to carry on that theme in three ongoing projects.

The first project would meet the need for broad, symbolic restitution for the 76 years that slavery was legal under the U.S. government.

As an example, what if a national reparations fund—say $500 billion spread over a decade—was devoted to addressing the shortfall in academic resources and expectations facing black children?

One use of the money could be to build, renovate and repair schools in the nation's neediest school districts. The U.S. General Accounting Office said in 1996 that it would cost $112 billion ''just to achieve 'good overall condition' '' in the nation's schools. Such a program would benefit minorities primarily, but not exclusively. It would attack the inequality that does the most to turn differences of race into differences of income and opportunity.

Framing a national act of atonement around such a positive agenda would be both spiritually satisfying and pragmatic. It would help poor urban and rural districts do a much better job of preparing young African Americans and other students for work and citizenship; it might help revive urban centers and curb suburban sprawl.

A second project could address the 100 years of unconstitutional discrimination and segregation that followed slavery. It would compensate African American families who could demonstrate, subject to reasonable limits, that they or their ancestors suffered substantial losses because of racial discrimination.

Foremost among these would be the descendants of the almost 5,000 victims of lynchings. But also included could be victims of riots in which whites attacked black communities in places like Wilmington, N.C., in 1898, New Orleans in 1900, Atlanta in 1906, Tulsa in 1921, or dozens of others.

Again, the reparations need not be in the form of individual checks. For example, it could be college tuition credits for a generation of members of that family.

Finally, the nation could begin a third project dedicated to continuing education for everyone. It would include a museum in Washington, equal in stature to the U.S. Holocaust Memorial Museum, that would lead

an ongoing exploration of issues related to race and ethnicity in America.

Through this project, Americans of all ethnicities could answer the questions that arise often during any reparations discussion: What about us? What about our story, our unhealed wounds?

The point would not be to stage a contest to see who suffered the most. It would be an effort to show the range of experiences—and the similarities. Study them together and maybe America can see more clearly the patterns of hate and discrimination that rise up at certain points in history and damage the nation's soul.

Maybe that knowledge can help the country do right by future immigrants, sparing them some pain and showing that a nation can learn from its mistakes.

A thoughtful study of slavery, discrimination and their aftermath would, no doubt, bring forward other good ideas to handle reparations.

But first, America must accept that it must face this unfinished business. As W.E.B. DuBois wrote,

''We have the somewhat inchoate idea that we are not destined to be harassed with great social questions, and that even if we are, and fail to answer them, the fault is with the question and not with us. . . . Such an attitude is dangerous. . . . The riddle of the Sphinx may be postponed, it may be evasively answered now; sometime it must be fully answered.''

President Bush, Congress and the American people can heed Mr. DuBois' wisdom and take up his challenge. The Conyers bill shows how to take the first step.

SOCIAL SECURITY

HON. EARL POMEROY

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, May 25, 2001

Mr. POMEROY. Mr. Speaker, I rise today to commend to my colleagues a new book written by former Social Security Administration Commissioner Robert Ball.

As we in Congress grapple with the future of Social Security, it makes sense to listen to the words of wisdom offered by someone who has spent a lifetime working with the program. Bob Ball began working in the Social Security Administration in 1939 and ran the program for more than 20 years. Clearly, Mr. Ball is one of the country's foremost experts on Social Security.

A collection of Mr. Ball's essays, ''Insuring the Essentials: Bob Ball on Social Security'', has recently been published by the Century Foundation Press. These essays not only chronicle the history of the program, but frame past and current Social Security reform proposals in clear, concise terms. I encourage my colleagues in Congress, and all Americans interested in the subject of Social Security, to read this valuable book.

Mr. Speaker, I submit for the RECORD a review of Mr. Ball's book, which appeared in the May 12 edition of the National Journal.

[From the National Journal, May 12, 2001]

IT'S NOT JUST A PENSION PLAN (DAMMIT!)

(By Robert Ourlian)

You may have heard the one about Alf Landon's ill-fated tirade during the 1936 presidential campaign and how it blew up in his face like a prank cigar, leaving him wide-eyed and blinking. This was the attack on the year-old Social Security Act, which he denounced with every overreaching adjective it was his misfortune to muster. ''It is a glaring example of the bungling and waste that have characterized this Administration's attempts to fulfill its benevolent purposes,'' Landon said with Magoo-like chagrin. He called the act ''unjust, unworkable, stupidly drafted and wastefully financed,'' and ''a fraud on the working man.''

Bob Ball includes a hearty mention of Landon's little game of Republican roulette in his new book, Insuring the Essentials: Bob Ball on Social Security. Ball is not unbiased on this subject. He has spent a lifetime helping develop an American form of social insurance and defending it against people like Landon. Now 87, Ball began his work at the federal Social Security Administration in 1939, and he ran the program from 1952–73. He has served as a member of or adviser to nearly all of the many, many, many advisory councils on Social Security (the latest was appointed only last week). He has written, testified, consulted, argued, lectured, and exhorted so profusely that he probably deserves the nickname suggested by his Century Foundation editor—Mr. Social Security.

Ball went so far as to make a pro-Al Gore political advertisement last year, heaping scorn on George W. Bush's plans for retirement accounts (Ball considered the ad muted; Gore's people thought it was powerful). Ball counsels Democrats and openly praises labor unions, his allies in many Social Security battles. He expects no calls from the White House these days.

But even as a combatant, Ball engages, it must be said, graciously. In this book, he deftly—almost slyly—appoints out where the partisan fault lines are in the Social Security debate, and who takes which side. For some in the debate, this is good to know. In one essay, he mentions Landon and other early Republican opponents, and in a later one, hints that Eisenhower Republicans were self-destructively slow to warm to Social Security. In other chapters, he dispassionately discusses the proposals—mainly, though not always, Republican ones, through the decades—to downsize, privatize, outsource, and otherwise rip some of the system from its federal moorings—a goal Ball plainly considers undesirable.

Still, Ball knows what we're dealing with here, and, so do we: the deep-rooted struggle over government's role in America. To his Republican, corporate, and conservative adversaries, Ball is saying, in a polite and sometimes roundabout way, ''Let's rumble.'' Ball obviously believes government has a role in promoting such things as justice, fairness, and equality while respecting individuality.

In his preface, he quotes Abraham Lincoln on the government's job to ''do for a community of people whatever they need to have done but cannot do at all or cannot do so well for themselves.'' Ball includes his own 1986 address to a conference on older people, challenging the rugged Reaganism of that decade on the need for long-term care for the elderly. ''This issue will be a good test,'' he says, ''of whether Americans are really against the use of government for social purposes . . . or whether they like President Reagan more than they like his philosophy.''

In a commencement address delivered at the University of Maryland a year earlier, he lectures: ''Greed is not enough if we are to address successfully the great challenges that face the world. If each of us pursues a life dedicated to getting the most we can for ourselves, it will not automatically follow that the community will be better off. There is a law of reciprocal obligation.''

Now President Bush has created another Social Security advisory council. So this meandering collection of essays, articles, op-eds, and lectures written by Bob Ball over a stretch of nearly 60 years is nothing if not timely. It takes the reader on an interesting, if sometimes challenging, ride through the development of American social insurance.

It's not a completely smooth ride. Some of Ball's favorite pieces, such as a 1947 journal article, would be difficult reading for those unfamiliar with the jargon of the social science disciplines. Another, a 1942 guide on field interviews, seems to be on the margins of any point the book endeavors to make, and the same goes for a 1949 piece on contribution rates and funding sources. While these older chapters have been blessedly freshened with recent data, and do give a sense of agency culture through the decades, some seem of limited use today. Yet, I resisted the urge to jump straight to the chapters addressing current concerns, and I was glad to get the insights that were tucked away in many of the others: the guiding principles of Social Security; the ins and outs of 75-year forecasts; the ways private investment can play a role; the true nature of the challenges ahead.

Granted, Bob Ball has cast his lot in the partisan game. But he speaks loudly in the ongoing debate, and this book will serve as his megaphone—whether he needs one or not.