HOUSE OF REPRESENTATIVES—*February 26, 1992*

The House met at 12 noon.

The Reverend Dr. Ronald F. Christian, Office of the Bishop, Evangelical Lutheran Church in America, offered the following prayer:

Oh, God of all goodness, we give You praise and thanks for all the blessings of life. We are grateful for:

The blessing of food and the challenge to feed others;

The blessing of shelter and the challenge before us to care for the homeless;

The blessings of love from family and friends and the challenge to love others who are lost and alone.

You have given us much, O Lord, and You expect as much from us. Help us to accept Your blessings with gratitude, and may we also receive Your challenges as blessings. Amen.

THE JOURNAL

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

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

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

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

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 282, nays 115, answered "present" 1, not voting 36, as follows:

[Roll No. 22]

YEAS—282

Abercrombie
Ackerman
Alexander
Anderson
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Annunzio
Anthony
Applegate
Archer
Aspin
Atkins
AuCoin
Bacchus
Barnard
Bateman
Beilenson
Bennett
Berman
Bevill
Bilbray
Blackwell
Bonior
Borski
Boucher
Brooks
Broomfield
Browder
Brown
Bruce
Bryant
Bustamante
Byron
Cardin
Carper
Carr
Chapman
Clement
Clinger
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Costello
Cox (IL)
Coyne
Cramer
Darden
Davis
de la Garza
DeFazio
DeLauro
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dornan (CA)
Downey
Dreier
Durbin
Dwyer
Dymally
Early
Eckart
Edwards (CA)
Edwards (OK)
Edwards (TX)
Emerson
English
Erdreich
Espy
Evans
Ewing
Fazio
Feighan
Fish
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Frost
Gaydos
Gejdenson
Gephardt
Geren
Gillmor
Gilman
Glickman
Gonzalez
Gordon
Gradison
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Harris
Hatcher
Hayes (IL)
Hefner
Hertel
Hoagland
Hochbrueckner
Horn
Horton
Hubbard
Huckaby
Hughes
Hutto
Hyde
Jefferson
Jenkins
Johnson (CT)
Johnson (SD)
Johnson (TX)
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kopetski
Kostmayer
LaFalce
Lancaster
Lantos
LaRocco
Laughlin
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Livingston
Lloyd
Long
Lowey (NY)
Luken
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCollum
McCurdy
McGrath
McHugh
McMillen (MD)
McNulty
Mfume
Mineta
Mink
Moakley
Montgomery
Moran
Morrison
Murtha
Myers
Nagle
Natcher
Neal (MA)
Neal (NC)
Nichols
Nowak
Oakar
Oberstar
Obey
Olin
Ortiz
Orton
Owens (NY)
Owens (UT)
Oxley
Packard
Pallone
Panetta
Parker
Pastor
Patterson
Payne (NJ)
Payne (VA)
Pelosi
Perkins
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pickle
Porter
Poshard
Price
Quillen
Rangel
Ravenel
Ray
Reed
Richardson
Rinaldo
Ritter
Roe
Roemer
Rose
Rostenkowski
Rowland
Roybal
Sabo
Sangmeister
Sarpalius
Sawyer
Scheuer
Schulze
Schumer
Serrano
Shaw
Shuster
Sisisky
Skaggs
Skeen
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Snowe
Solarz
Spence
Spratt
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swett
Swift
Synar
Tallon
Tanner
Tauzin
Taylor (MS)
Thomas (GA)
Thornton
Torres
Torricelli
Towns
Traficant
Traxler
Unsoeld
Valentine
Vento
Visclosky
Volkmer
Walsh
Waters
Waxman
Weiss
Wheat
Williams
Wilson
Wise
Wolpe
Wyden
Wylie
Yates
Yatron

NAYS—115

Allard
Allen
Armey
Baker
Ballenger
Barrett
Barton
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boehner
Bunning
Burton
Callahan
Camp
Campbell (CA)
Campbell (CO)
Clay
Coble
Coleman (MO)
Cox (CA)
Crane
Cunningham
DeLay
Doolittle
Duncan
Fawell
Franks (CT)
Gallegly
Gallo
Gekas
Gilchrest
Gingrich
Goodling
Goss
Grandy
Hancock
Hastert
Hefley
Henry
Herger
Holloway
Hopkins
Hunter
Inhofe
Jacobs
James
Klug
Kolbe
Kyl
Lagomarsino
Leach
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Machtley
Marlenee
Martin
McCandless
McCrery
McDade
McEwen
McMillan (NC)
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Moorhead
Morella
Murphy
Nussle
Paxon
Penny
Pursell
Ramstad
Regula
Rhodes
Ridge
Riggs
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Santorum
Saxton
Schaefer
Schiff
Schroeder
Sensenbrenner
Shays
Sikorski
Smith (OR)
Solomon
Stearns
Stump
Sundquist
Taylor (NC)
Thomas (CA)
Thomas (WY)
Upton
Vucanovich
Walker
Weber
Weldon
Wolf
Young (AK)
Young (FL)
Zeliff
Zimmer

ANSWERED "PRESENT"—1

Chandler

NOT VOTING—36

Boxer
Brewster
Coleman (TX)
Coughlin
Dannemeyer
Dickinson
Dooley
Engel
Fascell
Fields
Gibbons
Hansen
Hayes (LA)
Hobson
Houghton
Hoyer
Ireland
Kasich
Lowery (CA)
McDermott
Miller (CA)
Mollohan
Moody
Mrazek
Olver
Pease
Rahall
Russo
Sanders
Savage
Sharp
Smith (NJ)
Smith (TX)
Vander Jagt
Washington
Whitten

□ 1227

Mr. KOPETSKI and Mr. BUSTAMANTE changed their vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore (Mr. NAGLE). Will the gentleman from California [Mr. TORRES] please come forward and lead the House in the Pledge of Allegiance.

Mr. TORRES 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. Hallen, one of its clerks, announced

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

that the Senate agrees to the report of the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2212) "An Act regarding the extension of most-favored-nation treatment to the products of the People's Republic of China, and for other purposes."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested.

S. 2166. An act to reduce the Nation's dependence on imported oil, to provide for the energy security of the Nation, and for other purposes.

The message also announced that, pursuant to Public Law 101-649, the Chair, on behalf of the Republican leader, appoints Mr. Richard Estrada of Texas and Mr. Michael Teitelbaum of New York, as members of the Commission on Legal Immigration Reform.

REPORT ON THE PROGRESS OF HON. JAMIE L. WHITTEN

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

Mr. NATCHER. Mr. Speaker, I want to inform my colleagues that yesterday I spoke on the telephone with my chairman and good friend, JAMIE WHITTEN. We had a good conversation. We talked about the work before the Committee on Appropriations.

The chairman told me he feels fine. His doctors say he is doing fine. They have not set any limits on his activities. He has been in daily contact with his staff.

He said he expected to be back in the office on a full-time basis in a week or two. It has been tiresome, he told me, with one examination after another. The chairman told me that his high blood pressure had been brought under control with medication and that he also was undergoing a procedure to take care of a minor prostate problem.

Mr. Speaker, he pointed out to me that there are 9 subcommittees holding hearings on the fiscal year 1993 budget this week; that 10 subcommittees will complete their hearings by the end of April, and the other 3 will conclude in May. My chairman told me if the budget resolution is completed on time, he sees no reason why all 13 appropriations bills cannot be acted on by the House by the end of June as has occurred in the past.

Mr. Speaker, it is a pleasure for me to give this report to the House, and I know all Members join me in wishing JAMIE the best and look forward to his return.

□ 1230

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE RESOLUTION 194

Mr. PETERSON of Minnesota. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of House Resolution 194.

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

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF HOUSE RESOLUTION 194

Mrs. VUCANOVICH. Mr. Speaker, I ask unanimous consent to remove my name from cosponsorship of House Resolution 194.

The SPEAKER pro tempore (Mr. NAGLE). Is there objection to the request of the gentlewoman from Nevada?

There was no objection.

DEMOCRATS' ECONOMIC GROWTH PLAN A SHAM

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

Mr. DOOLITTLE. Mr. Speaker, the Democrats call it the Taxpayer Fairness and Economic Growth Act of 1992, but the leading Democrat Presidential contender, Paul Tsongas, calls it immoral and has stated that he would veto it if he were the President.

The Institute for Research on the Economics of Taxation calls the Democrat plan a threat to growth. Even the liberal Washington Post calls the Democrats' plan a shapeless bill which will likely hurt more than help the economy.

The National Center for Policy Analysis says that the Democrats' plan would lead to a net loss of more than 100,000 jobs over the next 6 years and prolong the current recession.

By contrast, the Republican plan would create almost 600,000 jobs.

Mr. Speaker, the Democrats' plan is a sham and should be rejected.

TELL MIDDLE CLASS WE ARE ON THEIR SIDE

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

Mr. BONIOR. Mr. Speaker, for 2 long years this administration said that there was no recession. They said the economy was not in trouble, and for a decade before that they told us to be patient, that trickle-down economics would produce jobs.

Well, we have waited, and we have waited, and we have waited. Where are the jobs?

We are losing 9,400 jobs every month in America, and now the President sends us a proposal that is just more of the same.

Do we want to go back to the old ways, the way we have been doing things, or do we want to say no more gimmicks, no more tax cuts for the wealthy, no more broken promises?

Mr. Speaker, the middle class of America has waited too long.

There is really only one question, one question to ask in today's debate: Which side are you on? Let us tell the middle class, "We are on your side."

THERE THEY GO AGAIN

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

Mr. SAXTON. Mr. Speaker, there they go again. In 1986, they called it tax reform. In 1990, the Democrats called it deficit reduction. In 1992, they called it middle-class tax relief. Yeah; right.

When is enough enough? Why can they not just come out and tell the American people the truth: "We Democrats believe we can spend your money better than you."

You may think that that is an absurd statement, but look at the facts. It is a fact: Since 1947, every dollar raised in new taxes has generated $1.59 in Federal spending. It is a fact: The Federal budget is consuming a near record level of gross national product. And it is a fact: The American taxpayers are paying record levels of local, State, and Federal taxes.

With this backdrop, why are the Democrats asking for billions in new taxes and only giving each person in a family of four 25 cents a day. The answer is easy. The higher taxes are permanent, and the 25-cents-a-day tax cut is temporary for only 2 years.

Let's get real. Let us pass a tax plan that will create jobs and real economic growth which will give every American a tax break, especially the middle class.

A TAX PLAN THAT MAKES SENSE

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

Mr. DORGAN of North Dakota. Mr. Speaker, there is a lot of discussion that we have an education problem in this country. It is said that Americans do not read very well.

It is clear to me from listening to the floor yesterday there are some in this Congress who do not read very well. I heard people on the floor say the Democrats are proposing a tax increase for people in the $30,000 income range. What a bunch of nonsense.

Yes, this plan proposes some modest tax hikes. And I will tell you for whom

they propose it: If you earn over a million dollars a year, we are suggesting a modest tax increase. If you are a couple earning over $200,000 a year gross income, we are proposing a modest tax increase.

Why? We would use the money to give the middle-income families in this country a little help. They are the ones squeezed throughout the 1980's with higher tax burdens.

We believe the economic engine in this country is in the middle class, and we believe when folks like that are squeezed, they deserve some help. We will give them some help by taxing the rich and giving a little help to the rest. That is a tax plan, in my judgment, that makes sense, Mr. Speaker.

DEMOCRATS' TAX BILL GIVES CORPORATE AMERICA A TAX BREAK

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

Mr. BOEHNER. Mr. Speaker, Democrats come to the floor every day and blast Republicans for favoring big business.

If these same Democrats are true to their convictions, they will have no choice but to vote against their own tax bill. The Democrats' tax bill gives corporate America a tax break while it raises taxes on America's small businessmen and entrepreneurs.

Most small business owners are not corporations and pay taxes as individuals. Any tax cuts aimed at corporate America miss 90 percent of America's companies.

In America, there are 14.3 million sole proprietors, 18.4 million partnerships, and only 3½ million corporations.

Mr. Speaker, the leading Presidential candidate for your own party, Paul Tsongas, said Democrats love employment but hate employers. Your tax bill proves that his statement is true.

Mr. Speaker, the fact is one cannot create more employees in America without creating more healthy employers throughout this country.

A CLASSIC EXAMPLE OF SHOOTING THE MESSENGER

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

Mr. DURBIN. Mr. Speaker, now the right wing of President Bush's Republican Party has decided that the reason for the unpopularity of the Bush economic recovery plan is none other than Treasury Secretary Nicholas Brady. They have asked President Bush to fire Secretary Brady.

In a classic example of shooting the messenger, many Republicans are prepared to summarily execute Secretary Brady to take the heat off the President.

Now, do not blame Secretary Brady for capital gains cuts that favor the wealthiest people in our Nation. This proposal is not Brady's fault. It is classic Republican dogma, not Nick Brady's musings. Do not blame Secretary Brady for the tax increases in the President's plan. You cannot give tax breaks to wealthy people without asking somebody to pay for them.

Before this Republican bash-Brady bunch gets too carried away with tossing Bush operatives overboard, I hope they will remember that if you do not like the tune, you blame the organ grinder, not the monkey.

□ 1240

CONSUMER CONFIDENCE AT NEW LOW

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

Mr. COX of California. Mr. Speaker, two headlines appeared in this morning's newspaper. One said, "Consumer Confidence Hits 17-Year Low." The other said, "Passage of the President's Economic Growth Package Unlikely."

Is there any question why America is losing confidence?

Two-thirds of our gross domestic product constitutes consumer spending. When consumer confidence falls, investment drops. When investment drops, unemployment increases and the deficit grows.

What the Democrats are proposing is a $93 billion tax increase on this economy. Is there any wonder that consumers are losing confidence.

Two years ago, the Democrats raised taxes by $175 billion and our economy started going into the tank and that is where it is still headed.

Let me expose the Democrats' so-called growth package. It comprises a gimmicky tax credit which is temporary and a permanent tax increase.

This is not applicable to the rich. Everyone making $85,000 or more in America gets a tax increase. Those are the people who create jobs. Without new jobs, there will be no new employment. This is why we have no consumer confidence.

REPUBLICANS WILL NOT EVEN INTRODUCE THEIR OWN TAX PACKAGE

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

Mr. NAGLE. Mr. Speaker, I am starting to feel sorry for the President of the United States. Last night in California he condemned the Democrats and Congress. Monday he condemned the Democrats and Congress. Today we will consider his economic proposal that he could not find one friend in the Republican Party, not one brave soldier in the House Republican Party to introduce his bill. When we have the debate this afternoon, everyone should understand it is on the Gephardt substitute, which is the President's package, because the majority leader of the Democratic Party had to introduce the Republican package, and we will see how many votes he gets.

Now, I know Pat Buchanan is angry at him. I know his House Republicans are angry at him. So I would suggest that perhaps last night when the President criticized House Democrats, he should have criticized House Republicans, and if he wishes to consider changing parties and become a Democrat, he could spend the rest of the year being President instead of running for it, and the country would be better off because of that.

DIFFERENCES BETWEEN DEMOCRATS AND REPUBLICANS

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

Mr. THOMAS of Wyoming. Mr. Speaker, there are great differences between the Democrats and the Republicans in this House with regard to the direction that this country should go. Republicans are the party of less government, rather than more. Republicans are the party that believes real wealth and growth occurs in the private sector, and it is the Government's role to create an environment in which that private sector can prosper.

Republicans believe that dollars should be left in the hands and pockets of citizens, rather than being confiscated by taxes.

This difference really comes out clearly in the debate over the economic incentive packages that we will talk about today.

Mr. Speaker, I think today's Washington Post which quoted a leading Democrat is the most defining statement that I have read for a very long time. Basically it said, "I am uncomfortable," this Democrat leader said, "with the package that puts money in the pockets of business."

Where do we think jobs come from? Where do we think property is created that provides jobs?

We ought to have as a goal providing jobs for everyone in this country who wants to work, and a prosperous business will do that.

DEMOCRATIC CONGRESS ONLY INTERESTED IN PARTISAN POLITICS

(Mr. GUNDERSON asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. GUNDERSON. Mr. Speaker, unfortunately, yesterday I told you and today I tell you again and perhaps will be back here tomorrow suggesting that at the conclusion of this week the American public will have less confidence and respect for Congress as an institution than they have already. Part of that has been evidenced, as my colleagues have suggested earlier, so vividly in today's Washington Post.

The one headline, "Consumers' Pessimism Deepens." And the other front page headline, "Deadlock on a Tax Bill Seen Likely."

Members will recall that when the President's tax package was brought to the Ways and Means Committee, they did not work with the administration for technical clarifications. They randomly and summarily voted to reject this package. Then they went into a closed Democratic caucus to try to write their own partisan tax package.

Mr. Speaker, apparently the Congress, or at least the Democratic Congress, is not interested in economic recovery. They are interested in partisan politics, and I regret that very much.

GUARANTEE PROGRAMS AT HOME, NOT ABROAD

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

Mr. TRAFICANT. Mr. Speaker, while Congress debates taxes, an Israeli leader said that Israel will use the $10 billion in housing guarantees from America as they see fit. They will not bow down to any pressure from Washington and they will use it to build housing on the West Bank and the Gaza Strip.

Now, let us think about this. We are bankrupt. People are losing their homes, losing their jobs, sleeping on steel grates, massive unemployment, and a foreign nation will tell us how they will use the programs that we devise from our taxpayers' accounts.

I say it is time to tell Israel and every foreign nation out there that you are our friends, but you are not our taxpayers' responsibility.

And let me say something, Mr. Speaker, around here that seems to be very silent on the issue. If we have $10 billion to guarantee housing or anything, we should be using it to guarantee programs in America.

Think about it.

THE PLIGHT OF HAITIAN REFUGEES

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

Mr. LEWIS of Florida. Mr. Speaker, I, like many people across this Nation, am concerned with the plight of Haitian refugees.

This situation clearly requires us, as a government, to make the determination between those Haitian refugees fleeing economic hardship and refugees escaping political persecution. The Haitian Refugee Protection Act does not make this determination.

Evidence clearly shows that a large majority of refugees fleeing Haiti are escaping economic hardship. Refugees are not making the easier and safer overland trip to the Dominican Republic. Many of those interdicted asked to return to Haiti when they discovered they would not be permitted to go the United States.

The United States has already provided 4,800 Haitian refugees with the opportunity to seek political asylum. Suspending return of interdicted Haitian refugees for another 6 months sends a dangerous message from the U.S. Government encouraging Haitians to make a treacherous and unsafe 700-mile voyage.

The bill is unfair and unnecessary. Economic hardship is not an automatic right to enter the United States. It is not fair for the people of Florida to have to shoulder the burden of refugees entering the United States because of poverty when we are faced with enough economic hardship on our own shores.

DO NOT HURT HAITIANS FOR PLANTING FOR THEIR FUTURE

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

Mr. TORRES. Mr. Speaker, the economic embargo against Haiti was implemented to force a return to democracy, and to demonstrate that the United States would not stand silent witness to a brutal military coup, not to condemn poor Haitians to a devastated, deforested future.

I am sad to report, Mr. Speaker, that our economic embargo in Haiti may just be making things worse for the poorest of the poor citizens of this hemisphere.

In 1981, the Pan American Development Foundation [PADF], with United States AID support began a complex agroforestry project in Haiti. Over the next 4 years, PADF, working with Haitian peasant farmers, local missionaries and other private voluntary organizations, grew over 20 million tree seedlings.

In 1990 alone, PADF provided tree seedlings, training and/or agroforestry services to over 60,000 poor Haitian farmers, producing and distributing over 6.5 million trees.

But, PADF did more than help plant and grow trees, they transferred new knowledge and techniques directly to some of the world's most impoverished farmers, in a country where 70 percent of the population depends on agriculture and only one-third of the soil can be cultivated.

The economic embargo stopped all of this humanitarian work dead in its tracks. All of the U.S. AID funding for PADF tree growing efforts was embargoed.

To make matters worse, the lack of propane gas and kerosene from the embargo, has forced Haitians to cut down an increasing number of trees for charcoal in a landscape already laid waste by years of deforestation.

Mr. Speaker, cutting off PADF's tree growing programs will not affect the military dictators who canceled the birth of democracy in Haiti. It is just hurting the poor.

Mr. Speaker, I respectfully request that the Department of State reinstate immediately the Pan American Development Foundation's Haitian agroforestry project. Let trees continue to grow in Haiti.

□ 1250

DEMOCRATS' TAX PLAN CREATES HIGHER UNEMPLOYMENT, NOT JOBS

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

Mr. ALLEN. Mr. Speaker, it appears that economic growth legislation may die because of partisan bickering and class warfare. If we cannot give Americans the opportunity for economic prosperity, why are we here? For years, Congress has offered the American people nothing but higher taxes, bigger deficits, and enough bureaucratic redtape to bankrupt many hard working small business people.

Now the Democrats are pushing a $90 billion increase in income taxes to pay for less than $1 a day for only 2 years for the middle class. The Democrats' plan will fail to create jobs; what it will create is higher unemployment.

Americans want jobs, not political gimmicks. The Virginians I represent understand what the Democrats' plan really is. The ruling party obviously wants to do nothing about the economy because economic recovery will hurt the Democrats' campaign for the Presidency. It is truly a shame that so many families have to suffer because Congressmen refuse to place the good of the people above their own narrow political desires.

TRIBUTE TO A NEW AMERICAN HERO: KRISTI YAMAGUCHI

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

Mr. MINETA. Mr. Speaker, it is my pleasure to ask our colleagues to join

in celebration of a new American hero: Kristi Yamaguchi of Fremont, CA.

On Friday, February 21, Kristi dazzled the world with her grace and skill as she skated to a gold medal in the Winter Olympics.

As a fellow American of Japanese ancestry and neighbor in the San Francisco Bay area, I felt a special pride in her extraordinary achievements as she bested the best of the world in Albertville, France.

I felt an even greater pride for her parents—Jim and Carole Yamaguchi—and her grandmother Kathleen Doi of San Jose.

With her victory, Mr. Speaker, Kristi Yamaguchi has given all Americans—and the world—a chance to stand up and cheer for the United States.

So, today I ask my colleagues here in the U.S. House of Representatives to stand up and cheer for Kristi Yamaguchi—a great American with a proud heritage, and surely a bright future.

And Kristi, thanks a million.

THE DEMOCRAT PLAN: A SUGAR-COATED HANDOUT

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

Mr. BROOMFIELD. Mr. Speaker what has happened to the party of Franklin Roosevelt? In these hard times, the Democratic Party is offering the voters a pale shadow of the New Deal. A $200 tax credit; 55 cents a day. The price of a candy bar.

For a candy bar a day, the Democrats hope the voters will sweep them back into office.

This modest tax credit will give the jobless nothing more than a little something to chew on while they stand in the unemployment lines.

And the more the jobless think about it, the more they'll want a job, not a sugar-coated handout.

The President's program will create more jobs. The Democrats' program will create more jobless. That's the conclusion of the National Center for Policy Analysis.

The voters will see through the Democrats' bill like a transparent candy wrapper. This plan is all sugar and no protein.

I urge my fellow Members to vote for the President's seven-point growth package. It will bring America back—to stay.

INDUSTRIAL REINVESTMENT AND DEFENSE DIVERSIFICATION ACT

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

Mr. GEJDENSON. Mr. Speaker, I ask my colleagues to join me in the Industrial Reinvestment and Defense Diversification Act, which I will be introducing shortly.

Mr. Speaker, in most countries we can expect the executive, the Prime Minister, the President, what have you, to come forward with a plan to put the people of the country to work. In this country, the President, Mr. Speaker, is disengaged. He does not seem to understand that whether they are defense workers or auto workers who are losing their jobs, that the Government owes them more than extended unemployment benefits, that they deserve to be given jobs and we need to have the kind of program here that brings back the $100 billion we are spending in Europe, and puts Americans to work with it.

Mr. Speaker, we are going to spend almost $30 billion on military bases in Europe while this administration refuses to do anything to put dislocated defense workers to work, dislocated auto workers to work.

We need to put this country back to work, and we need to move this bill forward.

Mr. Speaker, I will be sending a "Dear Colleague" to my friends in the Congress requesting that they join with me in the Industrial Reinvestment and Defense Diversification Act.

THE DEMOCRATS CONTROL THE AGENDA ON THE TAX BILL

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

Mr. ARMEY. Mr. Speaker, the American people are waiting with bated breath for what they expect to be a serious policy discussion later today. But, thanks to the Democrats, instead what they will see is a very shallow political discussion. The Democrats, who control the agenda on the floor, have allowed us to discuss the impact on unemployment, jobs, and the budget of the United States of a Democrat bill that will not work. We will then consider the Democrat majority leader's uninvited distortion and misrepresentation of the President's bill and then, also, Congressman BILL ARCHER's representation and presentation of the President's actual tax bill.

The question is, which of these three will most stimulate economic growth, will most create new jobs, and will most help us to alleviate our deficit situation?

In their effort to encourage acceptance of their bills and rejection of the President's bills, the Democrats will cite economic research from their wholly owned subsidiary, the Congressional Budget Office.

This economic research will again be consistently wrong, consistently incorrect, and all the errors will be in favor of the Democrats' political arguments.

VETERANS' VOLUNTARY SERVICE CORPS

(Mrs. BYRON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. BYRON. Mr. Speaker, today I am introducing legislation to create a Veterans' Voluntary Service Corps to use the commitment and skills of separating service members to assist both former Eastern European Communist bloc nations and Soviet Union republics as they build a more secure future. I call the program participants VIPS [Volunteers Investing for Peace and Security].

As our Nation continues on a 25-percent reduction to the military defense structure of America over the next 3 years, we will find it necessary to separate from the Armed Forces many of the high quality members of the All Volunteer Force that won the cold war. As a result, there will be some of our Nation's best and brightest people both retiring after a full career and also separating early from the military under the voluntary incentive programs authorized by the Congress last year. Many of these talented professionals possess engineering, logistics, communications, and health care skills of immense value to former Warsaw Pact nations striving to rebuild an old and crumbling infrastructure in order to find a place in a new world. We must find a way to tap this valuable resource and allow former service members to continue to work for peace without a uniform.

My plan calls for the Department of Defense [DOD] to work closely with the State Department to determine the needs of government and free enterprise in these nations struggling with their new-found freedom. Under my proposal the Secretary of Defense would take applications, maintain a registry of volunteers and skills, and coordinate skill information with the Secretary of State. DOD would remain responsible for administrative details, but volunteers, once they report in-country, would be responsible to the Secretary of State through the Ambassador. Participants would serve at the pleasure of the Ambassador who may terminate their participation, if necessary. I also include a provision which would allow the former member to serve with the Peace Corps upon request by the in-country Peace Corps supervisor.

This legislation includes an incentive package to attract qualified and motivated people to the program. In addition to a modest annual stipend of $25,000, the Secretary of Defense may authorize various elements of the Foreign Service benefits package that is available to individuals serving overseas. In addition to round-trip transportation and household goods shipments, the Secretary may authorize

medical care for volunteers and dependents, housing allowance, overseas cost-of-living allowance, and dependent children educational costs.

Participants would not be granted diplomatic status, but would serve in the same status as a Federal employee assigned overseas. Funding for the program would be provided by the Department of Defense, to include reimbursement to the Department of State for language and/or cultural training. I believe the program can achieve its objectives without large numbers of participants. Accordingly, I have restricted the total number of participants to 1,000 over the full course of the program.

The legislation I am proposing today is the first step of a broader legislative package. Over the next few weeks and months, I know that many of my colleagues will be suggesting other ways to utilize the unique skills and training of our military personnel to address problems in civilian society. There is great potential to capitalize on the training and experience of the finest military force in the Nation's history. By working together to meld and refine the best of everyone's ideas, I am confident we will be able to do so.

SUPPORT TAX PROPOSAL CONTAINED IN H.R. 4200

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

Mr. ZELIFF. Mr. Speaker, this morning's Washington Post contained two front-page headlines, that clearly show cause and effect. One said, "Deadlock on Tax Bill Seen Likely—Neither Party's Plan Given Much Chance of Passing This Year." The other headline said, "Pessimism Deepens—Confidence on Job Loss Fears Hits 18-Year Low."

There are many lessons from our New Hampshire primary that could help us deal with this deadlock and pessimism. My friends on the Democrat side of the aisle should listen to their New Hampshire first-place winner Paul Tsongas' message, instead of proposing the tax increases contained in the Gephardt tax plan. Democrat Tsongas said in New Hampshire:

> The need for this country is to get the economy moving.
>
> My responsibility to the middle class is not to give them a 97-cents-a-day tax cut, but to give them jobs.

Tsongas concluded:

> My first responsibility is to get the economy going, so I take whatever resources I have and put it into that engine.

From a New Hampshire Republican perspective, we agree with Mr. Tsongas on this issue. I urge all Members to vote against the Gephardt tax increase plan. Let us work together to cut taxes and create good, high-paying jobs by supporting H.R. 4200.

SCRAP THIS DRUG WAR AND LET US START ANEW

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

Mr. SCHUMER. Mr. Speaker, as the leaders of six Latin American countries meet with President Bush in a drug summit down in Texas today, one thing is very clear: That is that the war on drugs has failed.

Yes, there have been some successes here and there and we are interdicting more crack cocaine than ever before. But by the ultimate standard by which the war on drugs should be judged—the amount of drugs available to people in our country, the amount of crime caused by drugs—unfortunately, this war has failed.

□ 1300

Mr. Speaker, if we look at price, if we look at purity and we look at preponderance, there is more crack cocaine on our streets now than ever before, and not a single crack dealer has been unable to sell a vial of his poison because of this war on drugs. Yes, indeed the President has tried on a strategy of interdiction, but it is like a balloon. Squeeze it in one place, it pops up in another. So, we have eliminated the Medellin cartel, and the Cali cartel has taken over. We have eliminated growth in Ecuador, and limited it in Brazil, and it has increased in Bolivia.

Mr. Speaker, we ought to see the forest, not the trees; roll up our sleeves, scrap this war on drugs and start anew.

WHAT ARE THE DEMOCRATS UP TO?

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

Mr. WALKER. Mr. Speaker, I think the American people have figured out what the Democrats are up to on the floor today. They want to increase taxes again. They have done it every time a tax bill comes to the floor. They are looking to increase taxes again today.

Mr. Speaker, the Democrats claim to love jobs. The problem is that they also seem to hate job creators. We have heard Members come to the floor today already suggesting that the only good job is a Government job, that we ought to somehow have programs to put all these jobs into the Government, and what are they doing in specifics in their bill?

One area that I am familiar with in science and technology is that in their bill they seek to undermine the ability of the high technology entrepreneurial companies in this country to be able to do business in the future. For example, they are dealing with intellectual property in ways that would no longer get favorable tax treatment, which means that they will destroy high technology in this country.

They are also in their bill taking the depreciation schedules that now apply to high-technology companies and expanding them. Here is what it would do: It means that American high-technology companies will have to pay in effect a sales tax in order to acquire other high-technology companies instead of writing off acquisitions in 3 to 5 years, as in current law. The Democrat tax bill would require a 14-year writeoff. This translates into a 12- to 20-percent sales tax on the high-technology entrepreneurial industries in this country that have to create the jobs of the future.

THE PRESIDENT IS RIGHT ABOUT SETTLEMENTS IN THE OCCUPIED TERRITORIES

(Mr. MAZZOLI asked and was given permission to address the House and to revise and extend his remarks.)

Mr. MAZZOLI. Mr. Speaker, when the President is wrong, or in our opinion wrong, I think it is important that we criticize him. I think he has been wrong in some of his economic policies, and that will be demonstrated here on the floor today and for the next several weeks. I think he is wrong on the Haitian policy, and I think that will come up today and in the weeks ahead on this floor.

But at the same time, when the President is right, I think he should be praised. I think the President is right in his policy with regard to further settlements on the West Bank and in the occupied territories in Israel. Settlements are an impediment to peace. They make the peace talks, which are convened here in Washington, much more difficult.

Mr. Speaker, the United States has a very special relationship with the nation of Israel. We have had it for over 40 years. We will continue to have it for the future. But this situation of continued settlements in the occupied territories and on the West Bank is an impediment to peace.

I am proud that the President's plan would seek a halt to those settlements, and I hope that is the ultimate outcome, that those settlements are halted.

ELECTION YEAR STUNTS

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

Mr. McGRATH. Mr. Speaker, last December, and again this month, I urged my colleagues on the Ways and Means Committee, to proceed on an economic recovery package in a bipartisan fashion. My plea was ignored by the majority.

While hard working men and women fear for their future employment pros-

pects, or desperately seek new jobs, we are mired in a pathetic election year debate.

I am appalled that we will consider a dollar a day tax credit, based on Social Security and Medicare taxes. While this proposal does not directly affect those trust funds, it deceives Americans. We should not even suggest that we can give back money from those underfunded programs.

I also point out to my colleagues on the other side, that the new taxes in their economic package, are the same new taxes they propose to use to finance their national health care proposal. I can only assume that an election year stunt takes priority over health care.

I urge the Democratic leadership to rise above partisanship, return to the bargaining table, and develop an honest economic recovery package.

SUPPORT FOR HAITIAN REFUGEES

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

Mr. BLACKWELL. Mr. Speaker, I rise today to address a most troubling situation that has generated great concern among the people of my district, as well as myself. I am referring to the overwhelming hardships that have plagued the Haitian refugees.

Since the overthrow of President Aristide, the Haitians have faced adversity, despair, threats of extreme violence, and now the denial of a place of refuge in the United States.

As the Haitians have risked their lives in route to safety, the administration has simply decided to wash their hands of the situation. We must no longer turn our backs on those who are in peril.

We are all familiar of reports that the military regime is harassing, persecuting, and murdering hundreds of Haitians and yet America's door is still closed.

Repatriating the Haitian refugees at a time when many are fearful for their lives, due to the chaos that has erupted by the violent coup is unacceptable.

The United States is known as a country that sets the standards for human decency and civil rights for the rest of the world. I have always been proud to live in a country that has in the past has opened its doors to oppressed people of many nations, both near and far. Therefore, it is only fair that I simply ask my colleagues how can we possibly, with a clear conscience, turn a blind eye to these brave, yet frightened people? This repatriation is an action that sends a negative message to the Haitians and to oppressed people everywhere, searching for a better way of life.

I firmly believe that the current process is simply inadequate. I encourage my colleagues to vote in favor of legislation that will give the Haitian refugees the opportunity to flee from the persecution that has been inflicted upon them, and offer them the promise of life that they may not receive if forced to return to the cold-blooded, dictatorship that is wreaking havoc on this small island nation.

DISPLACED HOMEMAKERS NEED OUR HELP

(Mr. BILIRAKIS asked and was given permission to address the House and to revise and extend his remarks.)

Mr. BILIRAKIS. Mr. Speaker, this week the House will consider economic growth legislation which contains provisions to permanently extend the targeted jobs tax credit program. That is good. I have never heard anyone from either party oppose TJTC.

However, Mr. Speaker, there is a group of people who are not presently covered under the program but who desperately need our help: the displaced homemakers of our society. Displaced homemakers are ordinarily women who have been homemakers and who need now to find work because of death of the income earner, or divorce, separation, or disability.

Yesterday I testified before the Committee on Rules in an effort to have an amendment made in order to the economic growth bill which would have the TJTC Program include displaced homemakers. While I truly appreciate the serious consideration which my amendment was given, I am extremely disappointed that the full House will not have the opportunity to vote on this legislation. TJTC is good. It would better serve its intended purpose if displaced homemakers were included.

Mr. Speaker, this approach is cost effective by providing prospective employees with the incentive to hire and train displaced homemakers. We avoid the much more costly alternative of publicly supporting these homemakers and their families. We need to help them to help themselves.

I truly hope that any economic considerations will consider the concerns of displaced homemakers.

OPPOSITION TO PRESIDENT BUSH'S 1993 BUDGET PROPOSAL TO TAX CREDIT UNIONS

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

Mr. ANNUNZIO. Mr. Speaker, I oppose H.R. 4210, the administration's fiscal 1993 budget proposal, which contains a provision to tax America's credit unions.

President Bush would reduce the tax on capital gains and repeal the tax on the purchase of luxury items, proposals that would disproportionately benefit wealthy Americans. To pay for these tax cuts for the rich, President Bush would increase the tax burden on the middle class by taxing credit unions with assets over $50 million. There are almost 1,000 such credit unions, with 32 million members—half of this Nation's credit union members—with a majority being lower and middle-class Americans.

Because credit unions are not for profit, their members will take the hit for this tax—almost $1 billion over the next 5 years—in the form of higher borrowing costs, higher fees for services, and lower savings interest rates.

President Bush claims that repealing credit unions' tax-free status is necessary to put banks and thrifts on an equal tax footing with credit unions.

But credit unions are different from banks and savings associations. Credit unions are not-for-profit organizations with only one purpose: Providing services and credit to their members.

In 1937, Congress granted credit unions an exemption from Federal income taxes to enable credit unions to provide financial services to those who were at a disadvantage in obtaining these services elsewhere. Credit Unions should not be punished for performing such services.

I urge my colleagues to reject such a tax on credit unions, and vote against H.R. 4210.

□ 1310

JUST SAY NO TO DEMOCRATIC TAX PROPOSAL AND YES TO REPUBLICAN ALTERNATIVE

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

Mr. RIGGS. Mr. Speaker, under the guise of tax equity, we are about to have a debate today that will give us once again an unfair rule limiting the ability of the minority to offer amendments on the floor during the course of the debate and an up or down vote on either the Democrats' proposal, which would increase taxes, or the Republican proposal, the stripped down package of seven economic incentives that would directly stimulate the economy and truly create incentives for savings and job creation.

Quite simply, the Democrats are, as previous speakers have said, playing election year politics with this most sensitive of subjects at a time when the American people want cooperation and not confrontation.

The Democrats are trying to buy the working men and women of this country for 60 cents a day for 2 years. In exchange, they want to permanently increase taxes on over 2 million American families.

Once again, we are talking about taxing the American dream. We ought to

just say no to the Democratic proposal, and yes to the Republican alternative, which will truly stimulate the economy and again provide the kind of incentives that American people want for investment, savings, and job creation.

GIVE AID TO WOMEN HIDING IN EMBASSIES IN KUWAIT

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, today I am sending a letter to Secretary Cheney, and I hope many other Members do the same thing. We have got so many military assets adjoining Kuwait, all sorts of planes, all sorts of transportation. And to read every day in the paper about the number of women in embassies in Kuwait hiding out because of the sexual abuse and violence they have sustained in the different Kuwaiti families where they have been employed, is horrifying.

Mr. Speaker, as you know, the Filipino Embassy now has hundreds of women. The Sri Lankan Embassy has all sorts of women. This is absolutely intolerable.

With resources to get them out of there and help them return to some place that is safe so nearby, I would certainly hope we would do that.

ECONOMIC GROWTH

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

Mr. KYL. Mr. Speaker, soon we are going to begin debate on proposals to stimulate economic growth. The Democrats have another plan and yet another tax increase. It creates a deficit of $30 billion over the first 2 years.

Ah, they say, but we will make that money up later. Have you heard that one before?

The American people will be forgiven for saying they have heard that one before.

I just returned from Russia, Mr. Speaker. They have a daunting challenge over there. Terrible economic and political instability. Next to them, our troubles must look mighty small.

We asked them to make tough decisions, so why can't we? The President has a plan that is paid for, that is responsible. It stimulates growth and creates jobs. But the Democrat plan is designed for failure, to be vetoed by the President. The only consequence is political name calling.

Let us stop playing politics. Let Republicans offer their own bill. Reject political nonsolutions like the Rostenkowski substitute. Let us help the American people.

WHAT'S GOOD FOR AMERICAN BUSINESS IS GOOD FOR AMERICAN WORKERS

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

Mr. HYDE. Mr. Speaker, every once in a while you encounter a defining statement that distinguishes the Democrat Party from the Republican Party. I found one in this morning's Washington Post in a column, "Election Year Deadlock Seen Blocking Tax Bill."

I found a statement from one of the most prominent senior Democrats in this Chamber, a very important Member of the majority party. In complaining about a capital gains tax cut, he says:

> I have ridiculed the trickle down theory for years, so I am very uncomfortable with a package that puts money in the pocket of business.

Well, there it is, Mr. Speaker. It is bad if it puts money in the pockets of business.

One of the Presidential candidates for the majority party admits that the Democrats like employment—it is just employers they do not like.

Well, here we have it. The notion that the only good job is a government job is certainly a hallmark, a defining position of the majority party.

So I intend to carry this with me and show it to every businessman I encounter on the highways and byways of this country. I do not mind putting money in the pocket of a businessman. He might be able to create some more jobs. I do not know what the gentleman wants to create by harming business, but there you have it, and I commend it to your careful study.

WHAT IS WRONG WITH THE DEMOCRAT TAX PACKAGE

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

Mr. BALLENGER. Mr. Speaker, what is wrong with the Democrat tax package?

Democrats' 2-year tax relief is built on a permanent tax increase; they add a new top bracket of 35 percent beginning at: $85,000 for single filers; $145,000 for married joint filers; and $125,000 for heads of households.

If the Democrats want to make their tax credit permanent, they would have to increase taxes on middle-income America—individuals with $35,000 per year and families with $70,000 or more in income.

In the name of economic growth, the Democrats raise tax rates on 90 percent of American businesses because they are taxed as individuals.

Corporations saw their tax relief go from a permanent tax rate reduction, to a 2-year cut, to nothing in less than a week.

Democratic Presidential frontrunner Paul Tsongas has said he would veto the House Democrats' tax bill if he were President.

PROVIDING FOR CONSIDERATION OF H.R. 4210, ECONOMIC GROWTH ACCELERATION ACT OF 1992

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 374 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 374

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4210) to amend the Internal Revenue Code of 1986 to provide incentives for increased economic growth and to provide tax relief for families, and the first reading of the bill shall be dispensed with. All points of order against consideration of the bill are hereby waived. After general debate, which shall be confined to the bill and the amendments made in order by this resolution and which shall not exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment under the five-minute rule. Immediately upon the conclusion of the general debate and notwithstanding any rule of the House, the Chair shall put the question, without further debate, on adopting an amendment in the nature of substitute consisting of the text of the bill H.R. 4210. No further amendment to the bill shall be in order except the following amendments in this order: (1) an amendment in the nature of a substitute consisting of the text of the bill H.R. 4200 as modified by the amendment in section 2 of this resolution, to be offered by Representative Michel of Illinois or Representative Archer of Texas or their designee; and (2) an amendment in the nature of a substitute consisting of the text of the bill H.R. 4287, to be offered by Representative Rostenkowski of Illinois or his designee. Both amendments shall be considered as having been read and shall not be subject to amendment. Each amendment shall be debatable for not to exceed one hour, to be equally divided and controlled by the proponent and a Member opposed thereto. All points of order against each amendment in the nature of a substitute are hereby waived. If more than one amendment in the nature of a substitute is adopted, only the last such amendment which is adopted shall be considered as finally adopted in the Committee of the Whole and reported back to the House. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendment as may have been adopted, and the previous question shall be considered as having been ordered on the bill and amendment thereto final passage without intervening motion except one motion to recommit, which may not contain instructions.

SEC. 2. At the end of line 25, page 14 of H.R. 4200, insert the following new sentence: "Notwithstanding any other provision of

this chapter, in the case of a taxpayer other than a corporation, any amount treated as ordinary income under this subsection shall be subject to tax at a rate not in excess of 28 percent.".

POINT OF ORDER

Mr. SOLOMON. Mr. Speaker, I rise to a point of order.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman will state his point of order.

Mr. SOLOMON. Mr. Speaker, I make a point of order against the consideration of House Resolution 374 on grounds that it is in violation of clause 4(b) of House rule XI, and ask to be heard on my point of order.

Mr. Speaker, I regret that I must again rise to make this point of order that the minority's right to offer a motion to recommit of its choosing is being violated. I thought I had assurances from your leadership that this right would not be further abridged pending a promised Rules Committee inquiry into the legislative history behind this rule.

Mr. Speaker, as you will recall, on January 3, 1991, I transmitted to you, the majority leader, and the chairman and other members of the Rules Committee a 48-page report prepared by our Rules Committee minority staff entitled, "The Motion to Recommit in the U.S. House of Representatives: The Rape of a Minority Right."

□ 1320

That paper traces the legislative history and the intent behind the two rules at issue here, which were adopted by the House back in 1909.

In essence, Mr. Speaker, that report documents that the two rules were specifically adopted to permit the minority the right to offer a motion to recommit of its own choosing, including one with instructions, so that it could go get a final vote on its position.

Mr. Speaker, that report goes on to conclude that a 1934 precedent that has been relied on to deny the minority a right to offer recommittal instructions of its choosing was strongly decided and should be reversed.

In my letter to the Speaker, I urged that the majority reconsider its policy of denying instructions in motions to recommit, and I quote:

> Thereby avoid future confrontations and points of order over such a fundamental guarantee of fairness.

It was my hope that on the basis of the clear historic record behind this rule and guarantee that the Committee on Rules would not deny us our immutable right in this 102d Congress. We were promised that. Unfortunately, that was not the case here today.

Mr. Speaker, clause (b) of House rule XI provides, and I quote:

> The Committee on Rules shall not report any rule or order of business which would prevent the motion to recommit from being made as provided in clause 4 of rule XVI.

That is the rule of this House. That is the rule that we live by and we have lived by for 80 years, and clause 4 of rule XVI provides, and again I quote, "After the previous question shall have been ordered on the passage of a bill or joint resolution, one motion to recommit," and I am quoting, "shall be in order, and the Speaker," Mr. Speaker, listen, "the Speaker shall give preference in recognition for such purpose to a Member who is opposed to the bill or the joint resolution."

Mr. Speaker, those two clauses were adopted as amendments to House rules on March 15, 1909, when the minority party, Democrat, that is right, they were in the minority, it may have been the last time they were in the minority, joined with a group of insurgent Republicans, can Members imagine, to guarantee greater minority rights. And yes, would it not be nice if Democrats and Republicans were joining together today on this economic growth package? God forbid, I guess.

Mr. Speaker, prior to this rule's revision, the motion to recommit was controlled by the majority party and the minority had no rights. This change was instituted for the specific purpose of giving the minority a final vote on its alternative legislative proposal through a motion to recommit with instructions.

That is so every Member, 435 Members, can have some say, some input into legislation.

The rule before us right now, on the other hand, provides that the motion to recommit, and I quote, "may not contain instructions." That means we cannot have a motion to recommit with or without instructions.

It is, therefore, in direct violation of this rule, which was purposely designed to guarantee the minority a vote on its final proposition by way of instructions.

Mr. Speaker, I will not again take your time and the time of this House to quote speaker after speaker after speaker over the last 80 years who have ruled that the House, that this whole purpose of this rule was to protect the right of the minority to offer its final proposition to a bill.

Mr. Speaker, that is just a plain fact that cannot be denied or ruled away by the way of the Speaker's gavel.

Mr. Speaker, if the Chair overrules my point of order today, not only is the minority being denied the right to offer a final amendment to the bill, it is even being denied the right to offer general instructions that the Committee on Ways and Means, and listen to this, reconsider this bill with a view to developing a bipartisan compromise.

Mr. Speaker, that completely flies in the face not only of the legislative history behind this rule but of common sense and common decency.

Mr. Speaker, the motion to recommit may be the last opportunity to salvage an economic growth program in this Congress this year. Without instructions, a straight motion to recommit by implication kills the bill. I hope my colleagues are listening over there. It kills the bill.

But with instructions, the House would have an opportunity to tell the Committee on Ways and Means to get back to work.

Mr. Speaker, I strongly urge that the Chair not render this important minority right completely null and void by overruling my point of order. Leave this institution with some measure of dignity and respect for the rights of the minority.

Mr. Speaker, as Speaker of this House you are required by the rules of this House and by the tradition of this body and, above all else, out of fairness to represent all of the Members of this House, and it is on behalf of all 435 Members of this House on both sides of the aisle that I respectfully ask to have my point of order sustained.

The SPEAKER pro tempore (Mr. MURTHA). The Chair recognizes the gentleman from Pennsylvania [Mr. WALKER] to speak on the point of order.

Mr. WALKER. Mr. Speaker, the gentleman made reference in his remarks to an assurance that he had received from the leadership of the House that this right would be protected during which time a study of the question would be taken; is that not correct?

Mr. SOLOMON. Mr. Speaker, back in January 1991, under a similar circumstance when we were being denied our right, we made the point of order. It was ruled against us.

At that time, the Speaker and the minority leader on the Democrat side, and I think perhaps a couple of other Democrat leaders as well, met with the gentleman from Illinois [Mr. MICHEL] and myself in the Speaker's quarters, at which time we were given assurances that our rights would be protected and that we would work this out and that we would do it through the Committee on Rules.

Nothing has been done since that time.

Mr. WALKER. So what we have here is not only the fact that the rules of the House are being violated, I agree with the gentleman's point of order, but also that an assurance to the minority, a firm assurance that we would be protected until which time the matter had been worked out is also being violated today?

Mr. SOLOMON. That is certainly my understanding. And needless to say, that is why I am so upset about this action today.

The SPEAKER pro tempore. Does the gentleman from South Carolina [Mr. DERRICK] wish to be held on the point of order?

Mr. DERRICK. Mr. Speaker, the gentleman makes the point of order that the resolution is not in order because it limits the motion to recommit in violation of clause 4(b) of rule XI.

Mr. Speaker, I respectfully disagree and ask the Chair to overrule the point of order.

Clause 4(b) of rule XI prohibits the Committee on Rules from reporting a rule "which would prevent the motion to recommit from being made as provided in clause 4 of rule XVI."

Mr. Speaker, House Resolution 374 does not propose to prevent the minority from offering a motion to recommit, so it does not violate clause 4(b) of rule XI.

It is now very well established under the precedents that the Committee on Rules may recommend special orders of business limiting instructions on the motion to recommit.

This point was reaffirmed as recently as November 25, 1991, on June 4, 1991, and also on October 16, 1990, when the House tabled by a vote of 251 to 171 an appeal of the Speaker pro tempore MURTHA's overruling of a point identical to that raised by my Republican friend today.

In a ruling on January 11, 1934, the Speaker Mr. Rainey stated that:

> The Committee on Rules may, without violating this clause, recommend a special order which limits but does not totally prohibit a motion to recommit pending passage of a bill or joint resolution such as precluding a motion containing instructions relative to certain amendments.

Mr. Speaker, the precedents are clear and unequivocal. If a special order of business does not deprive the minority of its right to offer a simple motion to recommit the bill or joint resolution under consideration, then it does not violate clause 4(b) of rule XI. As the Speaker pro tempore noted on October 16, 1990, clause 4 of rule XVI does not guarantee that a motion to recommit a bill may always include instructions.

I urge the point of order be overruled.

□ 1330

The SPEAKER pro tempore (Mr. MURTHA). Does the gentleman from New York [Mr. SOLOMON] wish to be heard further on the point of order?

Mr. SOLOMON. Mr. Speaker, I just cannot tell you how shocked I am at that ruling being quoted as being precedents, because if you will look back through the RECORD, in June 1991, we were assured by the real Speaker that that would not be used as precedents in this House. Now it is being cited as precedent. I think that is outrageous. I challenge the ruling of the Chair.

The SPEAKER pro tempore. The Chair has not ruled yet.

Mr. SOLOMON. Some of us are clairvoyant, Mr. Speaker.

The SPEAKER pro tempore. Does the gentleman from Pennsylvania [Mr. WALKER] desire to be heard on the point of order?

Mr. WALKER. Mr. Speaker, I desire to be heard on the point of order.

Mr. Speaker, the gentleman from South Carolina [Mr. DERRICK] has cited specific instances from the last few minutes as precedents for suggesting how the Chair should rule today. The gentleman from New York [Mr. SOLOMON] makes an absolutely valid point the Chair ought to take into consideration.

At the time those rulings were made there was real question expressed about whether or not this was an appropriate course to be taken. The leadership of this House felt it was so questionable that they agreed to study it. The gentleman from New York received assurances that we would not proceed along this path until we had studied this matter and found out what the rights of the minority should be in these kinds of instances.

Now what we have happening is that the very items that were considered questionable enough to call for that kind of study in the past are being cited as precedents for the Chair today.

If the Chair ever wants to know why the minority feels at times that there is a dictatorial sense about the direction in which we are moving, this is a perfect example of where we have outrageous rulings which are questionable, which even the leadership questions, and then have those later on cited as precedents for action.

That is precisely what is taking place here. I would hope that the Chair would not continue to rule in a manner which undermines minority rights.

The SPEAKER pro tempore. Does the gentleman from South Carolina [Mr. DERRICK] desire to be heard?

Mr. DERRICK. Mr. Speaker, we also, in addition to the precedents of recent date, rely on the January 11, 1934 decision. I think the rules clearly state that the minority is entitled to a motion to recommit, but they are not entitled without question to a motion to recommit with instructions.

We have had this same point of order brought up by the distinguished gentleman from New York [Mr. SOLOMON] in the Committee on Rules, and ruled the same way, the chairman of the Committee on Rules did.

The SPEAKER pro tempore (Mr. MURTHA). The Chair is prepared to rule.

The gentleman from New York makes a point of order against House Resolution 374 on the ground that it violates clause 4(b) of rule XI, which provides that the Committee on Rules shall not report any rule or order of business that would prevent the motion to recommit from being made as provided in clause 4 of rule XVI.

Clause 4 of rule XVI provides for one motion to recommit a bill or joint resolution after the previous question is ordered on final passage, with preference in recognition going to a Member who is opposed to the bill or joint resolution.

The pending resolution provides that the motion to recommit H.R. 4210 pending the question of its passage may not contain instructions. It does not impair a simple motion to recommit.

The precedent of October 16, 1990, is precisely on point. On that occasion the Committee on Rules had reported a special order of business that precluded the inclusion of instructions in the motion to recommit a bill pending the question of its passage. The present occupant of the Chair overruled the point of order, relying on precedents of the House—specifically the ruling of Speaker Rainey on January 11, 1934—holding that the Committee on Rules does not violate clause 4(b) of rule XI so long as it does not deprive the minority of the right to offer a simple motion to recommit.

Under the precedents a special order that does not preclude a simple motion to recommit does not "prevent the motion to recommit from being made as provided in clause 4 of rule XVI." Clause 4 of rule XVI does not guarantee that a motion to recommit after the previous question is ordered on passage of a bill or joint resolution may always include instructions.

The pending resolution does not "prevent the motion to recommit from being made as provided in clause 4 of rule XVI." The Chair will follow the precedent of October 16, 1990. The point of order is overruled.

Mr. SOLOMON. Mr. Speaker, you can only push the minority so far. I respectfully appeal the ruling of the Chair.

Mr. DERRICK. Mr. Speaker, I move that the appeal of the ruling of the Chair be laid on the table.

The SPEAKER pro tempore. The question is on the motion to table, offered by the gentleman from South Carolina [Mr. DERRICK].

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

Mr. SOLOMON. 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 256, nays 157, not voting 21, as follows:

[Roll No. 23]

YEAS—256

Abercrombie	Beilenson	Bryant
Ackerman	Bennett	Bustamante
Alexander	Berman	Byron
Anderson	Bevill	Campbell (CO)
Andrews (ME)	Bilbray	Cardin
Andrews (NJ)	Blackwell	Carper
Andrews (TX)	Bonior	Carr
Annunzio	Borski	Chapman
Anthony	Boucher	Clay
Applegate	Boxer	Clement
Aspin	Brewster	Collins (IL)
Atkins	Brooks	Collins (MI)
AuCoin	Browder	Condit
Bacchus	Brown	Conyers
Barnard	Bruce	Cooper

Costello
Cox (IL)
Coyne
Cramer
Darden
de la Garza
DeFazio
DeLauro
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dooley
Dorgan (ND)
Downey
Durbin
Dwyer
Dymally
Early
Edwards (CA)
Edwards (TX)
Engel
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Frost
Gejdenson
Gephardt
Geren
Gibbons
Glickman
Gonzalez
Gordon
Guarini
Hall (OH)
Hall (TX)
Hamilton
Harris
Hatcher
Hayes (IL)
Hayes (LA)
Hefner
Hertel
Hoagland
Hochbrueckner
Horn
Hubbard
Huckaby
Hughes
Hutto
Jacobs
Jefferson
Jenkins
Johnson (SD)
Johnston
Jones (NC)
Jontz
Kanjorski
Kaptur
Kennedy
Kennelly
Kildee
Kleczka
Kolter
Kopetski
Kostmayer
LaFalce
Lancaster
Lantos
LaRocco
Laughlin
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Long
Lowey (NY)
Luken
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDermott
McHugh
McMillen (MD)
McNulty
Mfume
Miller (CA)
Mineta
Mink
Moakley
Mollohan
Montgomery
Moody
Moran
Mrazek
Murphy
Murtha
Nagle
Natcher
Neal (MA)
Neal (NC)
Oakar
Oberstar
Obey
Olin
Olver
Ortiz
Orton
Owens (NY)
Owens (UT)
Pallone
Panetta
Parker
Pastor
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Poshard
Price
Rahall
Rangel
Reed
Richardson
Roe
Roemer
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Sanders
Sangmeister
Sarpalius
Sawyer
Scheuer
Schroeder
Schumer
Serrano
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Solarz
Spratt
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swett
Synar
Tallon
Tanner
Taylor (MS)
Thomas (GA)
Thornton
Torres
Torricelli
Towns
Traficant
Traxler
Unsoeld
Valentine
Vento
Visclosky
Volkmer
Washington
Waters
Waxman
Weiss
Wheat
Williams
Wilson
Wise
Wolpe
Wyden
Yates
Yatron

NAYS—157

Allard
Allen
Armey
Baker
Ballenger
Barrett
Barton
Bateman
Bentley
Bereuter
Billirakis
Bliley
Boehlert
Boehner
Broomfield
Bunning
Burton
Callahan
Camp
Campbell (CA)
Chandler
Clinger
Coble
Coleman (MO)
Combest
Coughlin
Cox (CA)
Crane
Cunningham
Davis
DeLay
Doolittle
Dornan (CA)
Dreier
Duncan
Edwards (OK)
Emerson
Ewing
Fawell
Fields
Fish
Franks (CT)
Gallegly
Gallo
Gekas
Gilchrest
Gillmor
Gilman
Goodling
Goss
Gradison
Grandy
Green
Gunderson
Hammerschmidt
Hancock
Hansen
Hastert
Hefley
Henry
Herger
Hobson
Holloway
Hopkins
Horton
Houghton
Hunter
Hyde
Inhofe
Ireland
James
Johnson (CT)
Johnson (TX)
Kasich
Klug
Kolbe
Kyl
Lagomarsino
Leach
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lowery (CA)
Machtley
Marlenee
Martin
McCandless
McCollum
McCrery
McDade
McEwen
McGrath
McMillan (NC)
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Moorhead
Morrison
Myers
Nichols
Nussle
Packard
Paxon
Petri
Porter
Pursell
Quillen
Ramstad
Ravenel
Regula
Rhodes
Ridge
Riggs
Rinaldo
Ritter
Roberts
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Santorum
Saxton
Schiff
Schulze
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (NJ)
Smith (OR)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Taylor (NC)
Thomas (CA)
Thomas (WY)
Upton
Vucanovich
Walker
Walsh
Weber
Weldon
Wolf
Wylie
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—21

Archer
Coleman (TX)
Dannemeyer
Dickinson
Eckart
Gaydos
Gingrich
Hoyer
Jones (GA)
Morella
Nowak
Oxley
Ray
Savage
Schaefer
Sharp
Smith (TX)
Swift
Tauzin
Vander Jagt
Whitten

□ 1402

Mr. GILMAN and Mr. GOODLING changed their vote from "yea" to "nay."

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

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from New York [Mr. SOLOMON], 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, House Resolution 374 is a modified rule providing for the consideration of H.R. 4210, the President's economic growth bill. The rule waives all points of order against the consideration of the bill and allows up to 2 hours of general debate, equally divided and controlled by the chairman and the ranking minority member of the Committee on Ways and Means.

The rule provides that at the conclusion of general debate, the Chair shall immediately put the question, without further debate, on an amendment in the nature of a substitute consisting of the text of the bill H.R. 4210.

The rule provides that no further amendment shall be in order except two amendments in the nature of substitutes, to be considered in the following order: one by Representative MICHEL or ARCHER, or their designee, consisting of the text of the bill H.R. 4200 as modified by the amendment in section 2 of House Resolution 374; and one by Representative ROSTENKOWSKI or his designee consisting of the text of the bill H.R. 4287.

Each substitute shall be considered as read, shall be debatable for 1 hour, equally divided and controlled by the proponent and a Member opposed thereto, and shall not be subject to amendment.

The rule provides that the three substitutes shall be considered under a king-of-the-hill procedure. Under king of the hill, if more than one amendment in the nature of a substitute is adopted, only the last such amendment adopted shall be considered as finally adopted and reported back to the House.

Finally, Mr. Speaker, the rule waives all points of order against each substitute and provides for one motion to recommit, which may not contain instructions.

Mr. Speaker, the people of my State of South Carolina are hurting. In fact the people of every State of this Union are hurting after 1½ years of recession.

Unemployment stands at 7.1 percent, meaning there are 9 million Americans who want to work but cannot find jobs. Millions more have only part-time jobs. Millions of others have given up looking for jobs altogether.

The conference board reported yesterday that consumer confidence has fallen to its lowest level since the 1970's. Obviously many who now have jobs fear they might lose them before the recession ends.

Mr. Speaker, it has been years since there was so much pain and apprehension in our land. Our people are looking to us for leadership and help as they struggle to keep their families intact and their heads above water. And we will provide that leadership.

Mr. Speaker, this rule will enable the house to consider competing tax relief and economic growth proposals. To me there is simply no competition.

Two of those proposals—the President's package, and the House Republican package—represent more of the same tired trickle-down economics which have brought our country to its knees, ravaged our middle class, and quadrupled our national debt.

They offer the kind of economic growth which give the wealthy huge tax cuts, neglects middle-income Americans and sends the bill to our grandchildren.

Mr. Speaker, Americans are weary of those policies. They're tired of waiting for the trickle-down to get to them. They're tired of worrying about their jobs, their health benefits, their pensions, and their children's futures. They know instinctly our country cannot continue on its present path, and they're looking for change.

Fortunately, the rule makes in order a Democratic alternative to those tired policies. Under the guiding hand of Chairman ROSTENKOWSKI the Democrats on the Ways and Means Committee have crafted an outstanding package offering substantial tax relief to our middle class and offering the business community targeted incentives for growth.

For individuals, the Democratic alternative sends help where it's needed most: to middle-class workers and families. Our middle class has been squeezed hard during the last decade by stagnating wages and increasing payroll taxes. The Democratic alternative will give families up to $800 in tax relief over 2 years to ease that squeeze. It will also provide families a tax credit for student loan interest, and let them dip into their IRA's without penalty to buy homes, pay medical bills, or college tuition.

The Democratic alternative offers businesses a variety of incentives, including an investment tax allowance and an increased expense allowance for small firms. It gives a capital gains tax cut to people who invest in the startup companies which will provide new jobs in the future, and indexes capital assets to inflation for the first time in our history. And it creates enterprise zones across this country, in both cities and rural areas, to spur investment and employment in places often overlooked, or worse, written off.

Mr. Speaker, the Democratic alternative offers all these things and more without increasing the national debt by requiring our wealthiest citizens to pay their fair share. The Democratic plan would create a new 35-percent bracket for families with incomes of $200,000 or more, and would require millionaires to pay a new 10-percent surtax.

Unlike the other proposals, however, which would increase the deficit dramatically, the Democratic package would actually reduce the deficit by $14 billion over 6 years.

Mr. Speaker, the American people are in great pain and looking to Congress to relieve their suffering. It's up to us to provide the shelter our people so desperately need to weather the storm and the incentives our economy needs to resume its growth. I urge the Members to support the rule and to support the Democratic alternative.

□ 1410

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

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

Mr. Speaker, just as we did yesterday for 8 hours upstairs in the Committee on Rules, we are going to hear today a lot of talk from the other side of the aisle about just how fair, how fair this rule and procedure are. But what is a Democrat definition of "fairness," Mr. Speaker? Well, Democrats made it quite clear in the Committee on Rules yesterday that to them fairness means telling 435 Members of this House, both Democrat and Republican, to vote on just two partisan substitutes. Their idea of fairness means prohibiting 435 Members of this House on both sides of the aisle from changing either one of those two substitutes and, further, making it impossible to develop a bipartisan compromise that has any chance of becoming law.

Mr. Speaker, the American people watching on C-SPAN yesterday were appalled, and they were disgusted at the trickery and the misrepresentations of the Democrats. My colleagues, check those calls coming in last night.

For instance, 4 days after our Republican leader, the gentleman from Illinois [Mr. MICHEL], introduced a bill consisting of the President's short-term economic stimulus package, the Democrat majority leader got up in the House and complained that the Republicans had not introduced the President's bill; therefore, he was going to do it by request. I do not know by request of whom. The only problem is that, contrary to the majority leader's assertions, the Republicans had already introduced the bill that the President asked Congress to enact by March 20. And the bill introduced by the Democrat majority leader was not the President's bill at all. It was a cannibalized version of the short-term and long-term programs offered by President Bush, without the means to pay for it because the Democrats stripped out the President's spending cuts. I ask my colleagues, "Where do you come off doing such a thing?"

So, when the Democrats tell us this rule is fair, they are correct in one sense, my colleagues. It is fair to the Democrat caucus, but it is not fair to 435 Members of this House, and it damn sure is not fair to the American people.

We had some 13 Members testify before the Committee on Rules yesterday, and roughly 10 amendments were requested by Democrats and by Republicans. We Republicans tried to make all of those amendments in order under the rule, out of fairness. We also offered a rule providing an open amendment process for both substitutes, and our rule was rejected. Democrats could have bent our proposals, and we could have bent theirs, and we could have had a compromise. But, Mr. Speaker, this rule here today is not fair to the American people who operate under the assumption that their individual Representative in Congress has the same right to vote and to amend bills as anyone else.

I say to my colleagues, "You don't have that right, gentleman. It's being taken away from you by your Democrat leadership that voted against you yesterday on all of your amendments that you wanted to offer. If I was a Democrat, I'd be outraged."

Mr. Speaker, this is not fair, but what is really unfair to the American people about this rule is its partisan nature. Nothing we vote on is going to become law. The Democrats will defeat the Republican substitute, and the President will veto the Democrat substitute, and the American people will be left with nothing in the way of economic stimulus and job-creating programs.

Mr. Speaker, that is a shame. The chairman of the Committee on Ways and Means admitted as much upstairs yesterday when he said that this is all political theater. This is political theater? And he said that he really agreed with the economists who told his committee that we should take no action at all. The gentleman from Illinois [Mr. ROSTENKOWSKI] is quoted to the same effect in Monday's New York Times, and let me quote him:

> The one time I agree with the economists, I'm forced to do something other than sit on my fanny and do nothing. The political climate insists that * * *.

Mr. Speaker, that same article points out that the chairman argued in his caucus, the Democrat caucus, that by deliberately passing a bill they know the President will veto, the Democrats will achieve their objective of doing nothing while getting political mileage out of the claim that they tried to help the middle class. Mr. Speaker, this is the kind of twisted, cynical concept of fairness the Democrats are talking about when they claim this process is fair. Yes, it is fair to their political objective of promoting and provoking a partisan confrontation and a veto, thereby prolonging the recession and maybe electing a Democrat President. That is their game plan. It is obvious.

What I would submit to the gentlemen on that side of the aisle is: The American people can see through all of this. They do not want partisan politics when millions of people are suffering. I would ask my colleagues on the other side of the aisle whether their strategy of holding the American people hostage to a recession until after the election is really fairness?

What justification do we get in response to the Democrats in defense of this partisan process? Their distinguished Democrat whip replied to the Committee on Rules that this process is designed to demonstrate just whose side are we on. I have never heard anything so sickening in my life, and by that it was clear he was talking about the rich versus the middle class.

Mr. Speaker, that is not and it should not be the issue before us today, igniting a fuse that will set off some kind of class warfare pitting Americans against Americans. We should all be on the side of the American people, and what is best for this country and is creating jobs. We should all be on the side of a program that can be enacted into law and one that will work. Mr. Speak-

er, we are only fooling ourselves, and we are only trying to fool the American people if we frame the debate in terms of us versus them—rich versus middle class.

Redistributing the wealth without creating new wealth and new jobs is not going to get this economy moving. My colleagues know that. I do not know of one economist who thinks raising taxes will lift us out of this recession. The Democrat tax package is nothing but a shell game of raising taxes on people earning, yes, over $85,000 a year. Democrats want to raise their taxes and cut taxes for those earning under $85,000 a year by 27 cents a day. The chairman of the Committee on Ways and Means says his middle class tax credit of $200 a person is going to put his party, listen to this, in the 92d percentile of approval. Mr. Speaker, that is an insult to the American people.

□ 1440

Let us face it, this is nothing but a two-bit, 25-cent bill, and the American people are not so stupid as to be bought off by it when it does nothing to stimulate jobs in the economy.

In conclusion, Mr. Speaker, I urge every Member to vote against this partisan rule because nobody wins and everybody loses under this partisan approach which is going nowhere. I heard Members on the other side of the aisle testify to that effect yesterday.

Let us send this bill back to the Ways and Means Committee and insist that they engage in genuine deliberation and compromise on a bipartisan basis that includes the ideas of the President of the United States. And let us do so without raising taxes, without increasing the deficit, and in a way that will produce real economic growth.

Let us produce the kind of a bill the President can sign, one that will really benefit this Nation. That is what the American people sent us here to do. That is what they expect of us.

Mr. Speaker, I ask the Members to vote down this rule, and let us get down to work and produce a bill that will be signed into law.

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

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the distinguished gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Speaker, we have the choice today of a Democratic middle-class tax relief or a Republican tax relief.

Mr. Speaker, the Democratic plan is far better because it promotes fairness, fiscal discipline, and economic growth. Let us face it, we are here for two reasons: First, to help the middle-class tax situation, and second, also to spur growth and investment. But let us face another fact. We are engaged in a political bidding war.

The Democratic plan is far superior. It pays for itself by 1997. It rewards long-term investment. It helps small business owners and farmers, and it contains fair taxation of capital gains. The Democratic plan reflects the Democratic commitment to three principles: First, that the wealthiest Americans who got the Reagan-Bush tax breaks must be enlisted to provide tax relief for squeezed middle-class individuals; second, to spur investment we must reduce the deficit by making tough choices and rejecting gimmickry; and third, we must make incentives for economic growth, both short-term and sustained, to get America back on the right track.

This is a fair rule. It contains a vote on the Republican substitute, it contains a vote on the President's tax plan, and it contains a vote on the Democratic plan. The Democratic plan, because of fairness, fiscal discipline, and economic growth, is the best plan. It is not going to be a panacea. It is not going to resolve all problems. Our objective is to spur growth, investment, and savings.

Mr. Speaker, that is all we want to do, and the American people deserve this chance.

Mr. Speaker, I would like to thank the managers of the bill for this opportunity to speak in favor of the rule and in favor of the Rostenkowski-Gephardt substitute to President Bush's tax plan.

By any objective standard, Republican tax policies in the 1980's have contributed to the severity of the 17 month-long recession that we are fighting to get out of and its tax policies continue to jeopardize our ability to provide for long-term economic growth.

Today, we will have the chance to do something to address both these serious problems: tax fairness and economic growth. Restoring fairness to the Tax Code needs to be a priority not just on the grounds that for the past decade Washington has shoved the tax burden onto the backs of middle America. Democrats have traditionally championed fairness in the Tax Code because it goes hand in hand with economic growth. We cannot continue with a 1980's tax policy that concentrates wealth in the hands of a few income earners and expect the rest of the American taxpayers to keep paying the bills.

The Democratic substitute provides for a 2-year refundable tax credit for 20 percent of Social Security and Medicare taxes. And the cost of this tax cut is paid for by raising the top marginal tax rate and instituting a 10-percent surtax on millionaires. That's a simple proposition: is it fair to ask a few to start paying more in taxes so that a majority of Americans will benefit from much needed tax relief? The answer should be a resounding yes.

The Democratic substitute also includes other provisions designed to start helping those in America who do not always get a fair shake from the Tax Code: small businesses, farmers, students, and self-employed individuals.

The Democratic substitute targets a capital gains tax reduction for long-term investment in small businesses; it allows for greater depreciation on farm equipment; it extends the 25-percent deduction for health insurance costs of self-employed individuals; it provides for a tax credit on student loan interest. It puts in place various tools for economic growth, and the tax package does so with a refreshing spirit of fiscal discipline in order to ensure that we do not increase the Federal deficit.

Mr. Speaker, the Democratic substitute is deserving of our support. We finally are passing tax legislation that addresses the real needs of the many rather than the laundry wish lists of a few. I urge my colleagues to vote in favor of the Rostenkowski-Gephardt alternative to President Bush's tax plan.

Mr. SOLOMON. Mr. Speaker, I yield six minutes to our Republican leader, the gentleman from Illinois [Mr. MICHEL].

Mr. MICHEL. Mr. Speaker, I am disappointed, but not surprised, at the process which has brought us to the floor to consider H.R. 4210. This is the so-called economic growth bill for which no one claims responsibility. And for which, I might add, quite frankly, no one is going to vote in the final analysis.

If I might very briefly, under leave to include extraneous matter, ask to include after my remarks a chronology by date of exactly what took place from the date the President submitted his State of the Union Message in which he asked for some 49 proposals to be enacted by this Congress during the entire life of this session. It is obviously impractical for us to think in terms of that entire package being enacted by March 20. That was never the President's intention. He said in his State of the Union Message: My short-term goal for March 20 is those seven points that will stimulate the economy and create jobs, and then, of course, the balance of what I have proposed here will come later. And he asked us quite frankly, Could you submerge the politics for the first part and get it enacted immediately? Then after that we will take our chances. We realize it is a Presidential year and politics will rear its ugly head.

Then, of course, what the majority leader did, as pointed out so well by the distinguished gentleman from New York, was to take from a rough draft part of the President's entire program and reinvent it for all practical purposes and call it the President's program.

Now, there is no way around here that we in the minority will be told what is the President's plan or specifically how it ought to be written. That is our responsibility, and we take on that responsibility. But to have the majority go through this kind of charade for no other purpose than supposedly to bring about a vote on what they purport to be the President's program is just so much bunk and hokum, and we ought to address that right up front.

After we waste the people's time voting on this case of mistaken identity, we are going to consider a Republican alternative and a Democratic alternative, and there will be no opportunity to amend or improve either version or work the will of the House, as we normally would do in the legislative process around here. Furthermore, the minority is denied its traditional right of a motion to recommit the bill with instructions. I suspect maybe part of the reason is due to the fact that had the majority introduced its own base bill and then its substitute, they would have gotten two bites of the apple. But they denied themselves the first one by engaging in this hocus-pocus. So they provide themselves only one real legitimate vote and they deny us the normal motion to recommit because then we would have two votes and they would have only one. That is the kind of game that is being played around here.

Someone with a suspicious mind might conclude that the Democratic leadership was never serious about working out a package at all to stimulate economic growth. Why else, then, was the Democratic plan formulated behind closed doors during this last week and a half, with various versions leaked to see how numerous interest groups would react?

Now we are presented with a Democratic alternative which appears to cater to many groups but which still has as its cornerstone that so-called temporary middle class tax cut paid for, incidentally, by a hefty and permanent tax increase.

Furthermore, the majority totally exempts its package from the Gramm-Rudman discipline. As much as that act and even the budget agreement have been maligned over a period of time, nevertheless spending caps are spending caps. When you simply want to come in here and throw off whatever discipline we have finally had for the last couple of years in our own House by way of Gramm-Rudman and the Budget Act, than it seems to me we have another problem. It glosses over the $30 billion deficit in the first 2 years, just as though it never happened or it is not real.

The Republican alternative, which I introduced along with my good friend, the gentleman from Texas, Mr. BILL ARCHER, our ranking member on the Ways and Means Committee, on February 7 to get this process moving, contains the seven items the President asked for in his State of the Union Address to be enacted by March 20. Here they are, specifically and quickly: A $5,000 first-time homebuyer tax credit; Penalty-free IRA withdrawal for first-time homebuyers; An investment tax allowance; A capital gains tax rate reduction; Passive loss relief for active real estate developers; Alternative minimum tax depreciation simplification and enhancement; and then finally, pension fund investment in real estate enhancement.

We extended the hand of cooperation, quite frankly, to our friends on the other side of the aisle, and they slapped it down. The people sent us here to legislate, not to engage in what our distinguished chairman of the Ways and Means Committee has called high political theatre, mentioned earlier by my distinguished friend, the gentleman from New York [Mr. SOLOMON]. It is time to begin legislating in earnest.

What the majority does here does not even rise to the level, frankly, of playing politics. It is simply a reflex mechanism of a party that has long since lost a sense of purpose except the exercise of raw power for its own sake.

Someone once defined extremism as redoubling your efforts while forgetting your goal. That comes closer to what the majority has done here. It is a sophomoric prank that once might have looked bright and clever but today looks only tacky, tawdry, tired, and a bit sad.

Mr. Speaker, I am obliged to vote against the rule because of its shortcomings, as I have enumerated, and I certainly ask my colleagues to join me in that vote.

ECONOMIC GROWTH PROPOSALS CHRONOLOGY

January 28, 1992: The President presented the State of the Union message. He stated: "We must have a short term plan to address our immediate needs, and heat up the economy. And we need a long term plan to keep the combustion going, and to guarantee our place in the world economy."

The President then listed the seven items of his short term plan and further stated: "Then this is my short term plan. Your part, members of Congress, requires enactment of these common sense proposals that will have a strong effect on the economy—without breaking the budget agreement and without raising tax rates. . . . I submit my plan tomorrow. I am asking you to pass it by March 20th."

January 29, 1992: Chairman Rostenkowski sent a letter to Secretary Brady requesting legislative language for all of the President's revenue proposals. He further insisted on introduction of the President's revenue proposals by the Republican Leadership or the Ranking Republican of the Committee. (See Letter No. 1)

February 4, 1992: Republican Leader Michel, for himself, Mr. Archer, Mr. Gingrich, Mr. Lewis, Mr. Edwards, Mr. Hunter, Mr. McCollum and Mr. Weber, introduced H.R. 4150 by request, which sets forth the President's comprehensive economic agenda.

H.R. 4150, was introduced to comply with the Democrat's request that statutory language be introduced and made available to expedite consideration of the President's economic growth proposals by the House.

H.R. 4150 is a comprehensive bill containing 49 Titles. Title I contains the seven tax incentives outlined by the President in his State of the Union address as components of a short-term economic recovery package. Titles II and III contain the balance of the President's tax provisions for families and to promote long-term growth. The balance of the bill represents program changes and initiatives proposed by the President which require legislation.

February 6, 1992: Chairman Rostenkowski sent a letter to Congressmen Michel and Archer complaining that H.R. 4150 was impractical to use as a markup document because of the large number of titles and the many Committees which received a referral of the bill. (See Letter No. 2)

February 7, 1992: Congressmen Michel and Archer responded that it was unfortunate that the Chairman found it impractical to work from H.R. 4150. In light of the unprecedented fact that the Chairman was not putting forward a "Chairman's mark" and in order to facilitate the Ways and Means markup and the overall effort to enact growth legislation by March 20, a second bill, H.R. 4200 was introduced by Mr. Michel and Mr. Archer. (See Letter No. 3)

H.R. 4200 contains the seven specific growth provisions (Title I of H.R. 4150) which the President called Congress to act on by March 20, along with provisions that completely offset the costs of those provisions under Treasury Department and Office of Management and Budget scorekeeping.

February 11, 1992: Again, the Democrats were not happy with the introduction of H.R. 4200—they found it "surprising and regrettable." (See Letter No. 4) The Republican Leadership did not comply with the Democrat's specific request that all three revenue titles—Titles I, II and III of H.R. 4150—be introduced. But these three titles were never meant to be a stand-alone package by the President.

Majority Leader Gephardt, nevertheless, took it upon himself to introduce Title I, II and III of H.R. 4150, with modifications made to those titles, as a new bill—H.R. 4210—on February 11, 1992.

February 12, 1992: H.R. 4210 then because the markup document for the sham markup held by the Ways and Means Committee on February 12, 1992. At this markup, the Democrats never had any intention of working with Republicans to craft an economic growth package.

The Democrats voted down the President's proposal offered by Mr. Archer (H.R. 4200) and then voted to report without recommendation H.R. 4210 which they incorrectly represented as the President's package. Then they went behind closed doors to secretly craft their own package.

Congressmen Michel and Archer responded to Chairman Rostenkowski's letter of February 11, clarifying that the Chairman had been mistaken about what the President had asked Congress to do and what was introduced on his behalf. It further stated that Congressmen Michel and Archer were anxiously waiting to see what the Democratic party would put forth as its plan for jobs. (See Letter No. 5)

[Letter No. 1]

COMMITTEE ON WAYS AND MEANS,
Washington, DC, January 29, 1992.

Hon. NICHOLAS F. BRADY,
Secretary of the Treasury, U.S. Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY: I listened with great interest to President Bush last night as he presented his State of the Union address, both with regard to the substance of his proposals for economic growth and his call for enactment by March 20, 1992.

The Members of the Committee on Ways and Means stand ready to cooperate with the President to lead our country toward a positive future. However, if the Administration is serious in its desire to move this legislation quickly, the process must begin with your submission of the legislative language for all the revenue proposals contained in

the President's budget proposals that are within the jurisdiction of the Committee on Ways and Means. Introduction of the President's revenue proposals by the Republican Leadership or the Ranking Member of the Committee is an absolutely necessary first step. Of course, I would anticipate that any health-related revenue proposals would be omitted from the introduced bill since the President has indicated his intention to move his health initiatives on a separate legislative track after formal presentation to the Congress sometime next month.

Mr. Secretary, let me emphasize the importance of including all the President's revenue proposals, whether they decrease or increase revenues. In my opinion, there will not be an opportunity to consider separate revenue legislation later in the year. Consequently, all the Administration's revenue proposals should be incorporated within your one submission. Self-selection among the revenue proposals in the President's Budget will only encourage selectivity in the Congress.

I hope, Mr. Secretary, that you will be able to prepare the legislative language of the President's revenue proposals so that it could be timely introduced in the House of Representatives next Tuesday, February 4, 1992, when you and the President's other economic advisors testify before this Committee on the President's proposals.

Sincerely yours,

DAN ROSTENKOWSKI,
Chairman.

[Letter No. 2]

COMMITTEE ON WAYS AND MEANS,
Washington, DC, February 6, 1992.

Hon. ROBERT H. MICHEL,
Republican Leader, House of Representatives, The Capitol, Washington, DC.

DEAR MR. LEADER: As you know, I have scheduled a markup next Wednesday on the President's revenue proposals contained in H.R. 4150, the Economic Growth Act of 1992, which you introduced by request on behalf of the President earlier this week.

As I indicated in my opening statement at our hearings this Tuesday, we have every intention of trying to meet the March 20 deadline set by the President for passage of a significant economic growth bill—not because of the President's demand, but rather because there is a lot of pain and hardship in America today.

The immediate problems, however, is one of procedures. As you know, H.R. 4150 contains 49 titles and was referred to seventeen committees of the House. I trust you will agree with me that it is impractical to use H.R. 4150 as the markup document next Wednesday. Thus, for us to proceed as we intend next week, it is imperative that the President's revenue proposals contained in Title I, Title II, and Title III of H.R. 4150 be introduced as a separate bill.

The purpose of this letter is to request that you, along with the other sponsors of H.R. 4150, introduce the first three titles of H.R. 4150 as a separate bill for purposes of the Ways and Means Committee markup next week. As a courtesy, I have made the same request of the Ranking Republican Member of the Ways and Means Committee, the Honorable Bill Archer. As I indicated this past Tuesday, I have no intention of presenting a "Chairman's Mark" as a starting point for the markup. In deference to the President, the starting point will be the President's revenue proposals contained in the first three titles of H.R. 4150.

Let me reemphasize a point I made this past Tuesday. The idea suggested in the President's budget that there may be two tax bills this year implementing the President's economic growth package and budget proposals is totally unrealistic. The Ways and Means Committee has a long and important agenda that it anticipates pursuing this year after March 20th, including health care reform, an increase in the Social Security earnings limitation, and various trade initiatives. In talking to Members on both sides of the aisle, there appears to be broad agreement with my position that there will be only one tax bill this year, and it is going to be written in the next few weeks as the President has demanded.

To facilitate the markup of the Ways and Means Committee, it is my hope that you can introduce the separate revenue bill reflecting the first three titles of H.R. 4150 as quickly as possible. Since the statutory language of the first three titles of H.R. 4150 is obviously available, I hope that you would be able to introduce the bill during this Friday's session of the House. This will enable me to circulate the bill early next week to Members of the Ways and Means Committee in preparation of the Wednesday markup. If, for some reason, you do not anticipate introduction of the bill tomorrow as requested, I would appreciate your informing me as soon as possible.

With warm regards, I am

Sincerely yours,

DAN ROSTENKOWSKI,
Chairman.

[Letter No. 3]

OFFICE OF THE REPUBLICAN LEADER,
Washington, DC, February 7, 1992.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, Washington, DC.

DEAR MR. CHAIRMAN: We are glad to know that you have every intention of trying to meet the President's March 20 deadline for passage of a significant economic growth bill.

You have stated that you will not put forward a "Chairman's Mark" as a starting point for the Ways and Means Committee's markup next week and that you intend to begin working from the President's economic growth plan. We think that is indeed appropriate and constructive in the absence of any economic growth plan introduced by the majority which could serve as the starting point. The President has taken the initiative on the important issue of job creation and economic growth, and we are pleased that the Ways and Means Committee wants to follow his lead.

It is unfortunate that you do not feel that it is practical for the Committee to begin its work from H.R. 4150, which was introduced last week to comply with the request that statutory language describing the President's economic agenda be available to expedite consideration by Congressional committees. We certainly do not want the Ways and Means Committee's difficulty in dealing with a comprehensive package to slow down consideration of the President's job creation initiatives.

Therefore, in order to facilitate both the Ways and Means Committee's markup and our collective effort to enact legislation expeditiously, we are introducing today a separate bill, as you requested. It includes the specific economic growth provisions (Title I of H.R. 4150) which the President singled out in his call for action by March 20, along with provisions which completely offset the costs of those items under Treasury Department and Office of Management and Budget scorekeeping.

A letter signed by the Director of the Office of Management and Budget is being sent to you which will affirm that the bill, as introduced, complies with the Budget Enforcement Act and will not result in a sequester and is consistent with the President's program. As you will recall, you requested similar letters in recent months to help expedite the enactment of extended benefits under the unemployment compensation program. Surely, legislation to preserve existing jobs and create new jobs is an equally important issue.

You should note that the bill does not include Title II or Title III of H.R. 4150. Those two titles were integral and inseparable parts of the President's comprehensive economic program as defined in H.R. 4150, which you have said you will not use as a starting point for markup. The first three titles of that comprehensive bill are not, and never were intended to be, a stand alone package. Their consideration as such by the Ways and Means Committee would be a gross misrepresentation of the President's economic growth agenda and would be viewed as obstructing our goal of mutually developing a package which can be signed into law expeditiously.

It is very important to note that the new bill does not rely upon tax increases for its funding. The President believes—and we strongly agree with him—that economic growth does not require higher taxes for any Americans.

We hope that our introduction of this new bill today will help you and the Members of the Ways and Means Committee expedite the important work of starting the President's economic growth initiatives through the legislative process. We are confident that by working together we will be able to respond to the President's important challenge of providing a needed stimulus to our economy.

With warm regards, we remain,

Sincerely,

ROBERT H. MICHEL,
Republican Leader.

BILL ARCHER,
Ranking Member, Committee on Ways and Means.

[Letter No. 4]

COMMITTEE ON WAYS AND MEANS,
Washington, DC, February 11, 1992.

Hon. ROBERT H. MICHEL,
Republican Leader, House of Representatives, the Capitol, Washington, DC.

Hon. BILL ARCHER,
Ranking Republican, Committee on Ways and Means, Longworth Building, Washington, DC.

DEAR MR. LEADER AND BILL: Thank you for your letter of February 7, 1992, indicating that you both have introduced H.R. 4200, the Economic Growth and Job Creation Act of 1992. It is my understanding that H.R. 4200 contains a modified version of Title I of H.R. 4150 (the President's Economic Growth Act of 1992), as well as selective provisions from other titles of H.R. 4150, and has been referred to five Committees of the House. It is my further understanding that you have changed the President's proposals by modifying Title I of H.R. 4150 with respect to the treatment of capital gains under the minimum tax. In your letter, you suggest that H.R. 4200 be used as the starting point for the Ways and Means Committee markup scheduled tomorrow.

As you know, in my letter of February 6, I requested that all three revenue titles contained in the President's economic growth package—Title I, Title II, and Title III of

H.R. 4150—be introduced as a separate bill as a starting point for the Committee's markup. As I have consistently stated, the suggestion that there may be two tax bills this year implementing the President's economic growth package and budget proposals is totally unrealistic. Given the legislative commitments of the Ways and Means Committee with respect to trade and comprehensive health care reform, I remain convinced that there will be only one such tax bill this year—written by March 20 as the President has demanded.

For these reasons, I find your introduction of H.R. 4200, containing only a modified version of Title I and other selective provisions of H.R. 4150, both surprising and regrettable. It is surprising because the first modifications to the President's revenue proposals have come from Members of his own party in the house, and invite selective modification and cherry-picking from others in the Congress. It is particularly regrettable because by failing to introduce Titles II and III, you are asking millions of hard-working, middle-class Americans to wait until some indefinite time in the future for a tax cut that they desperately need and richly deserve.

In addition, such selectivity among the revenue provisions of the President's program suggests postponing consideration not only of much-needed tax relief for the middle class, but also of such other important revenue initiatives as the permanent extension of the research and development credit, the deductibility of student loan interest and the repeal of luxury excise taxes. Along with many Members on both sides of the aisle, I believe that these and all other revenue provisions contained in the President's revenue package should be considered contemporaneously, not selectively, as you suggest.

After consulting with my Leadership, it is my understanding that Majority Leader GEPHARDT has introduced today H.R. 4210, containing the first three titles of H.R. 4150 in a separate bill, that was referred exclusively to the Commission on Ways and Means. It is my intention to use H.R. 4210 as the starting point for the Ways and Means Committee markup tomorrow. H.R. 4210 puts all aspects of the President's revenue proposals officially before the Committee. This new bill will, of course, be open to amendment, and could be amended by H.R. 4200 if you choose and a majority of the Committee agrees. Of course, in such an event, the Committee would have to consider the implications of deleting the proposed middle-class tax cut and other important revenue proposals contained in Title II and Title III of the President's program.

As I indicated at the Ways and Means Committee hearings last week and in my previous letter to both of you, we have every intention of trying to meet the President's March 20 deadline. I look forward to reporting the President's revenue proposals to the House as expeditiously as possible.

Sincerely yours,

DAN ROSTENKOWSKI,
Chairman.

[Letter No. 5]

OFFICE OF THE REPUBLICAN LEADER,
Washington, DC, February 12, 1992.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means; Washington, DC.

DEAR MR. CHAIRMAN: After reading your letter of February 11, 1992, we realize that you are mistaken about what the President has asked us to do, as well as what we introduced on his behalf.

First, you are wrong when you state that H.R. 4200 contains a modified version of Title I of H.R. 4150 the President's Comprehensive Economic Growth package. Title I is identical in every respect in both bills. It is very important to note that H.R. 4200 does not rely upon tax increases for its funding. Our bill, as introduced, complies with the Budget Enforcement Act and will not result in a sequester.

The bill Majority Leader Gephardt introduced yesterday (H.R. 4210) ignores the actual language of our bills and obviously has been modified and introduced to obscure the fact that your party has no plan to create new jobs or preserve those existing jobs in America. Your failure to produce a majority party position cannot become the reason why Congress fails to produce timely incentives to create jobs.

You also reassert your earlier contention that there will be only one tax bill this year. We believe that approach is both unwise and unwarranted. Your position requires Congress to act on a bill of mammoth proportions, containing not only job creation proposals, but tax extenders, unemployment compensation reform and an increase in the public debt limit—all paid for by a myriad of tax increases. This course can only create endless delays and probably will produce nothing in law. We must do what needs to be done now to put Americans back to work as soon as possible.

We have been anxiously waiting for your party to put forward its plan for jobs and have seen nothing. We have heard from your side endless posturing about middle class tax relief but with no specifics and always combined with some call for still unknown tax increases. You should act on the question of jobs first, since the income tax code means nothing for those unemployed or those in a position to lose their job. We should address their needs immediately. It is the general state of the economy that the President and the American people want us first to address.

Lastly, you talk of your regret over asking the middle-class to wait for a tax cut. Congressional Republicans and the President are interested in addressing the need for fundamental tax reform. We believe that trying to act without a consensus on how to accomplish it is nothing more than a charade. Your party's top two Presidential candidates are opposed to your current "dollar-a-day-give-away" which should caution you on unilaterally forcing its inclusion.

We want to insist on the use of spending reform and reductions as the preferred method of paying for any tax benefits. Therefore, we want to use much of the defense savings anticipated to pay for any middle class relief. We understand that you and your Leadership also want to deny us the opportunity at a later stage. We recognize that there is a "Defense-Taffy-Pull" going on in your party, particularly in the Senate, over how defense savings should be used. Once again your party's difficulty in resolving this issue should not result in all of America suffering.

The American people should not have to wait for action just because you do not yet have your package. We therefore request of you and your Leadership to consider H.R. 4200 on the Floor of the House of Representatives next week under suspension of the rules. This way we can at least get some sentiment of the House on the President's proposal and with help from your side send a bill to the Senate so they can quickly act.

Mr. Chairman, we should resolve our differences for the sake of the country. Let us not embark on a path that weeks from now will result in deadlock and finger pointing over who's to blame.

Sincerely,

ROBERT H. MICHEL,
Republican Leader.

BILL ARCHER,
Ranking Member,
Committee on Ways and Means.

□ 1430

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DELAURO. Mr. Speaker, this rule is about choices. It gives us the opportunity to choose between three very different ideas of what we need for economic growth in this country.

The President has his plan. It continues the policies of the past, with no vision for the future. Predictably, the wealthy receive tax breaks, the middle class gets hardly a mention. And who pays for this plan. The American taxpayers do—through a $49 billion addition to our national debt.

The Republican substitute shows concern that perhaps the President was doing too much for the middle class and strips his plan of help for first-time homebuyers, personal exemptions for children, and increases the tax breaks for the well-to-do.

The Democrats have proposed a plan that presents a clear alternative. It makes good on our promise to provide relief for middle-income taxpayers; it steers a course toward job creation, economic growth, and investment incentives; and it does this without adding to the national debt by asking the wealthiest Americans to carry their fair share of the tax burden.

The Democratic plan confronts the pain people are feeling head on. When Americans cannot pay their bills, cannot afford health care, cannot find jobs, they look to us and they expect action. They are fighting to try and cope with a recession that continues to grip our Nation with no end in sight.

What we are offering is leadership and hope. The Democrats' bill offers real tax relief for working men and women. For those making under $100,000 each year, this plan offers $43 billion in tax savings over 5 years.

The Democratic plan will help create jobs. It offers real help for the business community. Small business—the basic engine of economic growth—will get tax incentives to start investing in the future now. Research and development will be kept strong through an extension of the R&D tax credit. And our capital gains proposal will encourage investment in new companies, generating new jobs.

The Democrats' plan does all this while returning us to a fairer tax system. To make up for a decade of imbalance, it adds a new top tax bracket, puts a surtax on millionaires, and stops corporations from deducting huge salaries for CEOs.

Mr. Speaker, the Democratic plan presents all those here with the opportunity to choose a plan that pays for itself and does not add to the already bloated deficit. It gives us the choice to return to policies that demand fiscal responsibility.

I urge my colleagues to allow us to consider these three choices, these three different visions. Support the rule.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Pennsylvania [Mr. WALKER].

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

Mr. Speaker, it is a strange fairness process that starts in this kind of unfairness. We are going to hear a lot about tax fairness from the Democrats today, but they cannot seem to bring fairness to the processes of the House.

This rule is simply designed as a method of shutting down House processes so that they can raise taxes. Every time the Democrats are out of touch with the country, what they do is shut down fair consideration of bills in the House so they can go about doing things that they know the country would regard as an outrage.

In this case the country would regard it as outrageous if they understood all the details of the Democrats' tax bill, because the Democratic tax bill is, in fact, an effort to destroy jobs in this country.

The Democrats seem to believe that the only kind of good job is a government job. We have heard a number of them come to the floor today talking about the fact that if we could only have Government programs, and all we need to do is collect more taxes and get more Government programs. That is based upon an economic analysis that makes no sense.

They go to the Joint Tax Committee to get the economic analysis that goes into this unfair rule and this unfair plan that suggests, for instance, if you tax at 100 percent all incomes over $250,000, that you would get increased revenues for the next 5 years.

Do they really believe that what you would get out of taxing incomes at 100 percent, that you would really get people willing to earn money so they could turn it all over to the Government? Yet their economic model suggests that.

Democrats claim to love jobs, but they hate job creators. The problem is that all of their plans are aimed at undermining the ability of entrepreneurs to create jobs in the country. Their issues are aimed at people who take personal risk with their own personal money and thereby create jobs.

What the Democrats do over and over again in bills that they bring to the floor is tax those people out of the job market and force those people to take their money out of risk and put it into shelters. And that is exactly what is happening in their bill today. They bring a bill which they claim helps the middle class, it gives the middle class 27 cents a day, but says to the middle class that you may not have a job.

My guess is most middle-class Americans would prefer to have the job and not the 27 cents. If they could have both, they would love it, but the Democrats do not give them both. The Democrats destroy jobs.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the distinguished gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, our Republican friends attack the Democratic tax plan because of the middle-class tax cut. With all due respect, I think they've got it backwards. The Republican package in my view is a pitiful repeat of the 1980's mistakes of providing a bonanza for the rich on borrowed money.

The reason the Democratic Ways and Means package should not pass is not because it is so different than the President's, but because it is so similar. It is amazing to me that at a time when the results of the Reagan-Bush supply-side binge of the 1980's are coming crashing down on the shoulders of every American family, the Republican answer seems to be that we ought to do it all over again. Unfortunately, they seem to be joined by a lot of the Democrats on the Committee on Ways and Means.

The Republican Party has it wrong. We should have a middle-class tax cut paid for by a tax increase on the wealthy. The problem with the Democratic package is not that it treats high-income people too badly, it is that it treats them too well.

The fact is that for 5 years, yes, in contrast to the Republican package, the Democratic package is in budget balance. But after 5 years the long-term costs of that capital gains gift, half of which goes to the super wealthy, will total $300 billion.

It is true the Democratic package is not as bad as the White House plan, which costs even more but, my God, can we not do better than that?

Mr. SOLOMON. Mr. Speaker, I yield 3 minutes to the very distinguished gentleman from Texas [Mr. ARMEY].

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

Mr. Speaker, today we are in for a rare treat. In the ordinary debate of this body we usually have an opportunity to see the Democrats out of touch with reality. Today we have a special treat: We get to see them making a special effort to recreate reality.

Later on we will see the fiction of class warfare in the general debate.

Mr. Speaker, let us focus on this rule. They have brought with their nine members of the Committee on Rules against four Republican members a rule that says we will begin the debate by consideration of H.R. 4210, a bill offered by Mr. GEPHARDT by request—of whom? Mr. GEPHARDT says by request of the President, he is offering the President's bill.

The President said:

> This is not my bill, and I didn't request that the leader of the opposition offer my bill.

If you were the President of the United States, would you ask the leader of the opposition party to submit your bill for consideration? Or might you instead ask the leader of your own party?

Let us see how the process goes. After we consider Mr. GEPHARDT's distortion of the President's bill which he falsely claims he is offering by that request, we then will consider a larger bill by the chairman of the Committee on Ways and Means, the Democrat member from Illinois [Mr. ROSTENKOWSKI], for himself and for, guess who? The gentleman from Missouri [Mr. GEPHARDT]. The gentleman from Missouri [Mr. GEPHARDT] gets to offer two bills.

Then after that we will consider a bill offered by the gentleman from Illinois [Mr. MICHEL], the leader of the Republican minority in Congress, the President's party, and the gentleman from Texas [Mr. ARCHER], the Republican minority leader of the Committee on Ways and Means and the President's very own Congressman.

The gentleman from Illinois [Mr. MICHEL] and the gentleman from Texas [Mr. ARCHER] will say that this is the President's bill, and the President says this is the President's bill. But we are going to be asked to believe that this is not the President's bill, like the President says, like his minority leader says, like his own Congressman says. We are going to be asked to believe that instead the President's bill is submitted by the majority leader of the opposition party to the President, even though the President says, "No, that is not my bill."

What is the upshot of all of this? To enhance the well-being of the American people, to create jobs for the American people, to increase the incomes of the American people, to reduce the deficits?

□ 1440

No. To enhance the votes of the Democrat Party and to reduce their deficit in number of years of White House occupancy.

This is not a debate, a serious debate about public policy we will see today. This is a very insidious, intellectually shallow and morally corrupted debate about the politics of a party that has lost its greatness, the Democrat Party.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 4 minutes to the gentleman from Michigan [Mr. BONIOR], the distinguished majority whip.

Mr. BONIOR. Mr. Speaker, for 2 long years this administration said that there was no recession. They said our economy was not in trouble.

For a decade before that, they told us to be patient, that trickle-down, supply-side economics would produce jobs.

Well, we have waited and we have waited. Where are the jobs?

We are losing 9,400 jobs every month in this country. Now the President and my Republican colleagues send up a proposal that is just more of the same, the status quo. Do we want to go back to the old ways or do we want to say no more gimmicks, as the Secretary of Housing, Mr. Kemp, a Republican, said, no more gimmicks to the President's proposal? No more tax cuts for the wealthy. No more broken promises.

Mr. Speaker, the middle class of America has waited too long. So when we strip away the rhetoric, there is really only one question that is really worth asking when we are done with this process. It is whose side are you on? Everything else is as irrelevant as asking which picture of Elvis should be on the stamp. Whose side are you on?

Are you on the side of those who profited by merger-mania and the tax favors of the 1980's? Are you on the side of hard-working people in our constituencies who have not gotten a break during the 1980's? Are you on the side of families who have been squeezed by this recession, squeezed by exorbitant health care costs, squeezed by the costs of housing? Whose side are you on? And what is the best way to tell whose side you are on?

Look at the bills. Fairness. The centerpiece of the Republican plan is a tax cut for the already wealthy; again, they go to the trough, $8,000 in one of their plans for the very wealthy, $12,000 in the other.

The Democratic plan provides $800 to $1,000 in tax relief for middle class families if both spouses are working and pays for it by asking the wealthy to pay their fair share to make the sacrifice to make America move again.

We do that by putting a surtax on millionaires, by raising the rate of people making over $145,000 a year and by a $1 million cap on the corporate deductions of CEO salaries.

Fiscal discipline. The Republican plan increases the deficit 49 billion in the President's plan. Our plan puts an end to that kind of borrow-and-spend mentality, $14 billion in deficit reduction.

Economic growth. Our plan helps small business owners, helps farmers. It helps long-term investors.

Here is the key point: This bill will circulate $45 billion back in the hands of the middle class that will be recycled throughout our economy to create demand, to create jobs for the people who are out of work in this economy, a down payment on the car or college tuition.

We are tired of trickle down. We want it to bubble up from the center. That is the basic change in what we are doing. We are giving it to the broad-based class and letting it bubble up.

Members may call it what they like. Our plan helps working people, and there are economists who do not like our plan.

Let us remember, many of them are the ones who told the President that there was no recession or that it was no big deal or that prosperity was around the corner. They are the ones who told us to be patient, that trickle-down economics would produce jobs.

Mr. Speaker, there is an old Abbott and Costello routine where Abbott says, "Lou, if you had 50 bucks in one pocket and 100 bucks in the other pocket, what would you have?"

And Lou says, "Somebody else's pants."

Average Americans feel that the 1980's, the tax breaks during the 1980's were going into somebody else's pockets, and they are right. Let us put money back in the pockets of middle class Americans for a change. Let us show the middle class of America that we are on their side.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, the gentleman from Detroit just mentioned the word "gimmicks." I would suggest that this rule in itself is little more than a gimmick because the result of today's debate, I think, is pretty well known already.

As the gentleman from Texas [Mr. ARMEY] pointed out very clearly, the process has been set up in such a way that certain things are going to fall into place and the results of the votes on those issues are pretty well known already. As a result of this type of process, yesterday I appeared before the gentleman from South Carolina and I offered an amendment to the tax bill on the floor today. That amendment would have provided that tax policy be set by this House whenever taxes are increased or new taxes imposed, they be enacted by no less than three-fifths of the Members of the House, otherwise known as a supermajority.

Tax policy is perhaps the most important issue that we deal with here, other than perhaps the declaration of war. And as the result of that, as the result of the important function that we play here, it seems to me that the American people are entitled to see their House work in a much more competent and able way than we do today.

Mr. DERRICK. Mr. Speaker, for the purposes of debate only, I yield 2 minutes to the distinguished gentleman from Texas [Mr. FROST], a member of the Committee on Rules.

Mr. FROST. Mr. Speaker, I thank the gentleman for yielding time to me. I will be very brief.

We have heard all kinds of claims from the other side of the aisle. The question is, do the Republicans, do the minority have the opportunity to offer their version of what this tax legislation should be?

I would suggest to my colleagues that the answer to that question is yes.

The gentleman from Illinois [Mr. MICHEL] and the gentleman from Texas [Mr. ARCHER] were permitted to offer their Republican substitute. They could have fashioned that any way they wanted to. They were permitted to even change that as of yesterday.

The Committee on Rules permitted them to fashion it as they wished to offer it. So there clearly will be a vote on the Republican tax plan. That may not be enough for the Members on the other side of the aisle. Perhaps some of the colleagues of the gentleman from Illinois [Mr. MICHEL] and the gentleman from Texas [Mr. ARCHER] do not agree with the way the Republican leadership has put their package together. That is a problem for those Members on the other side of the aisle to deal with their own leadership on.

They were given a Republican tax package. There will be a clear up-or-down vote on the tax package. The American people will have a choice between the Democratic package that offers middle-class tax relief, that offers $200 for an individual, $400 for a married couple.

Maybe some of my colleagues from other parts of the country do not think that $400 is very much money. People in my area in Texas would like to have $400. They would like to have that money to do with as they wish, to help themselves, their families and the economy of my State. There will be a clear-cut choice between a Democratic package on the one hand favoring the middle class, a Republican package on the other hand, fashioned by the Republican leadership, which does not have a middle-class tax cut in it.

This is a fair rule, and I urge its adoption.

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

Let me respond to the gentleman from Texas and say that the gentleman knows that after those people came in and testified before us, the Democrats in their cute way then waived all points of order, waived the Budget Act, and threw out the Deficit Reduction Act. That is why we have these huge deficits today, and he knows that is why we are opposing this rule.

Mr. Speaker, I yield 3 minutes to the gentleman from Georgia [Mr. GINGRICH].

□ 1450

Mr. GINGRICH. Mr. Speaker, I think the speech of the last Democratic speaker sadly says it all. We are going to have a Republican substitute. We are going to have a Democrat bill.

This morning's newspaper had two headlines. One headline said "Consumer Confidence Drops." The other headline said "Tax Bill Probably Dead for a Year."

The American people saw the President of the United States come right here and speak in January, for the State of the Union, and ask the Congress to help create jobs, to help save families, to help save people so they could go to work, so they could pay a mortgage, so they could have a decent future. He appealed to the Congress on both sides of the aisle. He said "I want you to pass a job-creating tax cut proposal by March 20 so the American people can go back to work."

What happened? For the last 3 weeks the American people have watched the Democratic leadership in Congress, day after day, behave in a narrow, partisan way so that this "Deadlock on Tax Bill Seen Likely, Neither Party's Plan Given Much Chance of Passing This Year," and "Consumers' Pessimism Deepens, Index of Confidence Hits 18-Year Low on Job Loss Fears."

If you were a consumer watching this Congress, would not your confidence fall? If you watched the petty, partisan bickering would not your confidence fall? If you heard Members of the majority party, with a responsibility to cooperate with the President of the United States, get up and say "We are going to have two partisan plans, the Republicans get to offer theirs, and it will lose, of course, since they are the minority, and then we will pass ours, which will be vetoed, of course, because it is not going to agree with the President." The President asks for a tax cut, the Democrats give him a tax increase. The President asks for a bill to create jobs. The best analysis we have from the National Center for Policy Analysis is that the Democratic plan kills 100,000 jobs, so that they are going to send down to the President a tax increase job-killing bill and say "We did our job. We were good and unpartisan." Every Democratic strategist is going to say: "Terrific, if only the recession lasts long enough, if only there are enough unemployed Americans, we will be better off."

That may be OK if you are a Democratic Party strategist for a Presidential campaign, but as a Member of the House, I would think we would have an obligation to put the unemployed American, the family worried about their jobs, the person trying to pay a mortgage, the small business trying to prosper, the auto companies that wish people had enough confidence to buy a car, I would think that there would be some desire to work together on a bipartisan basis.

Let me just close by saying I hope every one of our colleagues listened to that last speech about the Democratic plan. Let us help beat it and then let us work together for a bipartisan job creation tax cut.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the distinguished gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. Mr. Speaker, people around here are prone to rewrite history. On the night that the President spoke here on this podium, I sat right over here and I heard the plan and the vision that he laid out for America. I said to myself, "How are you going to pay for this," when I heard all the grandiose things that he was talking about to put people back to work.

Then in the next couple of days I got a copy of the President's budget. I looked in this budget, and how he was going to pay all these things that he had laid out for us here in the Chamber, he was going to cut Medicare. When the Republicans saw this in the budget, they were not going to vote to cut Medicare to pay for these breaks that the President had offered here on the floor.

Also, it was a challenger, I believe, to the President of the United States in New Hampshire that said "Something happened between here and Pennsylvania Avenue to the President's memory, because the package that he sent up here for consideration was nothing like it. He had forgotten all about middle income America from the ride from the Capitol to the White House, and it showed up in New Hampshire."

So for people to say that we have absolutely not cooperated with the President to put a package, it took 2 years to recognize that we were in a recession. Then he gave us about 50 days to put together a package, and we have a package.

If I were the Republicans I would be upset, too. I would not want to consider a package that I had to cut Medicare and veterans' benefits and these other programs to finance another giveaway for the rich folks in this country.

Mr. SOLOMON. Mr. Speaker, may I ask how much time is remaining on each side, please?

The SPEAKER pro tempore (Mr. MURTHA). The gentleman from New York [Mr. SOLOMON] has 8 minutes remaining, and the gentleman from South Carolina [Mr. DERRICK] has 7 minutes remaining.

Mr. SOLOMON. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from California [Mr. HUNTER].

Mr. HUNTER. Mr. Speaker, let me answer my friend who just spoke on the Democrat side of the aisle about messages from New Hampshire. The strongest message from New Hampshire that had a glint of responsibility in it was a message from the Democrat Presidential frontrunner, Mr. Tsongas, who said that he would veto the Democrat plan. And he said that because he understood, just as all of us understand, and the American people understand, that any American family would rather have a job than get a $200 or $400 cut. That is just a couple of days with respect to a paycheck. If you are employed for 1 week then you have already made more money than you are going to get in this Democrat giveback.

The point about the Democrat bill as analyzed by the National Center for Policy Analysis that says that it will lose 100,000 jobs is that in raising the tax rate for investors, we are going to motivate investors not to put their money in jobs-creating investments, not to do things that are going to create jobs for middle class America. We are going to motivate them to go to these tax-free bonds and invest their money there, because they are not going to get whacked with these enormous taxes that the Democrats are building for them.

Once again, the Democrat Party needs to understand blue collar workers cannot hire themselves. Somebody has to go out there, take a risk, and create the jobs. That message was not lost on Mr. Tsongas and I do not think it is lost on the American people.

Mr. DERRICK. Mr. Speaker, I yield 2½ minutes to the gentleman from Ohio [Mr. TRAFICANT].

Mr. SOLOMON. Mr. Speaker, because the gentleman was denied four good amendments before our Committee on Rules last night, I yield 1 minute to the gentleman from Ohio [Mr. TRAFICANT].

The SPEAKER pro tempore. The gentleman from Ohio [Mr. TRAFICANT] is recognized for 3½ minutes.

Mr. TRAFICANT. Mr. Speaker, how can America return to greatness if Congress continues to vote on bills that are at best half good and half bad? Where I come from, half good and half bad is mediocre. The problem with our country is we have enacted mediocre laws and we have a mediocre economy and we have a mediocre Congress that leads a mediocre Government.

One of the problems is here, and I really believe this, the American people do not want token tax cuts once a year. They want a policy that is going to keep them working where they will have a job and a paycheck 5 days a week.

There is another problem in this House. Everybody is scared to death around here. We have a small group of power-hitting elitists that force-feed our Congress our trade and tax policies from the Committee on Ways and Means.

I do not know about the Members. If they are satisfied with being damned lemmings, then go over the bridge. But I do not like it. My district has been decimated. I do not like the trade and tax policies. I think it is time for Chairman ROSTENKOWSKI to open the process up. I doubt if the members of the Committee on Ways and Means actually have a say around here.

I do not mean to take off on the chairman. I am sure he means well. But I want to say this today. The tax and trade policies coming out of the Committee on Ways and Means the last 12 years are damned losers, and America is losing, and America is losing very badly.

I do not like it. We should have incentivized the purchase of American-made goods in our economy. We should allow the American people to write off the sales tax on the purchase of an American automobile.

I think our Congress should incentivize the Tax Code. We should allow the deduction of the sales tax of American vehicles and we should allow the interest on the car note to be deducted as well.

In addition, I think we have to incentivize our economy. We should reinstate the investment tax credit for the purchase of American-made goods only.

I also recommended a piece of legislation this Congress should have voted on, a 7-percent consumer tax credit up to $1,000 on the purchase of any durable goods manufactured in America.

□ 1500

Giving the Americans money in their pocket is not going to solve our problems but when they invest to get a reasonable credit to the consumers, those middle-income people, a $1,000 possible consumer tax credit would go a hell of a lot further than $400 to $800.

The bottom line is you may not agree with it, but everybody in this Congress should have a say. If you are not going to have a say and you are going to give that say up, then you might as well go home, because what we have is mediocre laws and a mediocre damn Congress and with a mediocre Government.

Mr. DERRICK. Mr. Speaker, will the gentleman yield?

Mr. TRAFICANT. I yield to the gentleman from South Carolina.

Mr. DERRICK. Mr. Speaker, does the gentleman plan on voting for the rule?

Mr. TRAFICANT. Reclaiming my time, I am going to vote for the rule to give everybody a chance. I appreciate your time. I am going to vote "no" on all of these three measures, because they are not good enough for the American people. We do not need any more half-baked, half-good, half-bad legislation. I think when Congress realizes that, we will do a lot better.

Mr. DREIER of California. Mr. Speaker, I yield 2 minutes to the very able gentleman from Pennsylvania [Mr. RITTER], a member of the Committee on Energy and Commerce.

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

Mr. Speaker, it is not often that I agree with the gentleman from Ohio [Mr. TRAFICANT], but on the investment tax credit idea, he is absolutely right.

Ladies and gentlemen, wealth is produced in a modern society by making things, by production, by producing. We have allowed manufacturing in this country to go to hell in a handbasket. We do not nurture our production in manufacturing industries the way our competition does.

We have a disease here called short-term-itis.

Yesterday in the Committee on Rules—on a straight party line vote—the Democrats turned down a proposal for a 10-percent investment tax credit, a 1-year temporary tax credit to inject some kind of ability for American companies to go out there and buy the equipment, the machinery, the productive capacity that makes our workers more competitive. That was the Ridge competitiveness tax credit. It is similar to the Ritter bill of last June, H.R. 2704. This tax credit will bring us economic growth, because we will make our industries more productive, more competitive. We will give our workers better tools. We will empower them with the latest technologies.

Now, nowhere directly in either of these bills—other than the somewhat accelerated depreciation allowance—does this come forward. This is the kind of emphasis that is missing. This is the kind of emphasis we need to bring to bear on our economy, and American workers, blue collar workers, manufacturing workers. People who work in American industry all know that a targeted, narrowly focused credit on equipment, machinery and productive capacity is where it is at, and this is the kind of amendment that I wish had been allowed in yesterday's Committee on Rules resolution, but was turned down on a party line vote.

Mr. DREIER of California. Mr. Speaker, I yield 1 minute to the distinguished gentleman from California [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, you know, I have heard that the Presidential candidate Tsongas would veto the Democrat bill. I have heard colleagues on the other side of the aisle say that they would not support the President's plan.

The American people really do not care if it is a Democratic bill or a President's bill.

The other side of the aisle, you have some good points in your bills. We have. I think what the American people want us to do is to sit down and negotiate something that is going to cut high taxes and cut spending in this country.

Mr. Speaker, I think our freshman class, both Republicans and Democrats, that want to make some changes could sit down and do a better job than the good old boys in this Congress, because it would help people and create jobs.

I think if we take a look and analyze those plans and sit down and negotiate for once and take out 1992 Presidential elections, we can actually help the people in this country.

I would beg you from our freshman class, from both the Republicans and the Democrat kids, that we do just that and let us help the American people instead of this rhetoric going back and forth.

Mr. DREIER of California. Mr. Speaker, I yield myself 2 minutes, the remainder of my time.

Mr. Speaker, we have been hearing an awful lot about fairness over the past few minutes.

My colleagues on the other side like to talk about how fair this tax bill is. They like to talk about how fair this rule is. We have heard many arguments coming from our side which show it is anything but fair.

I cannot help but ask: What is fair about a rule which is, as the gentleman from New York, a distinguished ranking Member, pointed out, prevented us from being able to incorporate instructions in our recommital motion? It is a procedural matter here, but it is something that has gone on for years. It is simply a right of the minority. It is denied to us in this fair rule.

What is fair about a tax bill which creates and extends class warfare? It continues to pursue this us-versus-them mentality.

They do not like to say that the 20 percent of Americans who fall in the wealthiest group are paying today 60.5 percent of the tax burden. That is a 4.4-percent increase over the liability that they had in 1980. Now, in 1980, that was before the 1981 tax bill, which they all like to continue to attack over and over again.

What is fair about a rule which says to people like the gentleman from Ohio [Mr. TRAFICANT], who was standing here who had four amendments that he wanted to offer cannot be offered? What is fair about a rule that says to the gentleman from Oregon [Mr. AUCOIN], who wanted to offer an amendment to incorporate the President's plan for that $5,000 tax credit for first-time homebuyers? It cannot even be included in there.

Let us look at some of the Republican amendments, some of us on the minority, who wanted to participate in this fair rule.

The gentleman from New Jersey [Mr. SAXTON] wanted to require a three-fifths vote for any bill or amendment which would raise taxes. That seems fair. It seems fair to me. Unfortunately, we are not allowed to offer this in this fair rule.

Mr. Speaker, I am not a proponent of having to move to that kind of measure, but because Congress has continued down this road of tax and spend and tax and spend, it seems we have no choice other than to attempt to put in place a three-fifths vote to increase taxes.

We have other amendments which tragically were not able to be incorporated.

Mr. Speaker, what they call a fair rule is a very unfair rule, and I urge a strong vote against this rule.

Mr. DERRICK. Mr. Speaker, I yield myself 4½ minutes, the remainder of my time.

Mr. Speaker, I would like to address two major subjects in the remaining time.

One is the alleged unfairness of the rule. I have served on the Committee on Rules for many years, and I have to say that this comes close to being the fairest rule I have ever seen. It gives each major player in our Government an opportunity to have its idea of what is best for this Nation voted on by the American people through their elected Representatives.

The President came to this very Chamber a month or so ago with his State of the Union Address, and he stood right back here. He suggested a plan that he thought was good for this Nation which would lead us out of the economic morass that we find ourselves in today.

Under this rule, we are going to have an opportunity to vote on a large part of that plan. The American people should have that right through their elected representatives.

The Republicans in the House, the minority, have a plan that differs from the President's plan. It is their own plan that they have worked out, and the Republican conference, I assume, has gone back and forth and worked out what they feel is the best plan that they can craft, and what they feel represents the best plan for the Nation. The American people will have an opportunity to vote on that plan through their elected representatives.

We Democrats, through our Democratic caucus, have come forth with a plan as well. Our plan has been debated back and forth. There have been changes made. There have been additions and deletions responding to the views of different caucus members. It is not the plan which originally came from the Committee on Ways and Means. But it is what the Democrats, in their collective wisdom, believe is in the best interests of this country.

□ 1510

The people of our Nation will have an opportunity to vote on the Democratic plan through their elective Representatives. So the administration, and both parties in the House, the majority and minority, will have an opportunity to express their will.

As I said, this is one of the fairest rules I have ever seen come to the floor of this House. It should be fair because it is also one of the most important rules to come before this House.

The second major point I want to address is the state of our economy and the propriety of this legislation. In 1980, the entire debt of this Nation that had been accumulated over 200 years was about $1 trillion. Today, just 12 years later, it stands at almost $4 trillion. The average working man and woman in this country over the last 12 years has seen his or her hourly wage drop by almost $1.20 an hour in real terms.

In 1980, the annual deficit of this country was about $74 billion. This year it will reach nearly $400 billion.

In 1980, we were the largest creditor Nation in the world. Today we are the largest debtor Nation.

I suggest to you if you think that this has been the right route for our country to take, the route that we took under the Republican administrations during the 1980's and into the 1990's which gave huge tax cuts to the rich on borrowed money, by all means vote for the Republican substitute. If you disagree, and believe it's time to reverse those policies and give the middle class a break, then vote for the Democratic substitute. Vote for the working men and women of this country.

Mr. PACKARD. Mr. Speaker, I rise today to express my distaste for the partisan steamroll tactics that forced a closed, king-of-the-hill rule.

This rule does not allow for amendments, it does not allow free and open debate, and the outcome of this debate is predetermined because of what the Democratic leadership has dictated.

Let me underscore this point: What we debate and when we debate it is decided by the Democratic leadership. How we are allowed to debate such crucial issues as an economic growth package is dictated by the Rules Committee which has a supermajority of Democrats.

This is the House of the people. This is where the difference between two divergent visions are supposed to debate in a free and open manner. What is best for America and the American people should guide the actions of this body. Instead, we are forced to debate different economic growth packages under a restrictive, rigged rule which predetermines the outcome of our debate in the Democrats' favor.

That is guiding this body in cheap politics and not sound policy. I find this appalling and wish to express my extreme opposition to this rule.

Mr. KYL. Mr. Speaker, I rise in opposition to the rule. This rule is not intended to allow the House to craft the best plan to promote economic recovery, but simply to set up a process that will culminate in a political confrontation with the President.

The sole aim of this rule is gain political advantage. It is wrong. The American people don't care about political advantage. They are fed up with it. They care about keeping their jobs, or just getting a job. They care about paying the mortgage or the rent, and putting food on the table. They care about economic recovery and their children's futures.

This process and this bill are seriously flawed. The underlying bill, which was introduced by the Democrat leader and is purported to represent the President's plan, is not the President's plan at all. It is a cherry picking of the President's proposals, some of which have been significantly altered. Spending reductions and reforms were eliminated.

What the President called for in his State of the Union Message was a two-pronged attack: Passage of seven proposals by March 20 to quickly stimulate the economy; and more fundamental reforms to help families and strengthen the economy over the long term.

The seven short-term proposals are embodied in H.R. 4200, which was introduced by the Republican leader, Mr. MICHEL, in an effort to cooperate with the majority and facilitate action in the Ways and Means Committee.

The Democrat leadership ruled out consideration of a second package of long-term reforms; they limited President's plan to the seven short-term proposals in H.R. 4200; and now, because they limited the parameters of what can be considered, they say the President has abandoned support for key items, like the increase in the dependent deduction.

The Democrat caucus went on to craft its alternative to the President's package behind closed doors, changing it several times during the past week after the Ways and Means Committee had completed action. They crafted an alternative designed, not to help the economy, but to try to lure just enough support to ensure its passage over the President's plan. Their own standard bearer out of New Hampshire has said he would veto it.

This process is flawed, Mr. Speaker, and it is wrong. If you are truly interested in a bipartisan effort to craft an effective economic recovery plan, give us the opportunity to offer amendments. Let's work together, and with the President, to get this economy moving again.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

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

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

Mr. SOLOMON. 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 244, nays 178, not voting 12, as follows:

[Roll No. 24]

YEAS—244

Abercrombie	Beilenson	Bruce
Ackerman	Bennett	Bryant
Alexander	Berman	Bustamante
Anderson	Bevill	Byron
Andrews (ME)	Bilbray	Cardin
Andrews (NJ)	Blackwell	Carper
Andrews (TX)	Bonior	Chapman
Annunzio	Borski	Clay
Anthony	Boucher	Clement
Applegate	Boxer	Collins (IL)
Aspin	Brewster	Collins (MI)
Atkins	Brooks	Condit
Bacchus	Browder	Conyers
Barnard	Brown	Cooper

Costello
Cox (IL)
Coyne
Cramer
Darden
de la Garza
DeFazio
DeLauro
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dooley
Downey
Durbin
Dwyer
Eckart
Edwards (CA)
Edwards (TX)
Engel
English
Erdreich
Espy
Evans
Fascell
Fazio
Feighan
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Frost
Gaydos
Gejdenson
Gephardt
Geren
Gibbons
Glickman
Gonzalez
Gordon
Guarini
Hall (OH)
Hall (TX)
Harris
Hatcher
Hayes (IL)
Hayes (LA)
Hefner
Hertel
Hoagland
Hochbrueckner
Horn
Hubbard
Huckaby
Hutto
Jacobs
Jefferson
Jenkins
Johnson (SD)
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kennelly
Kildee
Kleczka
Kolter
Kopetski
Kostmayer
LaFalce
Lancaster
Lantos
LaRocco
Laughlin
Lehman (CA)
Lehman (FL)
Levin (MI)
Levine (CA)
Lewis (GA)
Lipinski
Lloyd
Long
Lowey (NY)
Luken
Manton
Markey
Martinez
Matsui
Mavroules
Mazzoli
McCloskey
McCurdy
McDermott
McHugh
McMillen (MD)
McNulty
Mfume
Miller (CA)
Mineta
Mink
Moakley
Mollohan
Montgomery
Moody
Moran
Mrazek
Murphy
Murtha
Nagle
Natcher
Neal (MA)
Neal (NC)
Nowak
Oakar
Oberstar
Olin
Olver
Ortiz
Orton
Owens (NY)
Owens (UT)
Pallone
Panetta
Parker
Pastor
Patterson
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Peterson (FL)
Peterson (MN)
Pickett
Pickle
Poshard
Price
Rahall
Rangel
Reed
Richardson
Roe
Rose
Rostenkowski
Rowland
Roybal
Russo
Sabo
Sangmeister
Sarpalius
Sawyer
Scheuer
Schumer
Serrano
Sikorski
Sisisky
Skaggs
Skelton
Slattery
Slaughter
Smith (FL)
Smith (IA)
Solarz
Spratt
Staggers
Stallings
Stark
Stenholm
Stokes
Studds
Swett
Swift
Synar
Tallon
Tanner
Tauzin
Thomas (GA)
Thornton
Torres
Torricelli
Towns
Traficant
Traxler
Unsoeld
Vento
Visclosky
Volkmer
Washington
Waters
Waxman
Weiss
Wheat
Wilson
Wise
Wolpe
Yatron

NAYS—178

Allard
Allen
Archer
Armey
AuCoin
Baker
Ballenger
Barrett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boehner
Broomfield
Bunning
Burton
Callahan
Camp
Campbell (CA)
Campbell (CO)
Carr
Chandler
Clinger
Coble
Coleman (MO)
Combest
Coughlin
Cox (CA)
Crane
Cunningham
Davis
DeLay
Doolittle
Dorgan (ND)
Dornan (CA)
Dreier
Duncan
Early
Edwards (OK)
Emerson
Ewing
Fawell
Fields
Fish
Franks (CT)
Gallegly
Gallo
Gekas
Gilchrest
Gillmor
Gilman
Gingrich
Goodling
Goss
Gradison
Grandy
Green
Gunderson
Hamilton
Hammerschmidt
Hancock
Hansen
Hastert
Hefley
Henry
Herger
Hobson
Holloway
Hopkins
Horton
Houghton
Hughes
Hunter
Inhofe
Ireland
James
Johnson (CT)
Johnson (TX)
Kasich
Kennedy
Klug
Kolbe
Kyl
Lagomarsino
Leach
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lowery (CA)
Machtley
Marlenee
Martin
McCandless
McCollum
McCrery
McDade
McEwen
McGrath
McMillan (NC)
Meyers
Michel
Miller (OH)
Miller (WA)
Molinari
Moorhead
Morella
Morrison
Myers
Nichols
Nussle
Obey
Oxley
Packard
Paxon
Petri
Porter
Pursell
Quillen
Ramstad
Ravenel
Ray
Regula
Rhodes
Ridge
Riggs
Rinaldo
Ritter
Roberts
Roemer
Rogers
Rohrabacher
Ros-Lehtinen
Roth
Roukema
Sanders
Santorum
Saxton
Schaefer
Schiff
Schroeder
Schulze
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith (NJ)
Smith (OR)
Snowe
Solomon
Spence
Stearns
Stump
Sundquist
Taylor (MS)
Taylor (NC)
Thomas (CA)
Thomas (WY)
Upton
Vucanovich
Walker
Walsh
Weber
Weldon
Williams
Wolf
Wyden
Wylie
Yates
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—12

Coleman (TX)
Dannemeyer
Dickinson
Dymally
Hoyer
Hyde
Savage
Sharp
Smith (TX)
Valentine
Vander Jagt
Whitten

□ 1534

The Clerk announced the following pair:

On this vote:

Mr. Dymally for, with Mr. Dickinson against.

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.

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members hay have 5 legislative days to revise and extend their remarks on H.R. 4210, the bill we are about to take up.

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

There was no objection.

ECONOMIC GROWTH ACCELERATION ACT OF 1992

The SPEAKER pro tempore. Pursuant to House Resolution 374 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4210.

□ 1536

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4210) to amend the Internal Revenue Code of 1986 to provide incentives for increased economic growth and to provide tax relief for families, with Mr. DERRICK in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 1 hour, and the gentleman from Texas [Mr. ARCHER] will be recognized for 1 hour.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in opposition to H.R. 4210, which was reported by the Committee on Ways and Means without amendment and without recommendation.

H.R. 4210 contains all of the tax proposals supported by President Bush in his State of the Union Address, and submitted in his budget for fiscal year 1993. Some will say that H.R. 4210 is not the President's bill—to which I say, baloney. Listen to his State of the Union Message. Read his budget—and tell me this is not the President's bill.

After the President's State of the Union Address and budget message, he submitted to the Congress a 49-title bill that contained all his budget proposals for fiscal year 1993. That bill was introduced as H.R. 4150 by the Republican leadership in the House.

The first three titles of H.R. 4150 contain all of the President's tax proposals and a few items within the jurisdiction of other committees of the House. In his State of the Union Address, the President challenged the Congress to enact his tax package by March 20—a challenge we were glad to take up—not because of the President's demand, but because so many millions of Americans are experiencing pain and hardship due to the recession.

And then a very curious thing happened. When I asked that the first three titles of H.R. 4150 be introduced as a separate bill to expedite consideration of the President's revenue proposals, no member of the President's party here in the House would introduce the bill.

Instead, after consultation with the President, the Republican leader and ranking minority member of the Ways and Means Committee introduced H.R. 4200, revising the President's original proposals. Gone was the middle-class tax cut—we'll do that some other day they said. But let's make capital gains even more generous—and get it done by March 20.

Think of it. Hard-working middle-class Americans—the economic bedrock of this country—are being asked by the President and Republicans here in the House to wait for a second tax bill later this year—a second tax bill that they know will never come. The

President himself has characterized the second tax bill as a political dance.

But, the very wealthiest, who would have received a tax break from the capital gains exclusion of $8,500 each year under the President's first tax proposals—their benefit was increased to over $12,700 a year under the new slimmed down version. Just yesterday, the Republican leadership and the President amended their bill again—boosting once more the capital gains exclusion for the very wealthiest and making the Republican substitute lose hundreds of millions more in revenue—but still ignoring the middle class.

As my distinguished counterpart, Senator BENTSEN, has said, "If the President keeps changing his proposals, even he won't make his March 20 deadline."

But, since no Republican Member would sponsor the President's original request—on which he issued his challenge, the majority leader, Mr. GEPHARDT, introduced H.R. 4210—not by request, but by default. No one in the President's own party here in the House would introduce his original tax proposals, not even those who so loudly applauded the President when he laid down the March 20 gauntlet.

I want to set the record straight with respect to H.R. 4210. This bill is the President's original tax program. It contains the tax provisions he proposed in his State of the Union and which he submitted in his budget the very next day.

Only after Republican Members of the House read the details and fine print of the President's budget did they walk away from his original tax proposals and begin to develop the second version of the President's tax bill which, in turn, abandoned the middle class.

But all of the President's original tax proposals are before us today in H.R. 4210—the President's proposal to tax credit unions, to tax annuities which are an important savings vehicle for middle-income people—his proposed tax on corporate-owned life insurance—and most objectionable, his proposed Medicare payroll tax on State and local government workers—a tax on firemen, a tax on policemen, and a tax on teachers across the country. They're all here in H.R. 4210.

I'd like to emphasize my particular opposition to the President's proposal to impose the Medicare payroll tax on 2 million State and local government employees. Congress has consistently, and on a bipartisan basis, rejected this blatant attempt by the administration to renege on a promise made to these workers in 1986. This provision would cost my own city of Chicago—as well as many other State and local governments across the country—millions of dollars in extra taxes. At a time when States and localities are facing significant budget problems of their own, this proposed tax is particularly unfair and burdensome.

I am also opposed to H.R. 4210 because the President proposes to extend the low-income housing tax credit, targeted jobs tax credit, and mortgage revenue bond program for only 18 months, and would allow employer-provided educational assistance to expire entirely—this from a President who declares himself to be the education President.

Each of these provisions deserves to be made permanent, as proposed in the Democratic substitute that I will offer tomorrow. We have had enough temporary extensions of these desirable incentives. No business can make plans to invest if the tax laws are uncertain or keep changing as the President proposes.

I also oppose H.R. 4210 because it would make our tax system less fair than it is today. The millionaires who will be the primary beneficiaries of the President's capital gains tax cut would not pay a penny more in tax to help finance their expanded tax breaks. The President tells the middle class to wait for the trickle-down to start, while he showers the wealthy with a flood of more and more tax breaks. Well, middle-class Americans have been waiting long enough for the trickle to start. After a full decade of waiting, they're not even damp.

No wonder a middle-class tax cut of 400 bucks seems so trivial to the White House and its Republican supporters in Congress—after showering the wealthy with tax breaks of thousands of dollars over the last 10 years. We've been accused of trying to soak the rich in our Democratic substitute. Well, the Reagan and Bush administrations have been giving a bath to the middle class for the last decade.

My final objection to H.R. 4210 is that it would increase the deficit by $49 billion through 1997. That revenue loss would continue—and grow beyond the budget window, imposing more and more debt on our children and grandchildren.

Even using the administration's own estimates—those prepared by the President's own Office of Management and Budget—the President's revenue proposals do not pay for themselves and would, therefore, increase the budget deficit in both the short and long term.

We will undoubtedly hear from our Republican colleagues today that H.R. 4210 is not the President's full package because the President wants to cut spending to pay for it. And yet, once again, no member of the President's party has been willing to step forward and propose the cuts in Medicare or other spending programs that would be necessary to offset the $49 billion revenue loss contained in H.R. 4210. Given an opportunity to amend their substitute yesterday, the Republican leadership asked for only one amendment—to increase their tax cut for the wealthy. If Republican members of the Committee on Ways and Means want an opportunity to vote on the Medicare cuts proposed in the President's budget, all they have to do is ask. I will be glad to accommodate them and the President with a markup in the Ways and Means Committee within a week of their request—and let's see how much support the President's Medicare cuts have.

Mr. Chairman, for all the stated reasons, I strongly oppose H.R. 4210, and urge all my colleagues to reject the President's tax proposals. Tomorrow, I will present a substitute that I believe is far better for our country and all middle-class Americans.

□ 1540

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

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have an opportunity over the next 2 days to help put people back to work, provide job security for those who do have jobs and stimulate long-term growth to benefit all Americans.

President Bush took the initiative in January to challenge the Congress to act by March 20 on a seven-point fast-track plan to move the economy forward. We will have an opportunity to vote on that plan tomorrow in the form of the Michel-Archer substitute.

It is a plan that we can enact into law quickly, one that will put Americans back to work and preserve the jobs of those who are already working.

It is fully funded, Mr. Chairman, in each year—without resorting to any tax increases—and meets every provision of the budget law. The final decision of what requires sequestration and what complies with the budget law was by law given to OMB, a law that was supported by the chairman of our committee.

We will also have an opportunity to vote on the Democrats' alternative—which would increase taxes by $93.5 billion between now and 1997; $75 billion of that tax is just the first installment of the substitute's permanent tax increases levied on some American families to pay for a small, temporary tax cut for some—but not all—middle-income families.

Millions of senior citizens living on their savings will receive none of the benefit. Neither will State and local employees who aren't covered by the Social Security System.

The Democrat plan destroys the Budget Enforcement Act's important protections against deficit spending. In fact, the Joint Tax Committee says their substitute will increase the deficit by $30.2 billion in the first 2 years alone.

It would force a massive sequester of entitlement programs—if the Demo-

crats didn't duck that consequence by trashing the deficit disciplines in the budget law.

The substitute still increases the deficit. The Federal Government will still have to borrow those billions of dollars. Democrats don't count them—but the financial markets will—and interest rates will be forced upward.

The President and House Republicans said from the beginning that we are not going to engage in a bidding war—and we have been true to our word.

Our substitute is the same fast-track initiative the President called for on January 28. It's a job creating, economy stimulating package. It was never intended to include all of the proposals—such as middle-income family tax relief which the President called for in a second package to be developed after this stimulus package is enacted.

He knew—and boy, was he right—that Congress would get bogged down if we tried to do everything at once. That's why he wisely chose a two bill approach.

In contrast to H.R. 4200, The Democrat alternative is the end product of one-sided bidding war House Democrats waged to attract outside support for a huge tax package.

In attempting to be all things to all people, the majority created a monster they know the President has to veto. It will never become law. Why put the country through that agony?

We do not have to. In fact, we are far closer to bipartisan agreement than any of us imagined we could be when this process started.

The Democratic alternative now includes six of the seven proposals—some identical, some modified—contained in the President's March 20 challenge.

Surprisingly, the only one the Democrats rejected was the tax credit for first-time home buyers that is a major job-creating provision in the President's package—700,000 new jobs, carpenters, masons, electricians, and on and on.

Obviously, Democrats like what President Bush put into his March 20 challenge just as much as we Republicans do. That ought to form the basis for compromise, not confrontation. Why can't we simply get together and do the job he asked us to do?

We could enact, in a heartbeat, those items on which we already agree. That is the Archer-Michel substitute.

Let us get those provisions over to the Senate and into a conference committee where we can work out our differences. Don't stop the process by passing a House bill that cannot become law.

A sincere, bipartisan effort right now can result in legislation to give the economy a strong push, speed its recovery, and ease the anxiety many Americans feel today. We can do that if we work together on this simple package on which we already have such great agreement.

That is exactly the reason we introduced H.R. 4200 as a separate bill. Chairman ROSTENKOWSKI wanted to work from a smaller package than H.R. 4150—the comprehensive bill which contained all of the President's revenue, spending reduction, and reform proposals.

It was a sincere effort on our part to work with House Democrats to move the President's economic growth initiative forward. We have extended a hand of cooperation every step of the way, and we still are extending it to you.

Work with us, not against us. Help the President put Americans back to work without raising taxes on any American families. Don't block his efforts. Let's get together on a bill that can become law quickly. We can do it—just as we've done it before.

In his State of the Union Message in 1975, President Ford challenged the Congress to enact an economic stimulus package by April 1 of that year. And do you know what? They did it.

Although it was not without controversy—Congress approved the conference agreement on March 26—and President Ford signed it into law. We're no less capable of acting quickly than our predecessors did in 1975.

Oh, and by the way, there is another similarity. That 1975 act also included a tax credit for the purchase of homes, and it worked.

□ 1550

Mr. MICHEL. Mr. Chairman, will the gentleman yield?

Mr. ARCHER. I will be happy to yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Chairman, might I take this time to applaud the gentleman from Texas [Mr. ARCHER] for his statement, and particularly his citation of the fact that six of the seven proposals in our proposition that we are proposing here are quite similar, if not tracking just about perfectly, with some of the provisions in the Democratic proposed bill.

As the gentleman so appropriately points out, there is a great opportunity for at least some agreement with an opportunity to refine each other's proposals.

We never have claimed to be omnipotent on our side or that the President's proposal was in that nature.

I do not think the distinguished gentleman from Illinois [Mr. ROSTENKOWSKI] would say that their proposals are all omnipotent. Under the normal procedure around here, we would try to do the very best to come together and get some area of compromise.

Mr. Chairman, I applaud the gentleman from Texas [Mr. ARCHER] again for his very eloquent statement.

Mr. ARCHER. Mr. Chairman, I thank the gentleman from Illinois [Mr. MICHEL] for his comments.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. BEILENSON].

Mr. BEILENSON. Mr. Chairman, I rise in opposition to all three of the tax proposals before us today: the President's original tax proposal (H.R. 4210), the Republican alternative offered by the gentleman from Texas [Mr. ARCHER] (H.R. 4200), and the Democratic alternative offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] (H.R. 4287). In a year when the Federal budget deficit is expected to reach a staggering $400 billion, we have no business cutting taxes at all.

Neither the Republican nor the Democratic alternative—the only two plans we are seriously considering—is likely to help the economy very much now, and either one is certain to make it worse in the long run. We would be wise to reject both of these proposals and start over on a different approach to encouraging economic growth: Investing more money in human and physical resources. Investment—not tax cuts—is the key to creating jobs and increasing productivity both now and in the future.

As we all know, the country faces two very different economic challenges: ending the recession, and reversing the far more serious long-term problem of slow growth caused by too much borrowing and spending, and too little saving, investment, and productivity. Unfortunately, the usual remedy for recession—deficit spending—is precisely the opposite of what is needed to promote sustained economic growth and strengthen our ability to compete in the global market.

As economists have been saying for years, reducing our Federal budget deficits is the most important step the Government can take to increase jobs and productivity over the long term. Cutting Federal borrowing would free up more of our Nation's limited amount of savings for private capital investment. It would also make more tax dollars available for investment in public programs the country needs because it would slow the rising cost of paying interest—now more than $200 billion annually—on the national debt. Cutting taxes, which would increase our deficits, would simply plunge us further into debt.

That is why one of the most important concerns these tax proposals raise is their effect on the deficit. Virtually every economist who testified before the Budget Committee and the Ways and Means Committee reiterated his or her belief that our huge deficits are the heart of our economic problem—and that the last thing we should do is increase those deficits even further.

It is virtually certain, however, despite claims to the contrary, that both the Republican and the Democratic alternatives would increase our deficits. The Congressional Budget Office [CBO] says that H.R. 4200, the Republican plan, would add several billion dollars to each year's deficit, for a total in-

crease of $25.4 billion over the next 6 years.

The CBO also says that the Democratic plan would increase the deficit by $30.2 billion over the next 2 years—which, incidentally, is a violation of the 5-year budget plan agreed to by the President and Congress in 1990. Although the CBO projects that the Democratic alternative would produce a net budget surplus of $13.9 billion for the 1992–97 period, it is likely that the additional revenues which are supposed to be used to pay for the 1992–93 payroll tax credits would in fact be used either on spending programs or tax cuts.

The probability that the Democratic plan will result in a net increase in deficits, rather than a net reduction, is heightened by the fact that the payroll tax credit—the key middle-class tax component of the package—is scheduled to last only 2 years. If we in fact allow that provision to lapse, we would be raising taxes on the middle class just prior to the 1994 congressional elections—something Congress is not likely to let happen. But if we extend the payroll tax credit for 3 more years, we will lose about $75 billion in revenues over that period, far exceeding the revenues gained during those years from other provisions of the package.

Another major problem with the Democratic alternative is that, beyond the 6-year time period for which revenue estimates are shown, the capital gains indexing provision would begin contributing greatly to the deficit. Although no official estimates are available, it is likely that this provision would cost about $300 billion in lost revenues over the next 20 years.

Not only would these tax plans exacerbate our long-term economic problem, they would also do very little to stimulate the economy now, because neither would generate a burst of consumer activity. The amounts provided are too small for that and, in any case, a lot of taxpayers would use their extra dollars to pay off debts or add to savings.

I also do not think that these tax plans have the popular appeal that many of our colleagues believe they do. Many voters view these proposals more as an election-year ploy than as any substantial help for themselves or for the economy. Recent polls show that very few Americans think that a tax cut would help end the recession, while a majority believes that increased Government spending would.

The Democratic plan, in my opinion, squanders an important potential source of revenue—a higher tax on the wealthy—on a measure that would neither help the economy nor do much to improve the lives of individual Americans, a waste of revenue that could be put to much better use.

There is no fiscal initiative that the President or Congress can come up with that will do nearly so much to help the economy and put more cash in Americans' pockets as lower interest rates are doing right now. But if the politics of the moment demand that we do something, we ought at least to act in a way that is consistent with what needs to be done to strengthen our economy over the next several years: we should start spending more money on programs to improve the skills of our work force and update our infrastructure. More investment in such areas as education, job training, economic conversion, research and development, new technologies, and roads and bridges is essential if we are to improve our ability to compete successfully in the international marketplace and generate jobs that pay steadily rising wages. And more spending in those areas would also create jobs right now.

We should pay for this new and necessary spending by doing what the Democratic plan would do to pay for the middle-class tax cut—raising the taxes of the richest Americans, those families whose income soared during the 1980's while their Federal tax burden declined by about one-third. The 35-percent marginal tax rate for upper income taxpayers contained in the Democratic alternative would raise about $10 billion a year, which would pay for a significant increase in the investment our country desperately needs.

What Americans really want are solid reasons to be optimistic again about their economic prospects. A serious plan to shore up our economic foundation and create jobs—without adding tens of billions of dollars to the national debt—will surely give Americans more confidence in our Nation's future well-being than will any of the tax proposals we are now debating.

Mr. Chairman, I urge my colleagues to vote "no" on all three alternatives.

□ 1600

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. SCHULZE], a member of the Committee on Ways and Means.

Mr. SCHULZE. Mr. Chairman, I rise to strongly oppose the Democrat alternative. It is not, as claimed, a measure to stimulate economic growth. It is, instead, a political statement at a time when the American people are telling us that we must put politics aside and create jobs and job security for American workers.

The Democrat alternative is aimed at dividing America politically, not at creating jobs. It is designed to buy votes by pitting American citizens against each other, based on their income.

The Democrat bill is a rehash of the socialistic tax-the-rich mentality that drove Western Europe toward economic stagnation. It contains no less than a dozen tax increases aimed at the so-called wealthy. In reality, those tax increases will cost American workers their jobs and it will punish working, middle-class Americans.

By increasing the top marginal tax rate by 4 percent, the Democrat bill increases taxes on millions of small businesses that are not incorporated. It is a bad bill for small business.

Perhaps most importantly, the Democrat bill increases taxes by over $90 billion over the next 5 years, without 1 cent of Federal spending reduction. It does not meet the pay-as-you-go requirements under the 1990 Budget Summit Agreement and will require a $22 billion sequester.

The President's jobs bill, on the other hand, does not increase the deficit in any year and does not depend on any tax increases.

I urge my colleagues, on both sides of the aisle, to oppose this income redistribution catastrophe and support the President's jobs package. The President urged Congress to send him a bill he could sign by March 20. Instead, the Democrats play political gamesmanship with American workers.

We need to create jobs, Mr. Chairman, not eliminate them.

We need to encourage Americans to save and businesses to expand, not tax them into oblivion. This bill will hurt middle-class Americans.

The majority party in Congress is unwilling to work with the President on a jobs bill. What is clear, is that the American people are fed up. If American workers nationwide realize that Democrats care more about winning the White House than they do about saving American jobs, then watch out.

The American people will catch on. They will understand that President Bush must have permission from Democrats in Congress to spend $1 of Federal money.

The American people know, Mr. Chairman, that your tax bill is aimed at one target, gaining the White House.

The President has put forward a seven-point plan for economic recovery. It is responsible, it will work, and, it does not increase the deficit or risk American jobs. It is up to us in the House to meet his challenge.

I urge my colleagues to vote against the failed Carteresque policies in the Democrat alternative, and send a message to the American people: We need jobs and economic growth, not politics as usual.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. Mr. Chairman, I thank the gentleman from Illinois for yielding time to me. I congratulate him on moving this bill to this particular juncture and certainly hope that it is the bill to go forward to the other body and to conference with the other body where it will be changed to some extent.

I think it is a good bill. I think it is a worthy effort. But, I would have en-

joyed seeing in it certain other provisions. I would particularly have enjoyed seeing, and I hope it is possible to bring it back, something along the lines of that middle income, as I would call it, first time home buyer tax credit. I think that it has worthiness.

I know back home in Louisville in Jefferson County, KY, this is a very important provision. It does encourage, I am told, people to buy homes for the first time.

I would like to see something, and I hope maybe it can be done, dealing with the individual retirement account, which I believe give people an opportunity to save money.

Having said that, I also want to commend the gentleman for having put in the bill many things which are very advantageous, including a provision which has not received a lot of attention which deals with setting up enterprise zones in the various communities around the country.

If I understand it correctly, Mr. Chairman, there are in there, I believe, 10 demonstration enterprise zone programs for urban areas and 25 demonstration programs for rural areas, something like $13 million for each of the urban areas and perhaps something like $5 million for the rural areas.

We have a very useful enterprise zone which has been created in Louisville under State law which might give us an opportunity to tap into some of this national activity. Our zone has created jobs. It has put people to work, and I hope that when this bill goes forward and then is worked on in the conference, that the enterprise zone provision can be kept. That is very important.

Last but not least, Mr. Chairman, I think again that what we want to do is to make sure that in the bill that is reported back is fairness as well as economic growth.

Mr. ARCHER. Mr. Chairman, I yield 4½ minutes to the gentleman from Kentucky [Mr. BUNNING].

Mr. BUNNING. Mr. Chairman, I thank the gentleman for yielding time to me.

On January 28, President George Bush issued a challenge to the U.S. Congress. In his State of the Union Address he asked for legislative action on seven items designed to jump-start our ailing economy, and he challenged us to complete our work by March 20. It was a simple request and a challenge that was clearly understood by the American people.

And how have we reacted to the challenge of the President and the American people? My friends, we've blown it.

As Republicans, we were ready to lay our party differences aside and do what was right for the country. And for a while, it looked like the Democratic leadership were actually ready to do the same. But I guess that I was being a Pollyanna, because the Democratic leadership has prostituted the process and thumbed their noses at the American people, who are suffering real hardships from our faltering economy.

First, they held a markup that resembled a train station as the bills were railroaded through without the benefit of input from members of the Ways and Means Committee.

Then, after we considered these bills in full view of the American public, the Democratic leadership slammed the doors on the people in order to draft their own bill in private.

Yes, even while the walls of oppression are falling across the world, the members of the Democratic leadership are erecting barriers, doing the people's business behind closed doors in smoke-filled rooms. But even that wasn't bad enough. They went behind closed doors twice more to make additional changes to their plan and then denied the Republicans the privilege to make any significant changes in their proposal.

Now, they have the audacity to come to the floor today and claim that we are the ones playing politics. The other side has made the process a sham and a farce, and the American people are tired of it.

It is hard, but put aside for a minute the gestapo tactics of the Democratic leadership on these bills and look at the difference between the two plans. If you laid them side-by-side what do you see?

Well, the President's plan addresses seven items that are designed to stimulate growth and create jobs. The Democratic plan is a massive proposal designed to redistribute the wealth in America through the Tax Code.

The President's plan tries to encourage home ownership through the use of a $5,000 tax credit for first-time home buyers. The Democratic leadership doesn't think that is a very good idea, so they didn't include it in their proposal.

The President's plan tries to reach out to various sectors of our society who are hurting, and the Democratic plan gives tax breaks to some and nothing to others. For instance, the Democratic leadership has decided that senior citizen retirees are not deserving of a tax break and cut them out of the picture.

The President's plan pays for itself while the Democratic proposal has a $30 billion shortfall that will cause a sequester of essential services like Medicare and Medicaid.

That tells you what the Democratic plan is not. But what does it do? The philosophy of the Democratic plan is that if we give each American 50 cents a day for the next 2 years, we'll stimulate the economy, create jobs, and get us out of this recession. Isn't that amazing. Think of all of the things we'll be able to do with our 50 cents.

Like some television advertisement peddling the latest kitchen appliance, the snake oil salesmen on the other side of the aisle are going to try and sell middle class tax relief to the people. "Yes, folks, for only 50 cents a day, you too can be the proud owner of prosperity and a better life."

Well, let the buyer beware. What you hear is not what you'll get. The American people do not want phony tax relief or used car salesmen masquerading as statesmen. They want an end to business as usual in Washington. They want an end to the politics as usual. They want a legislative package that will get us going again; 50 cents, that is about all the Democratic plan is worth.

□ 1610

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, it behooves me to answer some of the remarks that were just made by the preceding speaker. It comes to my mind that the President did not consult any of us, I do not even know that he consulted the Republicans when he introduced his legislation. I do not believe that we were consulted when H.R. 4200 was introduced by Mr. ARCHER.

The idea that the Democrats, after having made the recommendation that both these bills be sent out to the floor for consideration, that we went into some weasle's hole to write our bill is ridiculous.

Mr. Chairman, the Democrats caucused, as it should be expected we would when we have been told by the administration, by the minority leader, by every member of the President's Cabinet that H.R. 4200 is what the President wanted. We made no contributions to that effort at all.

What we did as Democrats is we fashioned a bill that we think the American people will support. Actually, what happened is we went to our caucus on two occasions. There were not just 23 Democratic members of the Committee on Ways and Means writing this legislation. We consulted with 180 to 200 members of the Democratic caucus, and since we introduced our substitute, which will be considered tomorrow, we have not changed it one time. Provisions have been added to or subtracted from the President's legislation on three occasions.

The idea, Mr. Chairman, that the Democrats did something in a smoke-filled room is absolutely ridiculous.

Mr. Chairman, I yield 3 minutes to the gentleman from Virginia [Mr. MORAN].

Mr. MORAN. Mr. Chairman, I do believe we need the same kind of constructive cooperation between the Democratic and Republican parties and between the executive and legislative branches that we saw when we fought the Persian Gulf war. We have a war going on in this economy within our society and we have got to win this economic war.

So, Mr. Chairman, I wanted to support the President's proposal. In fact, I was one of the few Democrats that stood up when he suggested that he was going to make a cut in the capital gains tax rate.

But the seven brightest points of the President's economic proposal, when you look more closely at them, they lose their glow. The passive loss provision, for example, which seemed like a good idea in the President's proposal, it only applies to new property, to the original developer. We do not need to build new office buildings, we need to build existing office buildings.

The capital gains tax rate cut, because he restored the depreciation recapture provision he was able to put $5.4 billion of new revenue into the budget because of a tax-rate cut. In fact, what happens is that he increases the taxes on capital gains for many property transfers by 11 percent.

It is good to open up pension funds to real estate, but the President's proposal does not go nearly far enough.

I do support the $5,000 first-time tax credit for home buyers. The Ways and Means provisions in real estate are far better, Mr. Chairman.

Why do I talk about real estate? Because the real estate provisions, believe it or not, are far more important than this $200 to $400 tax credit for the middle class. That is not going to bring this economy back. Giving people the incentive to invest in capital is going to bring this economy back. Real estate, ladies and gentlemen, is the way that we finance 70 percent of the programs that count in this country. Two-thirds of all of our public school education is financed by property taxes on real estate. Ninety-five percent of our police protection and our fire protection is financed by real estate. We have got to shore up real estate values again.

Mr. Chairman, there are other reasons why real estate is terribly important. The decline in real estate values is the principal reason why our banking system is failing today. It is not corruption, it is not mismanagement, anymore. It is because the portfolios—real estate portfolios—in those banks are losing the value dramatically. They are losing them as we speak. We have got to shore up real estate values. Mr. Chairman, if we do not, the programs that really count are the ones that are going to suffer, the programs that are operated at the local level of government.

The Federal Government pays about 5 percent or 6 percent of education, even though we talk about all this investment in human infrastructure. It does not make the difference at the Federal level; it makes the difference at the local level.

The way that we can make a difference is to shore up real estate, give people the incentive to reinvest in our largest capital base of $12 trillion.

Mr. ARCHER. Mr. Chairman, I yield myself 40 seconds just in order to respond to the gentleman from Virginia, because I do not think he has read our package and I do not think he has carefully examined the Democrats' package.

The Democrats' package extends the life of commercial real estate from 31 to 40 years, thereby reducing the depreciation deduction by 22 percent. That is going to depress the value of real estate in a major way.

In addition, there is no capital gains provision relative to existing property in the Democrats' proposal. The capital gains reduction in the Michel-Archer substitute clearly stabilizes and improves the value of real estate, particularly while exempting real estate transactions from the minimum tax.

The gentleman really should carefully examine both packages side by side.

Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Chairman, I thank the gentleman for yielding me this time. I appreciate the correction he has made.

However, I do not want us to overlook the message that the gentleman from Virginia [Mr. MORAN] had, because I think it is quite correct, that so much of the problem of this recession, the problem we are having in the banks, is real estate driven.

□ 1620

We have seen real estate prices come down dramatically, and much of it can be attributed directly back to the tax bill of 1986.

I would like to comment for a moment, if I can, for just a few moments on the issue that the chairman raised just a few moments ago in talking about how the Democrat caucus went out and they conversed with the various members of the Democrat caucus and built this bill. I would also like to remind the chairman that we asked for the same thing in the committee as far as Republicans are concerned and were advised that a rule would be opposed that would allow the Republicans the same privilege that the majority party has in this Congress. We would have liked to have gone out and to have worked our own bill.

The President's bill should certainly be considered. The President's bill should be voted on, and the President's bill, for the most part, will be supported by the Republicans on the Republican side here in the Congress as we determine the President's bill to be. However, in this particular situation, we have been gagged as far as coming up with our own bill.

There are things we would have liked to have put in our bill, for instance, repeal of some of the luxury taxes that are putting boatyards out of business and that are strapping the automobile industry. These are things that we should have talked about.

But I would like to say, and I think it is plain to observe here, we are going through nothing new now but a political process. If anybody listening to this debate thinks that the debate that we are having here on the floor today is going to lead to an economic-recovery package, they are absolutely wrong. The only way this Congress is going to be able to pass an economic-recovery package that means anything in the world is going to be if the Democrats and Republicans and the Committee on Ways and Means get together with the administration and draw such a bill, a bill that will put American workers back to work again.

Mr. ROSTENKOWSKI. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I can only suggest to my colleagues that on February 7, Director of OMB Dick Darman wrote me a letter suggesting that

> H.R. 4200 is, of course, thoroughly consistent with the President's program. For all these reasons, therefore, we would urge its prompt enactment.

On February 11, Secretary Brady wrote:

> H.R. 4200 contains those specific economic growth proposals that the President asked the Congress to enact by March 20. The administration strongly supports H.R. 4200 and believes its prompt enactment would provide a much-needed boost to the economy as well as to those Americans out of work or concerned about their future employment.

On February 12, the Assistant Secretary of Tax Policy, Fred Goldberg, stated before the Committee on Ways and Means:

> H.R. 4200 reflects the bill the President of the United States would like to see on his desk by March 20.

On February 12, minority leader Mr. MICHEL and the gentleman from Texas [Mr. ARCHER] wrote to me, saying:

> We, therefore, request of you and your leadership to consider H.R. 4200 on the floor next week under suspension of the rules. This way we can at least get some sentiment of the House on the President's proposal.

On February 14, every minority member of the Committee on Ways and Means signed minority views in the report accompanying H.R. 4200 which stated:

> This, H.R. 4200, is the short-term program the President was referring to in his State of the Union Message when he said, "We must have a short-term plan to address our immediate needs and heat up the economy."

Mr. Chairman, we had nothing to do with the creation of H.R. 4200. We had nothing to do with the amendment or what the President has offered.

Mr. Chairman, I also want to note that I am quite pleased that the ranking member of the Committee on Ways and Means and the minority leader suggested that we take six of the seven economic growth points that the President suggested. Such comments show

that our efforts at crafting a substitute have been more bipartisan than many of the previous speakers have led our listeners to believe. We recognized that the President is right sometimes, and we incorporated that in our legislation.

Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Chairman, I regret that this argument appears to be taking a political tone. Quite frankly, when I heard the President's message, I thought there were quite a few things in the President's bill that I could support.

It is true that in my opinion he gave away too much in so-called tax incentives or shelters to the rich and at the same time did not provide the same type of equity to lower- and middle-income people. But since the Republicans had an opportunity to support the entire President's package, I would have hoped that they would have brought that to the committee and worked its will and we would have had the opportunity to work on it and make those changes.

Unfortunately, the President, for whatever reasons, only saw fit to send that part of the bill that gave away the tax incentives and did not give any comfort at all or bring any equity to the system, and so, therefore, when given an alternative, and I concede that the targeted jobs credit was in the President's bill but on a temporary basis was made permanent by the alternative.

The low-income housing credit which has provided over 95 percent of the low-income housing in this country, that is, housing where the rent is $450 or less, it is made permanent in this bill and, of course, the enterprise zone which my friend and former colleague, Secretary Jack Kemp, has fought so long and hard for for the first time was able to be reported out not just in its original fashion but in working with Dick Darman and in working with the Attorney General, we are able to really have the most effective demonstration project, not to see whether entrepreneurs are willing to take advantage of tax incentives and move in poor neighborhoods but an opportunity with the $500 million that has been set aside by the Committee on the Budget to be used in the standing committee to improve the quality of education, to improve housing, to have alternatives to the expensive jail system, to have treatment centers with accountability, and at the same time provide jobs by allowing entrepreneurs to be partners in the education and training process, many of the ideas that my distinguished friend from the Republican side, the gentleman from Iowa [Mr. GRANDY], and I have thought about and have worked with him on, so it seems to me you should not say whether you are with the President or whether you are with the Democrats.

The fact of the matter is you will have an opportunity today to see which side you are on, and alternatives will be in front of this body. So if you are for making targeted job credits permanent, if you are for making low-income housing permanent, if you are for trying to assist the President and the Attorney General with the Read and Seed Program, we have given you an alternative that you can be proud of.

Mr. ARCHER. Mr. Chairman, I yield 4 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], a respected member of the Committee on Ways and Means.

Mrs. JOHNSON of Connecticut. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, people are angry at Congress. They see this body as out of touch, as incompetent, and I tell them, "If you are not angry now, democracy is brain-dead. Brain-dead." But democracy is not brain-dead, because they are angry, because they do understand that what is going on here on the floor of the House of Representatives today does not address their interests.

They are in pain; if they are working, they are worried. If they are working, they have friends who has lost their job and are using up their retirement income, who has maybe lost their house; and had to bring kids home from college and in these tough times, this Congress is not acting on their behalf today.

You do not have to take my word for it. You do not have to take what the Democrats say versus what the Republicans say; or what the editors of newspapers say and all the public comment about this big package proposed by the other side's leadership which has received broad negative comment. You do not have to take those comments as true. You read instead the testimony from our committee hearings that were held in December before this issue had become part of the Presidential campaign.

You will see that there are four things that everyone who testified irrespective of their point of view, agreed on, and they are very simple. They said if Congress wants to help people, if they want to create jobs, if they want to turn around the economy, they can do so by passing a very targeted bill that helps people buy homes, that helps small businesses buy machinery and equipment; that helps people buy homes and build stronger communities, buy machinery and equipment to build a more competitive America. Only a targeted bill that encourages those things that are in harmony with our short-term values and goals and our long-term objectives as a Nation, will create jobs and stimulate growth.

□ 1630

They made it very clear. You do those things and stimulate those purchases that will have a ripple effect and people will get jobs and be employed.

They said two other things, unanimously respected by experts from throughout America. You pass a bill with a deficit, and you will slow this economy. You will cost people their jobs.

And let me tell you, I represent thousands of people to whom the news that it will cost jobs is bitter medicine. But this bill is going to cost jobs. It is going to pass this House because it is introduced by the Democrat caucus and they have the votes by 2 to 1 here on the House floor. But this bill has a big deficit the first year, a big deficit the second year, and get this, unless you repeal the middle-class tax break that third year, it continues to have big deficits. Those big deficits will slow the economy, and will cost jobs. There is not anyone who disagrees with that.

Then the fourth message those who testified at the hearings gave us was, "Do not pass a big bill." It will take us too long to figure out what you have done to us, who are the winners and who are the losers, and while we are figuring it out, it will slow down economic activity.

There are people, thousands in Connecticut, holding on by their fingernails. They cannot do it for 6 more months while we send up a bill that then takes months to figure out who got hurt and got helped, not when we have been told very clearly that a targeted bill to help people buy homes, help business buy machinery and equipment will help.

In Connecticut where people are having to stop producing defense equipment and start producing other kinds of equipment, in Connecticut more than in any other State we need to buy machinery and equipment to produce new goods.

Mr. Speaker, I urge my colleagues to vote for the targeted tax bill and I urge the people of America to watch closely what is going on in this House.

Mrs. KENNELLY. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. ANDREWS].

Mr. ANDREWS of Texas. Mr. Speaker, I regret this debate so much. There is so much that we do agree on, but you would not know it from this debate today, stimulating long-term economic growth, encouraging savings and investment, there are many things in a bipartisan way that we should be talking about today, a capital gains differential, extending the research and development tax credit, those are all things that we need to do and we need to do them now.

One of the specific provisions of the bill that I would like to mention is the passive loss provision. Over 325 Members of the House have supported a passive loss change in the Tax Code. What we really tried to do here is level the

playing field for the real estate industry because of what happened during the deliberations on the other side of the Capitol during the 1986 act debate.

This bill literally just puts us back in place without going back to the tax shelters of the past. It is directed just to the people who deal in the real estate industry, people who work over 500 hours a year or over half their time in the year in the real estate business. Its purpose is clearly to avoid lawyers, doctors, passive investors who are not active real estate professionals. It is not to provide a tax deduction for mortgage bankers or Wall Street brokers.

In fact, there are 10 provisions that will remain in the tax law to prevent real estate shelters, which was the purpose of the 1986 act. Our passive loss provision in this bill on the Democratic side deals only with existing real estate.

One of the problems in the New England States and the Sunbelt States is not the need to encourage new development of new shopping malls and shopping centers, but it is to encourage some kind of activity in the economic marketplace. The real purpose is to get more activity into existing real estate. That is where the problem lies today.

What this bill attempts to do is limit it just to existing, not new development, and also to include not just real estate developers, but again people who are actively involved in the real estate industry.

Finally, the cost of this bill is paid for. This provision is paid for out of the real estate industry. This is no gift.

As the gentleman from Texas [Mr. ARCHER] mentioned earlier, yes, in the Democratic bill the real estate depreciation rules are changed. They are extended in order to pay for the bill out of the industry itself.

I believe that some kind of passive loss provision change is desperately needed if we are going to restimulate this sagging economy. The real estate industry has been the first into the recession and it is generally the first out of a recession.

We can help. This will encourage investment in the very areas of this country where it is needed the most, and I certainly support its passage.

Mr. ARCHER. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Speaker, I want to thank the gentleman for yielding me this time.

As I contemplate the decisions we are going to be asked to make today, I understand about all the politics and all the political agenda. I understand that the Democrat majority would like to make this a debate on class warfare, class conflict. They want us to decide whose side you are on and make this a political debate, but the fact is we will vote today on a Democrat package or a Republican package, and we want to ask what will be the real impact in the real lives of real Americans.

Now, in trying to get some real bona fide professionally competent analysis of this, the first thing I realized was that we cannot rely on the Democrat-owned and controlled Congressional Budget Office or the Joint Tax Committee because they are consistently wrong. In fact, for the last year in which we have real whole data, they made a $134 billion mistake in predicting what turned out to be $120 billion for the capital gains earnings. In that one component alone, they were more than 100 percent wrong, so we cannot rely on them.

Well, fortunately, an organization called the National Center for Policy Analysis, an independent think tank, tax-exempt foundation, which has the IRS to guarantee that they will not engage in partisan politics and can only raise money for itself, not by congressional doling of money for incompetent work, but by proving their competence to voluntary contributors in the real world, have done an analysis. They have given us a choice.

Do we want a package that gives us job creation or job destruction? In examining this, they say that the Republican package offered by the gentleman from Texas [Mr. ARCHER] consistently gives you, as you see in the black lines, job creation for every one of the next 5 years, 24,000 the first year, 84,000 the next year, 220,000 the following year, and 350,000, up until you get over 500,000 jobs created.

What happens with the Democrat package? What would you guess? Twenty-one thousand jobs lost, destroyed the first year, 62,000 the next year, 71,000 the third year, a consistent pattern as we see here of job loss for every year of this package for the next 5 years.

Now, the question is, "Shall we have a package that creates jobs or loses jobs?" Independent thinkers, professionally competent thinkers, say the Republican package creates jobs, the Democrat package loses jobs.

Now, shall we have economic growth or go back to the malaise we had before?

The independent researchers by the second graph tell us that in each of the next 5 years, with the Republican package, we would have economic growth. The gross domestic product would grow by 12.9 percent the first year, 38 percent the second year, 67 percent the third year, on up until 143 billion dollars' worth of growth in the fifth year.

What happens with the Democrat plan, ill-conceived as it is with its tax increases, repressing the economy? There would be 3 billion dollars' worth of decline in gross domestic product the first year up to a maximum of 19 billion dollars' worth of lost domestic product, until finally you get in the last year $6 billion worth of lost product.

□ 1640

Do we want economic growth and prosperity, or do we want malaise? Do we want jobs created, or do we want jobs destroyed? If you vote for Mr. ARCHER's Republican package, you get growth in the economy and jobs created. If you vote for their package, you get malaise, and I would say the independent thinking of real Americans in the real world is more reliable than the testimony you will get about the botched thinking of the Congressional Budget Office by the majority.

Mrs. KENNELLY. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. BENNETT].

Mr. BENNETT. I thank the gentlewoman for yielding this time to me.

Mr. Chairman, most of us have town meetings. Most of us have people come to our offices when we are back in our districts, and I do that.

Mr. Chairman, a week ago there were scores of people in my office seeking employment. If they are listening to this debate, they would be brokenhearted. In the first place, it is very complex. These tax matters are very complex. They do not understand that.

The gentleman in the well just a moment ago said one bill would actually lose jobs, another would gain jobs.

Mr. Chairman, our constituents expect us to find jobs and to make jobs.

The gentleman from New Jersey [Mr. ROE], chairman of the Committee on Public Works, has introduced a bill which provides for construction jobs in the infrastructure. I have introduced a bill which allows the States to make application to the Federal Government for assistance in providing jobs. This is a direct approach.

The legislation before us today has been worked on very carefully, and I intend to vote for the bill which seems to me to do the most good. Most of it is long term. Most of our constitutents are concerned about the short term. They realize we are putting up billions of dollars in foreign aid; $24 billion, I believe, last year. And we are putting certainly hundreds of millions of dollars, and perhaps billions of dollars, in aid to our former enemies, the Russians, taking care of their welfare.

And they wonder why they cannot be considered, simplistically, themselves, and why they cannot find a job for themselves, why the Federal Government is wasting all this time on these long-term things when the reality of it is that my constitutents are out of jobs.

Mr. Chairman, they have tears going down their cheeks; they are trying to work, they are not seeking to be on welfare, they are seeking to have something to do that is worthwhile.

Mr. Chairman, there is plenty of work in this country to do.

So, the two main reactions that I have to this debate is that we ought to get off the partisan discussion and we ought to think about what this is all really about, and that is to find jobs for our constituents in a way that is American, that is consistent with the things that we do elsewhere.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Texas, [Mr. COMBEST].

Mr. COMBEST. I thank the gentleman for yielding this time to me.

Mr. Chairman, let us cut right to the chase: There are two distinct economic plans—we want to cut taxes and restore growth incentives and they want to raise taxes and reduce incentives—it is the same old philosophical differences.

My taxing friends have the same won't work solutions they always have—they tell us that prosperity and economic growth is just one more tax increase away.

They continue to say the trickle-down theory is not working. Well, I do not know where they have been for the past 6 years but the 1986 tax bill took away any chance for trickle—it took away all of the incentives for lasting investment and savings. And what is not working today is their program.

We said it then and we have said it with each and every tax increase: The result of this new tax increase will be unemployment and a stagnant economy. Well, our predictions have come true and now we want to restore the incentives and they want more taxes.

The philosophical differences are clear. We believe that business creates job opportunities and economic growth and they believe that more taxes and Government programs will solve the economic downturn.

People are upset and want action, but I have yet to hear my first constituent say they want more taxes and more Government. The difference is very clear—it is black and white—or as the case will be for families and small businesses—black and red.

Mrs. KENNELLY. Mr. Chairman, I yield 2 minutes to the gentleman from Utah [Mr. ORTON].

Mr. ORTON. I thank the gentlewoman for yielding the time to me.

Mr. Chairman, my esteemed colleague, the gentleman from Florida [Mr. BENNETT] was correct when he said we need to pierce through the partisan debate on this issue. Our country is facing serious problems. We do need to take action, progrowth action.

The President has challenged us, and it is time for us to act and to move.

Now, as we look at the three proposals before us, I can support many of the provisions in each of the proposals. In fact, as you look down the President's proposal, there are many fine ideas, as there are in the Democratic substitute and in the Republican substitute.

There are significant problems in each proposal as well. I cannot support on final passage a bill which would increase the deficit by $50 billion plus as the President's bill would do. I find it difficult to support a bill that would increase taxes on the wealthy and rather than using those increases for real progrowth initiatives, would instead provide a redistribution of the wealth through a $1 a day middle-class tax rebate.

I find it difficult to support on final passage a bill which is paid for by using a new accounting mechanism, smoke and mirrors, saying, "Well, we are going to count our money differently and we are going to assume that the future's money is in our pocket today so we can spend it today," as the Republican substitute would do.

But the real fact is the Constitution requires all tax bills to originate in the House of Representatives. This is the starting place for a progrowth package. Whatever we vote on here will go to the Senate, they will have to act on it, it will have to come back to us in conference, and the President will have to support it too.

In order to get any package sent forth that will actually help our country, pull us out of the recession and set us up for long-term growth and stability in our economy, we are going to have to have the support of Democrats, Republicans, and the President.

So, I am prepared to support all of these bills today. However, when they come back from conference, if these defects have not been cured, I cannot support any of these bills on final passage.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. GUNDERSON].

Mr. GUNDERSON. I thank the gentleman for yielding this time to me.

Mr. Chairman and members, I perhaps come to this debate today with a bit more of a personal experience than many of my colleagues. And I say that because this recession cost my family their business.

So, I understand what the pain of this recession means, and I will tell you that they would be very disturbed to recognize that we here in the Congress of the United States are playing partisan politics when people's lives and their livelihoods are at stake.

Just 14 months ago this Congress made the mistake of trying to get the rich by raising taxes $144 billion as we entered a recession. Instead of reducing the deficit, we increased the deficit by $130 billion the first year, we deepened the recession and probably that act alone is what guaranteed that the 80 individuals who worked for my father do not have jobs today.

We now talk about giving people in the name of economic recovery a $200 to $400 tax credit. Well, a $200 to $400 tax credit achieved next spring on your 1992 returns does nothing, ladies and gentlemen, for the individual without a job. It is time that this Congress recognizes its partisan motives do little for the country and do even less for working men and women.

We ought to understand that economic growth is what creates jobs, and we ought to, within the context of the Gramm-Rudman budget discipline that we have imposed upon ourselves, find a way to do that.

The Democratic options do not accomplish that. They are simply the wrong proposal, the wrong remedy at the wrong time.

I hope, when it is done, we will come back and do something on a bipartisan basis for the country.

Mrs. KENNELLY. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. MOODY].

Mr. MOODY. Mr. Chairman, I thank the gentlewoman for yielding this time to me.

Mr. Chairman and colleagues, there has been a great deal of misinformation, perhaps disinformation, about the proposals before us.

The economists who came before our committee spent many, many hours telling us, "Don't try to do too much to the economy to try to stimulate it, because if you do, you might do the wrong thing."

□ 1650

Mr. Chairman, this bill is often being judged in harsh terms, harsh reviews, by the Republican side of the aisle in terms of what it did for the economy. This bill is not predominantly a bill to jumpstart the economy because we listened to those experts, 52 hours of experts. It does some, a couple of things, which are very worth doing. It has a very important stimulant for small business, which is where most of the jobs are created. It improves the ability for pension funds to engage in real estate purchases, which is positive. Passive loss provisions will help the economy, will help the real estate industry.

There are a number of things in here which are helpful, but do not judge this bill as a big jumpstart for the economy. We were told not to try to do that, and we do not do that, so a lot of the criticism is misplaced. It is criticizing the bill for what it did not even try to do, but what this bill does do and how it should be judged is a bill that makes a significant change in the relative shares of tax burdens in this country.

Now we were told that we do not like to redistribute income through the tax bills. We have heard that siren song. But, my friends, the tax bill of 1981 and a number of subsequent measures produced what has generally been acknowledged to have been the most massive redistribution of wealth in the history of this Nation. Those tax bills, particularly that first one, did not do anything apparently to stimulate the economy because we then plunged into

a recession, and we produced deficits which are basically destroying our future prospects. But what it did do was a massive redistribution of wealth. People at the very top basically doubled their income, and their taxes proportionately to income fell drastically.

Mr. Chairman, what this bill does do is restore some fairness, and that is the grounds upon which it should be judged. This bill restores some fairness by asking people in the very upper brackets to pay a little bit more, which they should do when they are still far below what they were paying had the laws of the 1980's still been in effect, and at the same time it produces some tax relief for those in the middle-income groups, and that is what it should do.

The previous speaker, the gentleman from Wisconsin [Mr. GUNDERSON], my friend, said that $400 is unimportant. Four hundred dollars per family is not unimportant when they are trying to pay the heat, or the rent, or the grocery bills. Four hundred dollars is approximately equal to the take-home pay of 1 week for many families, and that is a very important change, and at the 35-percent bracket it is an important change because it is permanent.

There are other issues I could talk about in the bill. Many of them are very meritorious, but let us look at the bill for what it is. It is a chance to produce some fairness. It is a chance to give some tax relief to middle-income families. It is a chance to make some changes in the Tax Code which are very, very positive and long overdue.

This country has two roads to go down at this time. It could take the trickle-down approach where we put more tax breaks, more stimulants, in at the top of the income scale and hope they trickle down, or we can try to restore some fairness, do some things for investment, some growth, and try to recognize that it is a small business that produces the jobs. It is the middle-income folks that need the relief, and they are the ones that pay the taxes, fight the wars and bear the burdens. I certainly prefer the latter approach.

Now the present proposal would increase the deficit $50 billion. This proposal not only does not increase the deficit, it actually reduces the deficit by approximately $17 billion. That is another point in its favor because we must at some point, and the sooner the better, begin down the road of reducing the deficit.

So, Mr. Chairman and my colleagues, I hope this debate will return to what the bill really is, and what it does try to do and not what it does not try to do, and be judged on that ground and that ground alone, and I hope the debate will help to enlighten the American public as to what is actually involved here, and I strongly urge my colleagues to support this bill. It is not a trivial matter for those people who are desperately pressed. It is important relief for the middle-income folks. Those are the people who at this moment have been hit the hardest over the last 10 years and now need the help.

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from New Jersey [Mr. GALLO].

Mr. GALLO. Mr. Chairman, Congress must pass, as the President has asked, an economic incentive package—and I emphasize the word "incentive." Without incentives, there will be no growth. Without growth, there will be no recovery.

Before coming to Congress, I spent my entire adult life in the real estate business. I have worked with young couples seeking to purchase their first home. I have worked with small business people seeking to expand. These people make America grow.

So, I know a little bit about incentives and growth, because for three decades my living depended on it. I know, because I have seen it, that incentives can fire up the engine of economic growth.

And I want to tell you, that by any definition, a bill that raises taxes by $90 billion does not provide an incentive to growth.

A bill that puts 100,000 people out of work does not provide an incentive to growth.

A bill that ignores first-time home buyers does not provide an incentive to growth.

A bill that raises taxes permanently starting with those earning $85,000 does not provide an incentive to growth.

A bill that adds 97 cents a day to the wages of the average American family does not provide an incentive to growth.

Yet that is what the Democrat's substitute would do. It would do nothing to stimulate growth through incentives. If this is the best we can do, we would be better off doing nothing at all.

Mr. Chairman, my colleagues in the majority seem to have forgotten who creates the jobs in this country. Their legislation demonstrates one thing very clearly—they don't believe that free enterprise has any contribution to make to the American dream. Maybe that's why their leadership is so uncomfortable with their Presidential frontrunner.

But we Republicans know who creates jobs. It is, for example, the small homebuilder, who not only puts carpenters, electricians, and plumbers to work, but also creates jobs in the carpet mills, on the refrigerator assembly line, in the paint factory, and at the lumber yard.

One of our colleagues is reported to be uncomfortable with putting money in the pockets of business. I say there is nothing wrong with giving business incentives to grow.

If business doesn't have money in its pocket, than neither will workers have money in theirs. I have never known of a growing business that has had to lay people off. It should be obvious that growing businesses create jobs.

But the only jobs that will be created in the Democrat's bill are those in unemployment offices, where they will be needed to handle a growing caseload. The American people expect better.

Mr. Chairman, if the majority continues to act like Government is a game, with political points to be scored at the expense of the President whenever possible, the American people will continue to be the real loser. Let's get to work, so that America can get to work. Pass the Michel-Archer substitute, the only legislation before us that will provide the incentives we need to start growing again.

Mr. ARCHER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the gentleman from New Jersey [Mr. GALLO] who just spoke in the well is a practicing realtor who understands real estate. It is no secret to the people of this country that one of the greatest problems that has brought about the difficulties in so many of our financial institutions is a decline in the value of real estate. We should do what we can to stabilize those values, not just to create jobs, but to protect the viability of financial institutions and save the taxpayers money under the RTC, the FDIC and the FSLIC. We have tried to do that to the degree that we can in the Michel-Archer substitute.

I think it is important, because a number of people throughout this country are being told that the Democrat alternative is far more favorable and helpful to real estate values, that we look at a side-by-side comparison.

First, the Michel-Archer substitute cuts capital gains to a 15.4 percent rate and exempts those gains from the minimum tax. It caps the recapture of depreciation at 28 percent, which means that no one will be worse off than they are under the current law, and most will be far better off. It applies to new real estate purchase as well as to existing real estate purchases.

Now what does the Democrat alternative do? It indexes the cost basis only prospectively for newly acquired property. It has no benefit for existing real estate holdings, and it increases the minimum tax to 25 percent, which will apply to the indexed gain. It recaptures all depreciation deductions without capping them at 28 percent, and, due to the huge tax rate increases in the Democrats' bill, it subjects them to an offensive tax rate of 40 percent or higher.

□ 1700

First time homebuyers get the $5,000 credit under the Michel-Archer substitute. They get nothing under the Democrat package.

On depreciation, there is no change in the Michel-Archer substitute in cur-

rent law. Depreciation continues unaffected. The Democrat plan greatly lengthens depreciation, as I mentioned earlier, on commercial real estate, and it reduces the deduction for depreciation by over 22 percent. That will not help the value of real estate. It even increases the length of depreciation for residential real estate from 27½ years to 31 years.

On deduction of mortgage interest and property taxes, the Michel-Archer substitute has no change from current law. The Democrat alternative has a 2-year extension of current limitations on itemized deductions and denies homeowners the full deduction of mortgage interest and property taxes.

Under the passive loss activities, the Michel-Archer bill restores full deductions for real estate developers. The Democrat package restores 80 percent, not full deduction, of passive losses for real estate professionals but only for existing property.

Mr. Chairman, let us look very carefully and see which bill does give the greatest assistance to improving the value of real estate.

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

Mrs. KENNELLY. Mr. Chairman, I yield 5 minutes to the gnetleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Chairman, we have heard a great deal this afternoon from our friends in the Republican Party about class warfare. Well, I think nobody, I would hope, is sympathetic to war in general and to class warfare in particular, but I think we should be fairly clear that in fact class warfare has been waged in this country in the last 15 years. We did not create it. Class warfare exists, and the problem is that the wrong class is winning that war. And what some of us think is that maybe, at a time when the richest 1 percent of our population now owns 36 percent of the wealth of this country, at a time when the wealthiest wage earners, the wealthiest 1 percent of earners, now earn more money than the bottom 40 percent of wage earners, at a time when the top 20 percent of wage earners earn more income than the bottom 80 percent of wage earners, we should shift the balance of that war just a little bit.

What our Republican friends are upset about is that for the last 15 years their side has been winning this war, and that we should concede. It is not that I want to identify with the Democrats, who threw in the towel years ago. As the only Independent in this body, what I concede and congratulate my Republican friends about is that "You won. Reaganomics and the trickle-down theory was a fraud, but you got enough of the Democrats to go along with you."

And then what happened? Let us talk about it. The richest 1 percent of the population has seen a doubling of their real income over the last 10 years. I say, "Congratulations. You guys won."

The salaries of ordinary working people earning between $20,000 and $50,000 a year went up by 44 percent, but those people earning $200,000 a year or more went up by 697 percent. We have had a doubling of millionaires. We have had a doubling of billionaires. Congratulations. Reaganomics and the trickle-down theory was a success. I say, "If you are a millionaire or a billionaire, you made out like a bandit."

The combined net worth of the 400 richest American families tripled in 7 years, between 1982 and 1989, from $92 billion to $270 billion. And on and on it goes.

The trickle-down theory works for the rich and the very rich. But what about the working people and the middle-income people? Unfortunately, that fraudulent philosophy did not work for those people. Their wages have declined. Their standard of living has declined.

Once, at a time long, long ago, some may remember that this Nation led the world in terms of the wages and benefits we paid our workers. Then came the trickle-down theory, and we are now in 10th place and falling fast. Scandinavia is ahead of us, and Western Europe is ahead of us. And on and on it goes.

To the degree that the Democratic proposal says that finally the rich should start paying their fair share of taxes so that we can lower taxes on working people and middle-income people, I support that aspect. But I would go further. To the degree, however, that the Democratic proposal also gets involved in the trickle-down theory and the reduction of capital gains, I am opposed to that because that is continuing a philosophy that has not succeeded.

If we want to create jobs, which we do, the real approach would be to make significant reductions in military spending by the hundreds of billions of dollars over the next 5 years and put that money into this country with a new industrial policy.

Mr. Chairman, let us build the housing we need. Let us rebuild American industry with that money. That is how we can create the millions of jobs we need.

Mr. ARCHER. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. UPTON].

Mr. UPTON. Mr. Chairman, I would ask the Members, have they been back to their districts recently? People are sick and tired of all this partisan fighting. Neither of these alternatives is going anywhere because they are not the result of a bipartisan agreement.

Give me a break. We are now engaged in a fruitless exercise and a total waste of time. Why are we not putting our heads together to fashion a package that will create jobs and do it without raising taxes or raising the deficit? Why are we bringing alternatives to the House floor that prevent amendments to make either package better?

□ 1710

Why are we suggesting alternatives that waive the Budget Act, the only protection from higher deficits? Deficits are already crippling our already fragile economy. Why can we not have both the White House and Congressional leaders on both sides of the aisle sit down and hammer out a package that is going to get our economy off the dime?

You name the place, I will order the Domino's pizza. They deliver all day and all night. They can make their deadlines; why can't we?

Mr. MOODY. Mr. Chairman, I yield 5 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY].

Mrs. KENNELLY. Mr. Chairman, I rise in strong support of H.R. 4287, the Tax Fairness and Economic Growth Act of 1992.

Our plan reflects our commitment to equity in the Tax Code. The payroll taxes used to finance Social Security Programs through the old-age, survivors, and disability insurance and hospital insurance trust funds have increased substantially over the last decade. In order to provide some relief to those middle-class Americans who have been asked to bear the burden of the increased taxes, without jeopardizing the fiscal integrity of the trust funds, the Democratic substitute would provide a refundable income tax credit in 1992 and 1993 of 20 percent of the employee's share of OASDI and HI tax liability. The maximum credit is $200 for single taxpayers, and $400 for married couples filing joint returns.

Some ridicule our equity proposal but the bottom line is $200 or $400 over 1 year—$400 to $800 in 2 years—that to some may not be important but to other is very meaningful. Also remember that it their money they are getting back. We are not talking about the largess of the Congress to give a tax cut whatever it might be. We are talking simply about people keeping more of their hard earned dollars.

As a party we have talked about fairness and equity for almost 2 years now and we want the American people to know that this is what we stand for. Even after the questions about the size of the return we continued to stand by our move toward some fairness. Unlike the President who some how decided after announcing a $500 increase in the personal exemption that it was no longer important.

Next, we have known for some time, this country is in the midst of a serious recession. Therefore the second reason for this bill is jobs and economic growth.

We extend the Mortgage Revenue Bond Program permanently. In 1991 in

the midst of a recession, this program produced 40,000 jobs and generated over $1.1 billion in wages and tax revenues. That is real economic growth; not to take this opportunity to make this program permanent would be wrong.

We extend the low-income housing tax credit permanently. In 1991 in the midst of a recession, this program produced 56,000 jobs and generated over $1.8 billion in wages and tax revenues. That is real economic growth.

We would make the R&D credit, small issue manufacturing bonds and educational assistance permanent; these are important investments for future economic growth. We must and should make these permanent now.

We establish enterprise zones, make the targeted jobs tax credit permanent, and provide incentives for venture capital. These incentives will create jobs.

In this bill we allow small businesses to expense larger amounts of capital investment, and we treat depreciation more generously under the alternative minimum tax. These are important investments for future economic growth.

If you support restoring equity to the Tax Code, if you support creating jobs, if you support future economic growth, support the Democratic alternative. It just makes good sense.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Chairman, this is a kind of interesting exercise today. I do not think there is anyone in the Chamber who thinks that the bill we are debating today is going to become law. I think we are all very clear on that. But it does serve a useful purpose inasmuch as it gives us an opportunity to look at some things that might work and some things that we can do to help the economy. We can look at some things that have happened throughout history to give us some guidance along that way.

Let me read a short paragraph to you that was said some years ago here in this Chamber. Someone said:

> I am convinced that the enactment this year of tax reduction and tax reform overshadows all other domestic problems in this Congress. For we cannot lead for long the cause of peace and freedom if we ever cease to set the pace at home. This tax cut will increase the purchasing power of American families and business enterprises. It will, in addition, encourage the initiative and risk-taking on which our free system depends.

Mr. Chairman, that was John Kennedy in 1963 pointing out what it was that was needed to be done in 1963 to help encourage economic growth. The House and Senate ultimately responded and programs were put into place which included a reduction in marginal tax rates. It also included a reduction from 52 to 48 percent of the corporate tax rate. It included the broadening of the investment tax credit and a number of other items, all of which helped the country grow through the 1960's.

Mr. Chairman, it was just about 20 years later that Ronald Reagan was elected President and said much the same thing. Is it not interesting that a Democrat and a Republican both got together years apart and recognized that a recession was in place during their time and were able to enact programs that helped us grow out of those recessions?

Mr. Chairman, we can do the same thing. It is not this bill though. It is not the bills we are going to debate tomorrow. It is something that we need to do on a bipartisan basis.

Mr. Chairman, if Kennedy and Reagan could agree on an economic package to promote growth, I suggest to you that we can too.

Mrs. KENNELLY. Mr. Chairman, may I inquire how much time is left?

The CHAIRMAN. The gentlewoman from Connecticut [Mrs. KENNELLY] has 11 minutes remaining, and the gentleman from Texas [Mr. ARCHER] has 17 minutes remaining.

Mrs. KENNELLY. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Chairman, one of the great strengths of the Democratic tax package is the permanent research and development tax credit. I commend Chairman ROSTENKOWSKI in his efforts to make the R&D tax credit permanent. I would add that research and development has long been one of my top priorities. It's been over a decade since I first introduced legislation creating a permanent research and development tax credit. In that time, this issue has become a priority for Members both on and off the Ways and Means Committee. Over 300 Members, both Democrats and Republicans, have endorsed the permanent R&D tax credit approach.

The R&D tax credit gives a wide range of U.S. companies, from automotive to computers to electronics to health care, a 20-percent tax credit for increases in R&D spending over what they otherwise would spend. The present R&D tax credit is set to expire in June of this year. If made permanent, it is estimated that R&D spending would increase by billions between 1991 and 1995.

Now, why is it important that the R&D tax credit be made permanent? First, the R&D tax credit has been shown to work. In testimony before the Ways and Means Committee, we have found that during the time that the R&D credit had its maximum impact—from 1982 to 1985—company-funded R&D had a 8.1-percent annual growth rate, the highest rate of any period between 1960 and 1990.

Second, and perhaps more important, a permanent R&D tax credit will allow American companies to focus on the longterm. Too often we hear criticism that U.S. firms are too concerned about quarterly earnings reports, and not enough on long-term investments that will lead to improved productivity and profitability. By making the R&D credit permanent, we can make great strides in creating a business environment in which managers can invest in projects which may not pay off for a number of years, but in the end may be crucial to creating jobs and winning market share.

More than ever, it is important that we act to stimulate research and development. Early this week, New Technology Week and the New York Times reported that industrial spending for R&D in Japan exceeded that in the United States for the first time. This is truly alarming news for our economy. In the past, we have historically spent more on R&D than any other country, and this has largely been responsible for America's technological edge over our economic competitors.

The R&D tax credit has traditionally had broad bipartisan support. One reason for that is the understanding by Members that whichever country wins the R&D race has a big leg up on the economic race. Well, it looks like we're no longer leading the R&D race, and we must take action to turn the tide. A permanent R&D tax credit is a strong step which has shown to be effective, a step we can take to regain the lead. I am pleased that a permanent R&D tax credit is part of the legislation we are considering, and I urge passage of the bill.

□ 1720

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. RIDGE].

Mr. RIDGE. Mr. Chairman, in 1984 a Presidential candidate was asked, "Where's the beef?" In that same vein, I think it's fair to ask of the proposals before us today, "Where's the growth?"

These alternatives are not about economics, jobs, or the recession. These are political documents. Instead of aiming at each other to score political points, we ought to be aimed at the real enemy—the recession. None of these has that right target in its sights.

The Democratic package is, of course, no great surprise. Frankly, I think many of us would be shocked if we were presented with anything different. Masquerading as a growth proposal, the Democratic leadership has cobbled together for us a package based on finger-in-the-wind economics. Sacrificing long-term economic goals at the altar of short-term political expediency, the Democrats have once again shown the American people that they just can't keep those tax-and-spend impulses in check.

It is significant that the only thing of permanence in the Democratic package is a tax increase. Just when you thought it might sink in, the party of class warfare shows us that they have learned none of the economic lessons of the 1980's. As the unabashed promoters of tax fairness, the Democrats are out

once again to play the class-envy game. This is, of course, the same bunch that brought us those soak-the-rich luxury taxes. Maybe we can bring in some of those out-of-work boatbuilders to give us a little lesson as to how this unique brand of Democratic economic theory works.

Unfortunately, the Republican proposal, while it cannot help be a more attractive alternative, does little to reclaim the party's progrowth mantle. The timid denizens of the Treasury have given us a package that says that we are all for greater investment, enhanced savings and improved competitiveness, as long as it's done this year. It is of little solace to this Member that our claim to superiority on this floor today is defined almost solely by the deficiencies of the Democratic package rather than by the boldness of our own message. It may not be gimmickery, but it certainly is not enough growth for me.

In his book, "The Growth Experiment," Lawrence Lindsey quotes an old farmers' almanac that says that "if Patrick Henry thought that taxation without representation was bad, he should see how bad it is with representation."

This is not time for humor, but I cannot help but feel that it is an apt description for the exercise we are to go through here today. The American people want and deserve better. That is why on each of these plans, I will vote no. At least for now, I would rather walk than hitch a ride on either of these trains.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Florida [Mr. BILIRAKIS].

Mr. BILIRAKIS. Mr. Chairman, as we debate legislation to strengthen the economy and spur economic growth, we should remember a group of individuals who especially need our help, the displaced homemakers of our society.

As Members know, the underlying bill which we are debating includes provisions to permanently extend the Targeted Jobs Tax Credit Program. All of us in the Congress strongly support the permanent extension of this program because we feel that it is far better to give hard-to-employ individuals an opportunity to work than to give them a handout.

However, the full purpose of the TJTC Program is not being met because displaced homemakers are not covered by the current legislation as a targeted group. And they should be.

Mr. Chairman, displaced homemakers are primarily women who have been full-time homemakers for a number of years but who have lost their source of economic support due to divorce, separation, abandonment, or the death or disability of a spouse. In fact, the major cause of displacement for homemakers is the death of their spouse, with divorce following as the second major reason.

Furthermore, many displaced homemakers are living at or near the poverty level, are younger than 35 and have children. The standard of living of the displaced homemaker woman declines 73 percent in the first year after divorce, while the man's standard of living increases 42 percent.

Mr. Chairman, most people want to work if given the opportunity. I believe that extending the TJTC Program to displaced homemakers is a cost-effective method of addressing this problem. By providing prospective employers with the incentive to hire and train displaced homemakers, we avoid the much more costly alternative of publicly supporting these homemakers and their families.

Therefore, although the rule supported by the majority precludes our addressing this matter within the pending bill and the offered substitutes, it is my hope that either a freestanding bill can move out of the Committee on Ways and Means or reconsideration of the pending package can incorporate the provisions of my H.R. 1536 legislation.

If we want to talk of tax fairness, tax equity, and good tax policy, we must consider, Mr. Chairman, the displaced homemakers of our country.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. HOUGHTON].

Mr. HOUGHTON. Mr. Chairman, I am a Republican. I am going to talk against the Democratic bill.

I do not like to do this because I think anything I have been able to accomplish here has been done on a bipartisan basis. I say this not because it is the Democratic feature, but because I think there are two features that Members ought to recognize are not good.

The first feature is that when one increases taxes on the so-called high earners, what one is really doing is hurting those people who are individual entrepreneurs, individual businessmen.

Many of those people are not incorporated. Many of those people pay their normal taxes. Those are the people that one is going to be hurting.

I do not think that is a good idea, frankly, because two-thirds of the employment in this country in job generation comes from that very group we are trying to attack. That may make sense from somebody's economic standpoint. It does not make sense to me, particularly if we are trying to goose up this economy and let it move again.

The second thing is this, the $30 billion it is going to cost in this package over the next 2 years, over and above the budget agreement.

I am on the Committee on the Budget. I do not think it does the greatest job in the world, but it tries. And the only thing it tries to do is to set up an element of discipline.

If we break that discipline, we have got nothing else to go on.

Frankly, if we hit the small business people who are trying to create the jobs which will bring us out of this recession and if we try also to hurt those people who are trying to create and establish and maintain discipline in the budget cycle, I think that is wrong.

One other thing. The economy is a very difficult, very sensitive area to touch. Most of it is driven by individuals like my colleagues and myself and others who are creating jobs out there. Please let us not do something for political purposes which is going to hurt the very fueling process that makes this country great.

Mr. ARCHER. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. MILLER].

Mr. MILLER of Ohio. Mr. Chairman, it is unfortunate how partisan this debate has become, and that more proposals to stimulate the economy were not given the chance to be considered on the floor. I am afraid this whole process has turned into jockeying for political advantage this November. Why does the majority leadership continue to urge the House to operate under closed rules? Is the leadership concerned that this body might improve the proposals before us, or is it that they do not believe the House as a whole should have the opportunity to work its will and put together a comprehensive and meaningful economic growth package?

Recognizing the sluggish state of two of our country's most critical industries, housing construction, and automobile manufacturing, this past November I introduced legislation that would provide middle-income Americans with reasonable and responsible tax credits to buy a first home or an American made automobile. I don't know about you, but after this week's startling announcement by General Motors indicating its intention to close another 12 U.S. manufacturing plants, I think action must be taken on such a proposal if we are to meaningfully help this floundering industry.

By providing a strong stimulant to middle Americans to purchase domestic made vehicles we would be putting countless unemployed autoworkers back to work and in the process ease the social service burden presently imposed by such unemployment.

I plan to support Michel-Archer substitute economic growth package because I feel it represents the best hope for real economic growth. Like my bill, H.R. 4005, it includes a tax credit for first-time home buyers. Conversely, I believe the Democratic proposal will do little to stimulate real economic growth. When I study this proposal, I am compelled to ask "Where's the beef?"

□ 1730

Mr. ARCHER. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. DELAY].

Mr. DELAY. Mr. Chairman, because we have only got hold of this bill in the last few hours, I have been back in my office evaluating this bill. I am talking about the Democrats' package that was introduced, H.R. 4287. It just amazes me, absolutely amazes me. Those that wrote the bill, the Democrats' bill, must think the American people are stupid because they must have the opinion that nobody is going to read this, no one is going to evaluate it, no one is going to understand what is going on here.

The Democrats' bill, for instance, would cap at $1 million per year the corporate tax deduction for compensation paid to corporate executives. That sounds like a good one. "We will get those old guys that make $1 million."

The Democrats have prepared a very entertaining proposal. It sounds great on the surface, much like a good book. It provides a great story, but it is not real. That is exactly what the Democrats like. They must prefer fiction over fact, because their tax bill rewards entertainment and punishes production.

Under the Democrats' bill an executive of a company which produces capital products and creates jobs in industries such as steel and energy and food and computers or textbooks is punished by the Democrats' bill, but the Democrats reward entertainers who sing songs or make movies, like Oliver Stone, act out fictional stories, or hit balls over fences. These people are not limited by the $1 million cap.

On the other hand, the Democrats give, while they have got their hands in your pocket, and taketh away. The Democrats want the public to believe they are going to help the economy, but the fact is that they give with one hand and take away with the other. The real problem is that the hand that takes away is a lot bigger than the hand that gives.

They give a temporary tax cut of $46 billion, but take away with a $77.6 billion permanent tax increase. They give the real estate industry some passive loss relief, but take it back by expanding depreciation schedules on commercial property.

Any Member that represents a district with real estate problems better not vote for the Democrat bill, because what you are doing here is you are further decreasing and devaluing property.

Then they are going to give the boat industry relief by repealing a luxury tax that they put on the boating industry costing a lot of jobs, and then take it away with a diesel tax on boats that do not even use highways. It just amazes me. The American people are not stupid. They understand that this has no semblance to good economic policy, and they are going to reject it, even though this House may pass it.

Mrs. KENNELLY. Mr. Chairman, I yield 4 minutes to the majority leader, the gentleman from Missouri [Mr. GEPHARDT].

Mr. GEPHARDT. Mr. Chairman, let me begin by thanking Chairman ROSTENKOWSKI for acting so swiftly and positively in bringing this legislation before us. The chairman labored hard and long to get a consensus bill out of the committee, and I think he deserves great credit for producing a package that we can vote for and be proud of. In 1986, our motto was "Write ROSTY." In 1992, we say "ROSTY Rides Again."

After a long delay, after great denial, the President finally recognized last month that we are mired in such deep economic trouble that comprehensive action was required to stimulate growth and economic activity. We are meeting the challenge laid down by the President in his State of the Union Address.

We are giving him a vote on the total package he requested in the State of the Union Address. We're giving him a vote on his twice revised package that has been tailored to his specifications. And we are acting promptly, consistent with his request that a recovery plan be fashioned by March 20.

Now it is time to fulfill our obligations to ourselves and to the people who sent us here. We can debate, we can define the differences between us, and we can disagree. But today and tomorrow, we must produce, we must act, and we must decide. That is what our people expect us to do, and we can deliver no less.

This is a representative body; it is filled with intelligent people, some of them disagree with us on how this tax bill should be fashioned, and I respect their views. I must confess, however, to some amazement, when I hear some of our friends talk so disparagingly about our proposal to put $400 a year for the next 2 years into the pockets of middle-income Americans.

I do not know where you live, and I do not know who you represent, but I have got to tell you: To the people of St. Louis, MO, $800 is lot of money. To the elitists, to the editorial writers, and evidently, to the President and his allies, $800 in the pockets of middle-class people isn't much. To them, I can only say: You are out of touch, it is time to get real.

I've got people in my district who work hard, who play by the rules, who fear for their jobs, who wonder how they are going to educate their kids or pay for health care, who would deeply appreciate a tax cut during these hard economic times.

To my people, many of whom are the casualties of the class war waged against them by the Republican policies of the 1980's, an $800 tax cut sounds right, and raising taxes on the rich to pay for it makes sense.

This core idea of fairness, this belief in the aspirations and the opportunities of the middleclass, is at the heart of the Democratic alternative written by Chairman ROSTENKOWSKI and his colleagues on Ways and Means.

By contrast, the Michel-Archer substitute would take us down the well-worn path of bigger deficits and bigger tax cuts for the rich and greater decline for America.

The Republican proposal does not help with education or health care, does not help people who use mass transit, and does not target help to venture capital or small business.

The President's proposal for middle-income tax relief was dropped from Air Force One somewhere between Andrews Air Force Base and New Hampshire. And the only growth this bill will create is the one kind of growth mastered by the Reagan and Bush administrations—growth in the deficit and growth in the incomes of people who already have it made.

The differences between the two approaches could not be more clear. As John Kennedy said: "They are the party that breaks promises, we are the party that breaks precedents."

We do not think the answer to the Republican recession is giving the rich another $12,000 tax cut. We don't think the country needs more debt.

We do not think the middle class of America is undertaxed, we say middle-income people deserve a tax break paid for by the rich. After 12 years of Republican class warfare against struggling American families, we join middle-income families in a fight for fairness, a fight for equity, and a fight for growth.

Let us fulfill our commitment to pass legislation aimed at ending this recession and providing action for the people who sent us here.

Mr. Chairman, I urge Members to vote for the Democratic alternative when the vote comes.

Mr. ARCHER. Mr. Chairman, I yield the remainder of my time, 6 minutes, to the gentleman from California [Mr. LEWIS].

Mr. LEWIS of California. Mr. Chairman, there they go again—raising taxes. The simple facts are that the Democrat bill provides very small temporary relief for some in exchange for large permanent tax increases for others—what a deal. The sponsors of this bill call it a tax relief measure. If that's the case, they must spell relief "m-o-r-e t-a-x-e-s." I do not know about you, but that is not how I spell it.

Yes, Mr. Chairman, there they go again.

Rarely are the differences between the two parties so clear as they are today.

Yes, Mr. Chairman, there they go again, misleading the American people.

They claim that it gives a significant tax break to middle-income Americans, and yet that tax break amounts to a cup of coffee a day. They say it will stimulate the economy, and yet not a single legitimate economist can be found who says it will.

There they go again—raising taxes.

Yes, Mr. Chairman—there they go again—breaking promises. It was less than 6 years ago that this body passed the Tax Reform Act of 1986 which promised the American people lower tax rates. And now, many of the chief sponsors of that legislation propose to break that promise and increase the number of tax brackets from two to four and the top tax rate to 35 percent. On top of that they eliminate exemption for many American families—which means an effective rate of 40 percent. And then for those they call the wealthy, an additional surtax of 10 percent.

Mr. Chairman. There is a much loved gentleman in my State of California who served as the 40th President of the United States. If he were engaging in this debate today, I think I know what he would say. "There they go again."

What an appropriate description of the Democrats' tax proposal.

There they go again—breaking promises.

There they go again—misleading the American people.

In short, the Republican growth package is aimed at making the economy grow while the only thing that will grow under the Democrats' bill are taxes.

Republicans offer Americans the opportunity to buy their first home and put the construction industry back to work. Democrats offer a free cup of coffee per day.

Republicans offer permanent tax reductions; the Democrats offer temporary relief coupled with permanent tax increases.

Republicans offer a maximum tax rate of 28 percent. Democrats propose to move tax rates beyond 40 percent.

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

Mrs. KENNELLY. Mr. Chairman, I yield the remainder of my time to the gentleman from Illinois [Mr. ROSTENKOWSKI], the chairman of the Committee on Ways and Means.

Mr. ROSTENKOWSKI. Mr. Chairman, I want to remind my colleagues why H.R. 4210, the President's original tax proposals should be opposed.

Let us start with the deficit. The President's proposals increase the deficit by $49 billion through 1997. They continue the legacy of the Reagan administration by passing on billions of dollars of debt to our children and grandchildren.

Second, the President's tax package contains many proposals that are opposed, not only by Democrats, but by Republican Members of the President's own party. Particularly objectionable, is the Medicare payroll tax that the President proposes to impose on 2 million State and local workers who were grandfathered from the tax in 1986. This provision has consistently been rejected on a bipartisan basis by the Ways and Means Committee on the four occasions that the President has proposed it.

My third objection is that the President's proposal does not permanently extend various expiring tax provisions such as the low-income housing credit, the targeted jobs credit, mortgage revenue bonds, and other beneficial programs.

My fourth objection is that the President's package does not ask the wealthy to pay their fair share. Millionaires who would receive the benefit of the capital gains relief under the President's proposal are not asked to pay one red cent for that relief.

Instead, middle-class taxpayers—and generations of Americans to come—would ultimately have to finance these additional tax breaks for the wealthy because we would have to borrow the wealthy's tax cut from foreign investors.

My colleagues, the President has issued a challenge to us—to pass an economic recovery plan by March 20. We will meet the President's challenge—not because of his demand—but because of the pain and economic hardship middle-class Americans are experiencing across the country. The only issue to decide today is which plan is best for middle-class Americans and for the country.

Tomorrow this House will consider two alternatives to the President's original tax program—one, a third version of the President's original tax program, and a substitute crafted by Democratic Members of the House.

However, we must first vote on H.R. 4210, the President's original tax proposals. This bill is fatally flawed, and should be overwhelmingly rejected by Members on both sides of the aisle.

Mr. ANNUNZIO. Mr. Chairman, I rise today to oppose H.R. 4210, the administration's fiscal 1993 budget proposal, which contains a provision to repeal the tax exemption for credit unions.

Once again, the administration has proposed financing the Government on the backs of the middle class, while giving the upper class tax breaks. H.R. 4210 would punish a healthy industry set up for the benefit of lower and middle-income Americans.

While reducing the tax on capital gains income and repealing the tax on the purchase of luxury items such as boats and airplanes, proposals that would disproportionately benefit wealthy Americans, President Bush wants to tax credit unions with assets over $50 million, a tax that affects the lower and middle class Americans who make up the vast majority of credit union members.

WHY CREDIT UNIONS ARE TAX-FREE

In 1937, Congress granted credit unions an exemption from Federal income taxes to enable credit unions to provide financial services to those who were at a disadvantage in obtaining these services elsewhere. Credit unions are an alternative to the "for profit" banking system, since they are owned and run by their members.

Congress did not make the exemption contingent on the credit union's size, the relative affluence of its members, or on the classification of its field of membership. It was granted on the basis of its member ownership and control. That was the right decision then, and it is the right decision now.

ROLE OF CREDIT UNIONS IN OUR ECONOMY

President Bush claims that repealing credit union's tax free status is necessary to put banks and thrifts on an equal tax footing with credit unions.

But credit unions are different animals from banks and savings associations.

Credit unions are not-for-profit organizations with only one purpose: providing services and credit to their members, who are individuals with a common bond such as employer or profession.

They are democratically-based organizations with each member having a vote on the structure and operation of their credit union.

Credit unions have been so successful that they are being exported to Eastern Europe and Third World countries as an example of democracy in action and sound economic organizations.

Credit unions give people who might otherwise go without financial assistance a place to save and borrow. Just as importantly, credit unions are a place of education where members may receive the financial counselling necessary for them to take advantage of opportunities to change their situation for the better.

MEMBERSHIP OF CREDIT UNIONS

There are 14,300 credit unions in the Nation, with a combined total membership of 61.6 million members and combined assets of $235 billion. President Bush's proposal would affect almost 1,000 credit unions, with 32 million members—half of this Nation's credit union members. These credit unions hold over half of credit unions assets—$147 billion.

Among the credit unions that would be taxed are 135 Federal, State, and municipal employee credit unions, 137 of the 250 military credit unions, employees of 191 of this Nation's largest manufacturing companies, and 120 education-related credit unions.

It is fair to say that the members of these credit unions, firefighters and police officers, teachers and machine operators, soldiers and sailors, are members of the middle class.

They are people who work hard for their money. They use their credit unions for simple financial management—savings accounts, checking accounts, care and education loans, mortgage loans—and look to their credit union as a place where they can get answers to their questions about how to buy a house, or the best way to save for retirement. They do not use their credit unions for high stakes, complicated investment opportunities.

Credit unions are not in that business. They are in the business of helping those people with just enough money to live on, or those trying to save for retirement or a home, not those people with the financial resources to

"play" with their money in the form of risky real estate opportunities or business ventures.

Yet this administration proposes a tax of almost $1 billion over the next 5 years on these people.

TAX NOT NECESSARY

Credit unions have prospered through adhering to the philosophy of "not for profit, but for service." The credit union industry has constantly proven to be successful in maintaining high capital levels and low losses.

Taxing credit unions is unnecessary and punitive for an industry that has done an outstanding job of serving its members and protecting against any taxpayer bailout of any federally insured credit unions. The National Credit Union Share Insurance Fund is the only Federal deposit insurance fund that has not required a Federal bailout. It is fully capitalized by credit unions.

We should not punish credit unions for being successful in order to help an ailing banking and savings association industry that is responsible for much of its own problems.

If bankers want to play on a level playing field, why don't they change their modus operandi? Have them pay off all their stock holders; give each depositor one vote in the governing of the bank; don't pay directors any fees; limit the sources of funds to its depositors. I doubt that bankers would want to adhere to these restrictions.

President Bush has once again retreated from his "no new taxes" pledge. And remember, a tax on credit unions is just another disguised tax on the middle class. Because credit unions are not for profit, their members will take the hit for this tax in the form of higher borrowing costs, higher fees for services, and lower interest rates. Members of credit unions—the middle class—should not have to bear such costs.

There have been many proposals to tax credit unions in the past. Each one of them has been soundly rejected by Congress. Taxing credit unions is not fair and not necessary. Congress has recognized that for over half a century.

CONCLUSION

I have been a staunch supporter of credit unions ever since I came to Congress over 28 years ago. Credit unions were established to assist the little people. They have done an excellent job in accomplishing this for almost a century and they continue to do an excellent job for their members.

Why should we punish such successful credit unions by changing the framework under which they operate by taxing them?

The same reasons for granting them tax free status in 1937 exists today. Taxing those credit unions with assets over $50 million would only be a beginning. It would be a slippery slope, and before we know it, all credit unions would be taxed.

I urge my colleagues to reject any tax on credit unions, and vote against H.R. 4210.

Mr. GREEN of New York. Mr. Chairman, last December a panel of economists from across the ideological spectrum testified before the Ways and Means Committee on how various tax and economic growth proposals would impact on our Nation's recessionary economy. There was almost universal consensus that whatever Congress does it should not increase the Federal budget deficit. The economists also noted that income transfers from one group to another will not stimulate the economy and create vital jobs.

Today, Chairman ROSTENKOWSKI will present Members with a tax proposal that despite $77 billion in permanent tax increases defies the concerns of leading economists by adding $30 billion to the budget deficit over the next 3 years. This is one Member who simply refuses to ignore the importance of restraining and reversing our $400 billion budget deficit. I owe it to my constituents to save my vote for a bill that helps to stimulate the economy and holds down the deficit. Therefore, I rise to express my strong opposition to H.R. 4287, the Rostenkowski tax alternative.

Due to conflicting revenue estimates, I must also vote against the Republican seven point tax plan. While Treasury points to a $9.2 billion surplus if the proposal is enacted, the Joint Committee on Taxation believes that the plan would add $13 billion to the budget deficit. Simply put, we cannot afford any further increase in the budget deficit.

While reducing our budget deficit remains a difficult and elusive goal, it is essential if we are serious about encouraging sustained long-term economic growth. It is widely accepted that any increase in the deficit risks driving up interest rates in the credit markets, thus undoing any efforts to prod our economy out of its current recessionary state. Higher interest rates will hurt families trying to buy a home, or for a business deciding whether to make an investment.

Since the Rostenkowski tax proposal costs $30 billion over the next 3 years, unless an "emergency" is invoked or the 1990 budget enforcement agreement is amended all mandatory spending would be subject to a $30 billion sequester after Congress adjourns this fall. This would require automatic cuts in Medicare, guaranteed student loans, Head Start, social service block grants, certain unemployment program costs, the crime victims fund and other critical entitlement programs.

Preventing a sequester by declaring an "emergency" would force an increase in Federal borrowing by $30 billion between now and 1994. If Congress agrees to exempt the spending from the budget I fear that we start on a slippery slope that will set a precedent for further exemptions down the road. Plainly, the more Congress exempts the larger the deficit grows.

In addition to the importance of making deficit reduction the first priority of any viable economic policy, we must ask ourselves whether a temporary tax cut will have a stimulative effect on our recessionary economy. The Joint Tax Committee has estimated that the 54 cents a day temporary middle class tax cut contained in the Rostenkowski bill will cost $46 billion.

Economists have testified that this meager tax cut will not prompt people to spend in the current economic climate, let alone stimulate the economy. Herbert Stein, a senior fellow with the American Enterprise Institute testified:

> * * * tax cuts would interfere with achievement of the most important long-run national objectives, such as reducing poverty, improving education and controlling crime.

Isabel Sawhill with the Urban Institute stated:

> Middle-class tax relief treats the symptoms rather than the underlying causes of the stagnation of living standards * * * no one should be under any illusion that a temporary tax cut is going to have a significant macroeconomic impact on the economy.

Even the Director of the Congressional Budget Office, Robert D. Reischauer, noted:

> Any (legislative) actions that are taken to respond to the economy's cyclical weakness are likely to compromise the Nation's long-run economic goals to some degree.

The Rostenkowski amendment also proposes raising taxes on individuals with taxable income over $85,000 and couples above $145,000. Again, income transfers from one group to another will not stimulate the economy. Only long-term economic growth will increase the standard of living and create vital jobs.

Many individuals and families in New York City, which is one of the highest cost-of-living areas in the Nation, would be adversely affected by the Rostenkowski tax increase proposal. For example, the Veterans Affairs Director of Dietetic Services married to the mid-level civil servant trying to put their child through college would see their taxes increase considerably. Are they the "filthy rich" couple that should be targeted by the Democrats' class warfare? Moreover, would it not be better to use any new tax revenue for deficit reduction, which will help ensure and sustain long-term economic growth?

Furthermore, increasing the top individual tax rate as the Rostenkowski amendment proposes will hurt many of America's small businesses, which are unincorporated and file as individuals. Aftertax earnings are the main source of job-creating capital for small business owners. Therefore, such a tax increase will only hinder economic growth by leading to greater job displacement and higher unemployment.

I also fear that today's temporary tax cut may lead us down a dangerous path. After all, will the Congress summon the political courage to let the $46 billion temporary tax cut expire as planned after 1993? According to Treasury Secretary Brady, if the tax cut were extended for an additional 3 years it would cost $125 billion. Thus, Congress would have to raise taxes again. Will the Democrats then delve into the pockets of middle class Americans and raise taxes on individuals with taxable income of $37,000 and couples making $72,000 to offset the cost?

It is most unfortunate that many in Congress seem intent on moving ahead with politically popular initiatives that economists have signalled will not help the recessionary economy to recover and could eventually damage the prospects for sustained long-term economic growth. I see nothing in the Rostenkowski tax proposal that will create jobs or stimulate our economy in the short-term, let alone sustain long-term economic growth. Any growth proposal that fails to make deficit reduction a priority of economic policy, fails to address economic reality.

I urge my colleagues to vote against the Rostenkowski tax alternative and any other plan that will increase our $400 billion budget

deficit. After all, it is only through sustained long-term economic growth that our Government can increase the standard of living and create vital jobs for all Americans.

Mr. KLECZKA. Mr. Chairman, today the House meets at a critical time to consider an economic recovery package to put our stalled economy back on track.

We have a choice of proposals to consider: The President's original growth and tax plan, his revised seven point plan offered as the Republican substitute, and the Democratic substitute package.

While the President's original plan, which he unveiled in the State of the Union Address, promised tax relief to the middle class, his revised priority plan drops middle-income tax relief. Only the Democratic substitute follows through with tax relief for most middle-income workers and families, and provides effective incentives for investment in small businesses, job creation, and education.

The Democratic plan, which has my support, provides a 2-year, 20-percent income tax credit for Social Security payroll taxes paid by workers, up to a maximum of $200 per worker or $400 per couple. Ninety million households would be eligible for this relief.

The Democrats' plan encourages investment in small firms and job creation, as small businesses account for two-thirds of newly created jobs. Under the proposal, small firms will receive a tax incentive for new property they place in service in 1992 and 1993, and an investment tax allowance for new equipment. In addition, for small startup firms seeking crucial financing, the plan provides investors a targeted 50-percent exclusion of gain on venture capital small business stock held 5 years.

For individuals investing in their education, the Democratic substitute makes permanent the tax credit for employer-provided education assistance, allows a tax credit for student loan interest, and penalty free individual retirement account [IRA] withdrawals for education expenses.

I am also pleased that a provision similar to my First-Time Homebuyers Act, allowing a penalty free IRA withdrawal of up to $10,000 for a downpayment on a first home, was included in the recovery package.

While the Democratic plan does not include the President's capital gains tax cut, which primarily benefits the wealthy, it does have capital gains provisions. Capital gains would be indexed so the value lost to inflation would not be taxed. Also indexed would be the one-time, $125,000 exclusion of capital gain for those over age 55 who sell their home. The age requirement would be removed for disabled taxpayers.

The Democratic substitute, unlike the President's and Republicans' plans, returns fairness to the tax system and pays for the investment incentives it provides. It includes a new 35-percent tax bracket for upper income earners, which affects couples earning over $185,000 and individuals earning over $105,000. It also adds a millionaire surtax of 10 percent for taxable income over $1 million. In addition, businesses will only be able to deduct up to $1 million in compensation paid to their executives.

While I was disappointed the plan I support does not include savings incentives or the President's $5,000 tax credit for new home purchases, the Democratic substitute nonetheless achieves the goals of investment, tax relief, and job creation we need to move our economy forward. I urge your support for the Democratic substitute to H.R. 4210.

Mr. HERTEL. Mr. Chairman, I believe one of the provisions in this bill, H.R. 4210, is contradictory. This substitute bill repeals certain taxes, which have caused harm to many firms, and most importantly their employees. I'm glad we're redressing this mistake, especially as it applies to taxes on recreational boats. While we're correcting one mistake, we're making another. amended by adding the following at the end thereof: This substitute extends the excise tax on diesel fuel to recreational vessels. What kind of sense does it make to on one hand assist the boat builders by repealing one tax, that grieviously harmed their industry, then turn around and pass another tax that hurts the consumers of their product. This provision should have never seen the light of day. I will fight to remove this tax increase from this or any future proposal.

The CHAIRMAN. All time has expired.

The text of H.R. 4210 is as follows:

H.R. 4210

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

TITLE I—ACCELERATED GROWTH

SEC. 101. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the "Economic Growth Acceleration Act of 1992".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 SHALL NOT APPLY.—Except as otherwise expressly provided, no amendment made by this title shall be treated as a change in rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—

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Sec. 141. Credit for first-time homebuyers.

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Subtitle A—Provisions Relating to Capital Gains

SEC. 111. REDUCTION IN CAPITAL GAINS TAX FOR NONCORPORATE TAXPAYERS.

(a) GENERAL RULE.—Part I of subchapter P of chapter 1 (relating to treatment of capital gains) is amended by adding at the end thereof the following new section:

"SEC. 1202. REDUCTION IN CAPITAL GAINS TAX FOR NONCORPORATE TAXPAYERS.

"(a) DEDUCTION ALLOWED FOR CAPITAL GAINS.—

"(1) IN GENERAL.—If, for any taxable year, a taxpayer other than a corporation has a net capital gain, an amount equal to the sum of the applicable percentages of the applicable capital gain shall be allowed as a deduction.

"(2) ESTATES AND TRUSTS.—In the case of an estate or trust, the deduction under paragraph (1) shall be computed by excluding the portion (if any) of the gains for the taxable year from sales or exchanges of capital assets which, under section 652 and 662 (relating to inclusions of amounts in gross income of beneficiaries of trusts), is includible by income beneficiaries (other than corporations) as gain derived from the sale or exchange of capital assets.

"(b) APPLICABLE PERCENTAGES.—For purposes of this subsection, the applicable percentages shall be the percentages determined in accordance with the following table:

"In the case of:	The applicable percentage is:
1-year gain	15
2-year gain	30
3-year gain	45

"(c) GAIN TO WHICH DEDUCTION APPLIES.—For purposes of this section—

"(1) APPLICABLE CAPITAL GAIN.—The term 'applicable capital gain' means 1-year gain, 2-year gain, or 3-year gain determined by taking into account only gain which is properly taken into account on or after February 1, 1992.

"(2) 3-YEAR GAIN.—The term '3-year gain' means the lesser of—

"(A) the net capital gain for the taxable year, or

"(B) the long-term capital gain determined by taking into account only gain from the sale or exchange of qualified assets held more than 3 years.

"(3) 2-YEAR GAIN.—The term '2-year gain' means the lesser of—

"(A) the net capital gain for the taxable year, reduced by 3-year gain, or

"(B) the long-term capital gain determined by taking into account only gain from the sale or exchange of qualified assets held more than 2 years but not more than 3 years.

"(4) 1-YEAR GAIN.—The term '1-year gain' means the net capital gain for the taxable year determined by taking into account only—

"(A) gain from the sale or exchange of assets held more than 1 year but not more than 2 years, and

"(B) losses from the sale or exchange of assets held more than 1 year.

"(5) SPECIAL RULES FOR GAIN ALLOCABLE TO PERIODS BEFORE 1994.—For purposes of this section—

"(A) GAIN ALLOCABLE TO PERIODS BEGINNING ON OR AFTER FEBRUARY 1, 1992 AND BEFORE 1993.—In the case of any gain from any sale or exchange which is properly taken into account for the period beginning on February 1, 1992 and ending on December 31, 1992, gain which is 1-year gain or 2-year gain (without

regard to this subparagraph) shall be treated as 3-year gain.

"(B) GAIN ALLOCABLE TO 1993.—In the case of any gain from any sale or exchange which is properly taken into account for periods during 1993, gain which is 1-year gain or 2-year gain (without regard to this subparagraph) shall be treated as 2-year gain and 3-year gain, respectively.

"(6) SPECIAL RULES FOR PASS-THROUGH ENTITIES.—

"(A) IN GENERAL.—In applying this subsection with respect to any pass-through entity, the determination of when a sale or exchange has occurred shall be made at the entity level.

"(B) PASS-THROUGH ENTITY DEFINED.—For purposes of subparagraph (A), the term 'pass-through entity' means—

"(i) a regulated investment company,

"(ii) a real estate investment trust,

"(iii) an S corporation,

"(iv) a partnership,

"(v) an estate or trust, and

"(vi) a common trust fund.

"(7) RECAPTURE OF NET ORDINARY LOSS UNDER SECTION 1231.—For purposes of this subsection, if any amount is treated as ordinary income under section 1231(c) for any taxable year—

"(A) the amount so treated shall be allocated proportionately among the section 1231 gains (as defined in section 1231(a)) for such taxable year, and

"(B) the amount so allocated to any such gain shall reduce the amount of such gain."

(b) TREATMENT OF COLLECTIBLES.—

(1) IN GENERAL.—Section 1222 is amended by inserting after paragraph (11) the following new paragraph:

"(12) SPECIAL RULE FOR COLLECTIBLES.—

"(A) IN GENERAL.—Any gain or loss from the sale or exchange of a collectible shall be treated as a short-term capital gain or loss (as the case may be), without regard to the period such asset was held. The preceding sentence shall apply only to the extent the gain or loss is taken into account in computing taxable income.

"(B) TREATMENT OF CERTAIN SALES OF INTEREST IN PARTNERSHIP, ETC.—For purposes of subparagraph (A), any gain from the sale or exchange of an interest in a partnership, S corporation, or trust which is attributable to unrealized appreciation in the value of collectibles held by such entity shall be treated as gain from the sale or exchange of a collectible. Rules similar to the rules of section 751(f) shall apply for purposes of the preceding sentence.

"(C) COLLECTIBLE.—For purposes of this paragraph, the term 'collectible' means any capital asset which is a collectible (as defined in section 408(m) without regard to paragraph (3) thereof)."

(2) CHARITABLE DEDUCTION NOT AFFECTED.—

(A) Paragraph (1) of section 170(e) is amended by adding at the end thereof the following new sentence: "For purposes of this paragraph, section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)."

(B) Clause (iv) of section 170(b)(1)(C) is amended by inserting before the period at the end thereof the following: "and section 1222 shall be applied without regard to paragraph (12) thereof (relating to special rule for collectibles)".

(c) MINIMUM TAX.—Section 56(b)(1) is amended by adding at the end thereof the following new subparagraph:

"(F) CAPITAL GAINS DEDUCTION DISALLOWANCE.—The deduction under section 1202 shall not be allowed."

(d) CONFORMING AMENDMENTS.—

(1) Section 62(a) is amended by inserting after paragraph (13) the following new paragraph:

"(14) CAPITAL GAINS DEDUCTION.—The deduction allowed by section 1202."

(2) Clause (ii) of section 163(d)(4)(B) is amended by inserting ", reduced by the amount of any deduction allowable under section 1202 attributable to gain from such property" after "investment".

(3)(A) Subparagraph (B) of section 170(e)(1) is amended by inserting "the nondeductible percentage" before "the amount of gain".

(B) Paragraph (1) of section 170(e) is amended by adding at the end thereof the following new sentence: "For purposes of subparagraph (B), the term 'nondeductible percentage' means 100 percent minus the applicable percentage with respect to such property under section 1202(b), or, in the case of a corporation, 100 percent."

(4)(A) Paragraph (2) of section 172(d) (relating to modifications with respect to net operating loss deduction) is amended to read as follows:

"(2) CAPITAL GAINS AND LOSSES OF TAXPAYERS OTHER THAN CORPORATIONS.—In the case of a taxpayer other than a corporation—

"(A) the amount deductible on account of losses from sales or exchanges of capital assets shall not exceed the amount includible on account of gains from sales or exchanges of capital assets; and

"(B) the deduction provided by section 1202 shall not be allowed."

(B) Subparagraph (B) of section 172(d)(4) is amended by inserting ", (2)(B)," after "paragraph (1)".

(5)(A) Section 221 (as redesignated by section 224(a) of this Act) is amended to read as follows:

"SEC. 221. CROSS REFERENCES.

"(1) For deductions for net capital gains in the case of a taxpayer other than a corporation, see section 1202.

"(2) For deductions in respect of a decedent, see section 691."

(B) The table of sections for part VII of subchapter B of chapter 1 (as amended by section 224(c) of this Act) is amended by striking "reference" in the item relating to section 221 and inserting "references".

(6) Paragraph (4) of section 642(c) is amended to read as follows:

"(4) ADJUSTMENTS.—To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain from the sale or exchange of capital assets held for more than 1 year, proper adjustment shall be made for any deduction allowable to the estate or trust under section 1202 (relating to deduction for net capital gain). In the case of a trust, the deduction allowed by this subsection shall be subject to section 681 (relating to unrelated business income)."

(7) Paragraph (3) of section 643(a) is amended by adding at the end thereof the following new sentence: "The deduction under section 1202 (relating to deduction for net capital gain) shall not be taken into account."

(8) Subparagraph (C) of section 643(a)(6) is amended—

(A) by inserting "(i)" before "there", and

(B) by inserting ", and (ii) the deduction under section 1202 (relating to deduction for excess of capital gains over capital losses) shall not be taken into account" before the period at the end thereof.

(9) Paragraph (4) of section 691(c) is amended by striking "1202, and 1211" and inserting "1201, 1202, and 1211".

(10) The second sentence of paragraph (2) of section 871(a) is amended by inserting "such gains and losses shall be determined without regard to section 1202 (relating to deduction for net capital gain) and" after "except that".

(11) Paragraph (1) of section 1402(i) is amended to read as follows:

"(1) IN GENERAL.—In determining the net earnings from self-employment of any options dealer or commodities dealer—

"(A) notwithstanding subsection (a)(3)(A), there shall not be excluded any gain or loss (in the normal course of the taxpayer's activity of dealing in or trading section 1256 contracts) from section 1256 contracts or property related to such contracts, and

"(B) the deduction provided by section 1202 shall not apply."

(12)(A) Subparagraph (A) of section 7518(g)(6) is amended by striking the last sentence.

(B) Subparagraph (A) of section 607(h)(6) of the Merchant Marine Act of 1936, is amended by striking the last sentence.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 1202. Reduction in capital gains tax for noncorporate taxpayers."

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years ending on or after February 1, 1992.

(2) TREATMENT OF COLLECTIBLES.—

(A) IN GENERAL.—The amendment made by subsection (b) shall apply to taxable years beginning on or after February 1, 1993.

(B) SPECIAL RULE FOR 1992 TAXABLE YEAR.—In the case of any taxable year which includes February 1, 1992, for purposes of section 1202 of the Internal Revenue Code of 1986 and section 1(g) of such Code, any gain or loss from the sale or exchange of a collectible (within the meaning of section 1222(12) of such Code) shall be treated as gain or loss from a sale or exchange occurring before such date.

SEC. 112. RECAPTURE UNDER SECTION 1250 OF TOTAL AMOUNT OF DEPRECIATION.

(a) GENERAL RULE.—Subsections (a) and (b) of section 1250 (relating to gain from disposition of certain depreciable realty) are amended to read as follows:

"(a) GENERAL RULE.—Except as otherwise provided in this section, if section 1250 property is disposed of, the lesser of—

"(1) the depreciation adjustments in respect to such property, or

"(2) the excess of—

"(A) the amount realized (or, in the case of a disposition other than a sale, exchange, or involuntary conversion, the fair market value of such property), over

"(B) the adjusted basis of such property,

shall be treated as gain which is ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

"(b) DEPRECIATION ADJUSTMENTS.—For purposes of this section, the term 'depreciation adjustments' means, in respect of any property, all adjustments attributable to periods after December 31, 1968, reflected in the adjusted basis of such property on account of deductions (whether in respect of the same or other property) allowed or allowable to the taxpayer or to any other person for exhaustion, wear and tear, obsolescence, or amortization (other than amortization under section 168 (as in effect before its repeal by the Tax Reform Act of 1976), 169, 185 (as in effect before its repeal by the Tax Reform Act of 1986), 188, 190, or 193). For purposes of the preceding sentence, if the taxpayer can es-

tablish by adequate records or other sufficient evidence that the amount allowed as a deduction for any period was less than the amount allowable, the amount taken into account for such period shall be the amount allowed."

(b) LIMITATION IN CASE OF INSTALLMENT SALES.—Subsection (i) of section 453 is amended—

(1) by striking "1250" the first place it appears and inserting "1250 (as in effect on the day before the date of enactment of the Economic Growth Acceleration Act of 1992)", and

(2) by striking "1250" the second place it appears and inserting "1250 (as so in effect)".

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (E) of section 1250(d)(4) is amended—

(A) by striking "additional depreciation" and inserting "amount of the depreciation adjustments", and

(B) by striking "ADDITIONAL DEPRECIATION" in the subparagraph heading and inserting "DEPRECIATION ADJUSTMENTS".

(2) Subparagraph (B) of section 1250(d)(6) is amended to read as follows:

"(B) DEPRECIATION ADJUSTMENTS.—In respect of any property described in subparagraph (A), the amount of the depreciation adjustments attributable to periods before the distribution by the partnership shall be—

"(i) the amount of gain to which subsection (a) would have applied if such property had been sold by the partnership immediately before the distribution at its fair market value at such time, reduced by

"(ii) the amount of such gain to which section 751(b) applied."

(3) Subsection (d) of section 1250 is amended by striking paragraph (10).

(4) Section 1250 is amended by striking subsections (e) and (f) and by redesignating subsections (g) and (h) as subsections (e) and (f), respectively.

(5) Paragraph (5) of section 48(q) is amended to read as follows:

"(5) RECAPTURE OF REDUCTION.—For purposes of sections 1245 and 1250, any reduction under this subsection shall be treated as a deduction allowed for depreciation."

(6) Clause (i) of section 267(e)(5)(D) is amended by striking "section 1250(a)(1)(B)" and inserting "section 1250(a)(1)(B) (as in effect on the day before the date of enactment of the Economic Growth Acceleration Act of 1992)".

(7)(A) Subsection (a) of section 291 is amended by striking paragraph (1) and by redesignating paragraphs (2), (3), (4), and (5) as paragraphs (1), (2), (3), and (4), respectively.

(B) Subsection (c) of section 291 is amended to read as follows:

"(c) SPECIAL RULE FOR POLLUTION CONTROL FACILITIES.—Section 168 shall apply with respect to that portion of the basis of any property not taken into account under section 169 by reason of subsection (a)(4)."

(C) Section 291 is amended by striking subsection (d) and redesignating subsection (e) as subsection (d).

(D) Paragraph (2) of section 291(d) (as redesignated by subparagraph (C)) is hereby repealed.

(E) Subparagraph (A) of section 265(b)(3) is amended by striking "291(e)(1)(B)" and inserting "291(d)(1)(B)".

(F) Subsection (c) of section 1277 is amended by striking "291(e)(1)(B)(ii)" and inserting "291(d)(1)(B)(ii)".

(8) Subsection (d) of section 1017 is amended to read as follows:

"(d) RECAPTURE OF DEDUCTIONS.—For purposes of sections 1245 and 1250—

"(1) any property the basis of which is reduced under this section and which is neither section 1245 property nor section 1250 property shall be treated as section 1245 property, and

"(2) any reduction under this section shall be treated as a deduction allowed for depreciation."

(9) Paragraph (5) of section 7701(e) is amended by striking "(relating to low-income housing)" and inserting "(as in effect on the day before the date of enactment of the Economic Growth Acceleration Act of 1992)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to dispositions made on or after February 1, 1992, in taxable years ending on or after such date.

Subtitle B—Provisions Relating to Passive Losses and Depreciation

SEC. 121. PASSIVE LOSS RELIEF FOR REAL ESTATE DEVELOPERS.

(a) TREATMENT OF REAL ESTATE DEVELOPMENT ACTIVITIES.—Subsection (c) of section 469 (relating to the limitation on passive activity losses and credits) is amended by adding at the end the following new paragraph:

"(7) REAL ESTATE DEVELOPMENT ACTIVITY.—The real estate development activity of a taxpayer shall be treated as a single trade or business activity that is not a rental activity."

(b) DEFINITION.—Subsection (j) of section 469 is amended by adding at the end thereof the following new paragraph:

"(13) REAL ESTATE DEVELOPMENT ACTIVITY.—

"(A) IN GENERAL.—The real estate development activity of a taxpayer shall include all activities of the taxpayer (determined without regard to subsection (c)(7) and this paragraph) in which the taxpayer actively participates and that consist of the performance of real estate development services and the rental of any qualified real property.

"(B) REAL ESTATE DEVELOPMENT SERVICES.—For purposes of this paragraph, real estate development services include only the construction, substantial renovation, and management of real property and the lease-up and sale of real property in which the taxpayer holds an interest of not less than 10 percent.

"(C) QUALIFIED REAL PROPERTY.—For purposes of this paragraph, real property is qualified real property if the taxpayer materially participated in the construction or substantial renovation of such property."

(c) EFFECTIVE DATE.—The amendments made by this section are effective for taxable years ending on or after December 31, 1992.

SEC. 122. SPECIAL ALLOWANCE FOR EQUIPMENT ACQUIRED IN 1992.

(a) IN GENERAL.—Section 168 is amended by adding at the end thereof the following new subsection:

"(j) SPECIAL RULE FOR EQUIPMENT ACQUIRED IN 1992.—

"(1) ADDITIONAL ALLOWANCE.—There shall be allowed, in addition to the reasonable allowance provided for by section 167(a), a depreciation deduction determined under paragraph (2) with respect to qualified equipment.

"(2) DETERMINATION OF ADDITIONAL ALLOWANCE.—

"(A) IN GENERAL.—The additional allowance shall equal 15 percent of the purchase price of the qualified equipment.

"(B) PURCHASE PRICE.—For purposes of paragraph (A), the purchase price of qualified equipment shall equal its cost to the taxpayer. In the case of self-constructed property that is qualified equipment under paragraph (4)(D), cost is determined on the date the property is placed in service.

"(3) WHEN ADDITIONAL ALLOWANCE MAY BE CLAIMED.—The additional allowance may be claimed in the tax year in which the qualified equipment is placed in service.

"(4) DEFINITIONS AND SPECIAL RULES.—

"(A) QUALIFIED EQUIPMENT.—For purposes of this subsection, the term 'qualified equipment' means property that—

"(i) is new property,

"(ii) is section 1245 property (within the meaning of section 1245(a)(3)),

"(iii) is—

"(I) acquired on or after February 1, 1992, but only if no binding contract for the acquisition was in effect before that date, or

"(II) acquired pursuant to a binding contract entered into on or after February 1, 1992, and before January 1, 1993,

"(iv) is placed in service before July 1, 1993, and

"(v) is not defined as disqualified property in regulations prescribed by the Secretary.

"(B) NEW PROPERTY.—For purposes of this paragraph, property is new property if the original use of the property commences with the taxpayer and commences on or after February 1, 1992. Except as otherwise provided in regulations, repaired or reconstructed property is not new property, regardless of the extent of the repairs or reconstruction.

"(C) ACQUIRE.—For purposes of this paragraph, a taxpayer is considered to 'acquire' property on the date the taxpayer obtains physical control or possession of the property, or on such other date as the Secretary may prescribe by regulations.

"(D) SPECIAL RULE FOR SELF-CONSTRUCTED PROPERTY.—If a taxpayer manufactures, constructs, or produces property for the taxpayer's own use, the property shall be treated as 'qualified equipment' only if—

"(i) the property meets the requirements of clauses (i), (ii), (iv), and (v) of paragraph (4)(A), and

"(ii) the taxpayer begins manufacturing, constructing, or producing the property on or after February 1, 1992, and before January 1, 1993.

"(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection."

(b) BASIS ADJUSTMENTS.—Subsection (c) of section 167 is amended by adding at the end thereof the following new sentence: "If a taxpayer claims the additional allowance provided by section 168(j) with respect to qualified equipment in a taxable year, the basis of the qualified equipment is reduced under section 1016 by the amount of the additional allowance before the depreciation deduction under paragraph (a) is determined for that taxable year."

(c) ALTERNATIVE MINIMUM TAX.—Paragraph (1) of section 56(a) is amended—

(1) by inserting "or (iii)" after "(ii)" in subparagraph (A)(i), and

(2) by adding at the end thereof the following new clause:

"(iii) The additional allowance provided by section 168(j) for certain equipment shall apply in determining the amount of alternative minimum taxable income. The basis adjustment required for the additional allowance provided by section 168(j) shall be made before the depreciation deduction allowable in determining alternative minimum taxable income under this paragraph is determined."

(d) CROSS REFERENCE.—Subsection (e) of section 1016 is amended by adding at the end thereof the following new paragraph:

"(3) For the order in which basis adjustments should be made for depreciation in the case of property with respect to which the special additional allowance is claimed under section 168(j), see section 167(c)."

(e) EFFECTIVE DATE.—The amendments made by this section are effective February 1, 1992.

SEC. 123. ELIMINATION OF ACE DEPRECIATION ADJUSTMENT.

(a) GENERAL RULE.—Clause (i) of section 56(g)(4)(A) is amended to read as follows:

"(i) PROPERTY PLACED IN SERVICE AFTER 1989 AND PRIOR TO FEBRUARY 1, 1992.—The depreciation deduction with respect to any property placed in service—

"(I) in a taxable year beginning after 1989, and

"(II) prior to February 1, 1992,

shall be determined under the alternative system of section 168(g)."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply for property placed in service on or after February 1, 1992.

Subtitle C—Provisions Relating to Real Estate Investments by Pension Funds

SEC. 131. REAL PROPERTY ACQUIRED BY A QUALIFIED ORGANIZATION.

(a) INTERESTS IN MORTGAGES.—The last sentence of subparagraph (B) of section 514(c)(9) is hereby transferred to subparagraph (A) of section 514(c)(9) and added at the end thereof.

(b) MODIFICATIONS OF EXCEPTIONS.—Paragraph (9) of section 514(c) is amended by adding at the end thereof the following new subparagraph:

"(G) SPECIAL RULES FOR PURPOSES OF THE EXCEPTIONS.—For purposes of section 514(c)(9)(B), except as otherwise provided by regulations, the following additional rules apply—

"(i) IN GENERAL.—

"(I) For purposes of clauses (iii) and (iv) of subparagraph (B), a lease to a person described in clause (iii) or (iv) shall be disregarded if no more than 10 percent of the leasable floor space in a building is covered by the lease and if the lease is on commercially reasonable terms.

"(II) Clause (v) of subparagraph (B) shall not apply to the extent the financing is commercially reasonable and is on substantially the same terms as loans involving unrelated persons; for this purpose, standards for determining a commercially reasonable interest rate shall be provided by the Secretary.

"(ii) QUALIFYING SALES OUT OF FORECLOSURE BY FINANCIAL INSTITUTIONS.—In the case of a qualifying sale out of foreclosure by a financial institution, clauses (i) and (ii) of subparagraph (B) shall not apply. For this purpose, a 'qualifying sale out of foreclosure by a financial institution' exists where—

"(I) a qualified organization acquires real property from a person (a 'financial institution') described in sections 581 or 591(a) (including a person in receivership) and the financial institution acquired the property pursuant to a bid at foreclosure or by operation of an agreement or of process of law after a default on indebtedness which the property secured ('foreclosure'), and the financial institution treats any income realized from the sale or exchange of the property as ordinary income,

"(II) the amount of the financing provided by the financial institution does not exceed the amount of the financial institution's outstanding indebtedness (determined without regard to accrued but unpaid interest) with respect to the property at the time of foreclosure,

"(III) the financing provided by the financial institution is commercially reasonable and is on substantially the same terms as loans between unrelated persons for sales of foreclosed property (for this purpose, standards for determining a commercially reasonable interest rate shall be provided by the Secretary), and

"(IV) the amount payable pursuant to the financing that is determined by reference to the revenue, income, or profits derived from the property ('participation feature') does not exceed 25 percent of the principal amount of the financing provided by the financial institution, and the participation feature is payable no later than the earlier of satisfaction of the financing or disposition of the property."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt-financed acquisitions of real estate made on or after February 1, 1992.

SEC. 132. SPECIAL RULES FOR INVESTMENTS IN PARTNERSHIPS.

(a) MODIFICATION TO ANTI-ABUSE RULES.—Paragraph (9) of section 514(c) (as amended by section 131 of this Act) is amended by adding at the end thereof the following new subparagraph:

"(H) PARTNERSHIPS NOT INVOLVING TAX AVOIDANCE.—

"(i) DE MINIMIS RULE FOR CERTAIN LARGE PARTNERSHIPS.—The provisions of subparagraph (B) shall not apply to an investment in a partnership having at least 250 partners if—

"(I) investments in the partnership are organized into units that are marketed primarily to individuals expected to be taxed at the maximum rate prescribed for individuals under section 1,

"(II) at least 50 percent of each class of interests is owned by such individuals,

"(III) the partners that are qualified organizations owning interests in a class participate on substantially the same terms as other partners owning interests in that class, and

"(IV) the principal purpose of partnership allocations is not tax avoidance.

"(ii) EXCEPTION WHERE TAXABLE PERSONS OWN A SIGNIFICANT PERCENTAGE.—In the case of any partnership, other than a partnership to which clause (i) applies, in which persons who are expected (under the regulations to be prescribed by the Secretary), at the time the partnership is formed, to pay tax at the maximum rate prescribed in section 1 or 11 (whichever is applicable) throughout the term of the partnership own at least a 25 percent interest, the provisions of subparagraph (B) shall not apply if the partnership satisfies the requirements of subparagraph (E)."

(b) PUBLICLY TRADED PARTNERSHIPS; UNRELATED BUSINESS INCOME FROM PARTNERSHIPS.—Subsection (c) of section 512 is amended by striking paragraph (2) (relating to publicly traded partnerships), by redesignating paragraph (3) as paragraph (2), and by striking "paragraph (1) or (2)" in paragraph (2) (as so redesignated) and inserting "paragraph (1)".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to partnership interests acquired on or after February 1, 1992.

Subtitle D—Provisions Affecting Homebuyers

SEC. 141. CREDIT FOR FIRST-TIME HOMEBUYERS.

(a) IN GENERAL.—Subpart A of part IV of chapter 1 is amended by inserting after section 22 the following new section:

"SEC. 23. PURCHASE OF PRINCIPAL RESIDENCE BY FIRST-TIME HOMEBUYER.

"(a) ALLOWANCE OF CREDIT.—If an individual who is a first-time homebuyer purchases a principal residence (within the meaning of section 1034), there shall be allowed to such individual as a credit against the tax imposed by this subtitle an amount equal to 10 percent of the purchase price of the principal residence.

"(b) LIMITATIONS.—

"(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) shall not exceed $5,000.

"(2) LIMITATION TO ONE RESIDENCE.—The credit under this section shall be allowed with respect to only one residence of the taxpayer.

"(3) MARRIED INDIVIDUALS FILING JOINTLY.—In the case of a husband and wife who file a joint return under section 6013, the credit under this section is allowable only if both the husband and wife are first-time homebuyers, and the amount specified under paragraph (1) shall apply to the joint return.

"(4) OTHER TAXPAYERS.—In the case of individuals to whom paragraph (3) does not apply who together purchase the same new principal residence for use as their principal residence, the credit under this section is allowable only if each of the individuals is a first-time homebuyer, and the sum of the amount of credit allowed to such individuals shall not exceed the lesser of $5,000 or 10 percent of the total purchase price of the residence. The amount of any credit allowable under this section shall be apportioned among such individuals under regulations to be prescribed by the Secretary.

"(5) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) shall not exceed the amount of the tax imposed by this chapter for the taxable year, reduced by the sum of any other credits allowable under this chapter.

"(c) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) PURCHASE PRICE.—The term 'purchase price' means the adjusted basis of the principal residence on the date of the acquisition thereof.

"(2) FIRST-TIME HOMEBUYER.—

"(A) IN GENERAL.—The term 'first-time homebuyer' means any individual if such individual has not had a present ownership interest in any residence (including an interest in a housing cooperative) at any time within the 36-month period ending on the date of acquisition of the residence on which the credit allowed under subsection (a) is to be claimed. An interest in a partnership, S corporation, or trust that owns an interest in a residence is not considered an interest in a residence for purposes of this paragraph except as may be provided in regulations.

"(B) CERTAIN INDIVIDUALS.—Notwithstanding subparagraph (A), an individual is not a first-time homebuyer on the date of purchase of a residence if on that date the running of any period of time specified in section 1034 is suspended under subsection (h) or (k) of section 1034 with respect to that individual.

"(3) SPECIAL RULES FOR CERTAIN ACQUISITIONS.—No credit is allowable under this section if—

"(A) the residence is acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 267 or 707(b), or

"(B) the basis of the residence in the hands of the person acquiring it is determined—

"(i) in whole or in part by reference to the adjusted basis of such residence in the hands of the person from whom it is acquired, or

"(ii) under section 1014(a) (relating to property acquired from a decedent).

"(d) RECAPTURE FOR CERTAIN DISPOSITIONS.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), if the taxpayer dis-

poses of property with respect to the purchase of which a credit was allowed under subsection (a) at any time within 36 months after the date the taxpayer acquired the property as his principal residence, then the tax imposed under this chapter for the taxable year in which the disposition occurs is increased by an amount equal to the amount allowed as a credit for the purchase of such property.

"(2) ACQUISITION OF NEW RESIDENCE.—If, in connection with a disposition described in paragraph (1) and within the applicable period prescribed in section 1034, the taxpayer purchases a new principal residence, then the provisions of paragraph (1) shall not apply and the tax imposed by this chapter for the taxable year in which the new principal residence is purchased is increased to the extent the amount of the credit that could be claimed under this section on the purchase of the new residence (determined without regard to subsection (e)) is less than the amount of credit claimed by the taxpayer under this section.

"(3) DEATH OF OWNER; CASUALTY LOSS; INVOLUNTARY CONVERSION; ETC.—The provisions of paragraph (1) do not apply to—

"(A) a disposition of a residence made on account of the death of any individual having a legal or equitable interest therein occurring during the 36-month period to which reference is made under paragraph (1),

"(B) a disposition of the old residence if it is substantially or completely destroyed by a casualty described in section 165(c)(3) or compulsorily or involuntarily converted (within the meaning of section 1033(a)), or

"(C) a disposition pursuant to a settlement in a divorce or legal separation proceeding where the residence is sold or the other spouse retains the residence as a principal residence.

"(e) PROPERTY TO WHICH SECTION APPLIES.—

"(1) IN GENERAL.—The provisions of this section apply to a principal residence if—

"(A) the taxpayer acquires the residence on or after February 1, 1992, and before January 1, 1993, or

"(B) the taxpayer enters into, on or after February 1, 1992, and before January 1, 1993, a binding contract to acquire the residence, and acquires and occupies the residence before July 1, 1993."

(b) CLERICAL AMENDMENT.—The table of sections for subpart A of part IV of chapter 1 is amended by inserting after section 22 the following new item:

"Sec. 23. Purchase of principal residence by first-time homebuyer."

(c) EFFECTIVE DATE.—The amendments made by this section are effective on February 1, 1992.

SEC. 142. PENALTY-FREE WITHDRAWALS FOR FIRST HOME PURCHASE.

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans), as amended by section 213 of this Act, is further amended by adding at the end thereof the following new subparagraph:

"(E) DISTRIBUTION FROM INDIVIDUAL RETIREMENT PLAN FOR FIRST HOME PURCHASE.—A distribution to an individual from an individual retirement plan with respect to which the requirements of paragraph (7) are met."

(b) DEFINITIONS.—Subsection (t) of section 72 is amended by adding at the end thereof the following new paragraph:

"(6) REQUIREMENTS APPLICABLE TO FIRST HOME PURCHASE DISTRIBUTION.—For purposes of paragraph (2)(E)—

"(A) IN GENERAL.—The requirements of this paragraph are met with respect to a distribution if—

"(i) DOLLAR LIMIT.—The amount of the distribution does not exceed the excess (if any) of—

"(I) $10,000, over

"(II) the sum of the distributions to which paragraph (2)(E) previously applied with respect to the individual who is the owner of the individual retirement plan.

"(ii) USE OF DISTRIBUTION.—The distribution—

"(I) is made to or on behalf of a qualified first home purchaser, and

"(II) is applied within 60 days of the date of distribution to the purchase or construction of a principal residence of such purchaser.

"(iii) ELIGIBLE PLANS.—The distribution is not made from an individual retirement plan which—

"(I) is an inherited individual retirement plan (within the meaning of section 408(d)(3)(C)(ii)), or

"(II) any part of the contributions to which were excludable from income under section 402(c), 402(a)(7), 403(a)(4), or 403(b)(8).

"(B) QUALIFIED FIRST HOME PURCHASER.—For purposes of this paragraph, the term 'qualified first home purchaser' means the individual who is the owner of the individual retirement plan, but only if—

"(i) such individual (and, if married, such individual's spouse) had no present ownership interest in a residence at any time within the 36-month period ending on the date for which the distribution is applied pursuant to subparagraph (A)(ii), and

"(ii) subsection (h) or (k) of section 1034 did not suspend the running of any period of time specified in section 1034 with respect to such individual on the day before the date the distribution is applied pursuant to subparagraph (A)(ii).

"(C) SPECIAL RULE WHERE DELAY IN ACQUISITION.—If any distribution from an individual retirement plan fails to meet the requirements of subparagraph (A) solely by reason of a delay or cancellation of the purchase or construction of the residence, the amount of the distribution may be contributed to an individual retirement plan as provided in section 408(d)(3)(A)(i), except that—

"(i) section 408(d)(3)(B) shall not be applied to such contribution, and

"(ii) such amount shall not be taken into account—

"(I) in determining whether section 408(d)(3)(A)(i) applies to any other amount, or

"(II) for purposes of subclause (II) of subparagraph (A)(i).

"(D) PRINCIPAL RESIDENCE.—For purposes of this paragraph, the term 'principal residence' has the meaning given such term by section 1034.

"(E) OWNER.—For purposes of this paragraph, the term 'owner' means, with respect to any individual retirement plan, the individual with respect to whom such plan was established."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions on or after February 1, 1992.

TITLE II—TAX RELIEF FOR FAMILIES

SEC. 201. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the "Tax Relief for Families Act of 1992".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 SHALL NOT APPLY.—Except as otherwise expressly provided, no amendment made by this title shall be treated as a change in rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) TABLE OF CONTENTS.—

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Subtitle A—Provisions Relating to Education and Savings

SEC. 211. DEDUCTION FOR INTEREST ON CERTAIN EDUCATIONAL LOANS.

(a) IN GENERAL.—Paragraph (2) of section 163(h) is amended by striking "and" at the end of subparagraph (D), by redesignating subparagraph (E) as subparagraph (F), and by inserting after subparagraph (D) the following new subparagraph:

"(E) any qualified educational interest (within the meaning of paragraph (5)), and".

(b) QUALIFIED EDUCATIONAL INTEREST DEFINED.—Subsection (h) of section 163 is amended by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

"(5) For purposes of this subsection—

"(A) QUALIFIED EDUCATIONAL INTEREST.—The term "qualified educational interest" means interest which is paid during the taxable year on qualified educational indebtedness.

"(B) QUALIFIED EDUCATIONAL INDEBTEDNESS.—The term "qualified educational indebtedness" means any loan—

"(i) which is provided—

"(I) pursuant to a Federal, State, or State-based guarantee program or insurance program,

"(II) by an organization described in section 501(c)(3) and exempt from tax under section 501(a),

"(III) by a financial institution under a supplemental education program which requires that payments be made to the educational institution referred to in subparagraph (C)(i), or

"(IV) by an institution that is an eligible educational institution (defined in subparagraph (E)) on the date the loan is provided, and

"(ii) which is incurred to pay qualified educational expenses which are paid or incurred at a time that is reasonably contemporaneous (as defined in regulations prescribed by the Secretary) with the time the loan proceeds are received.

"(C) QUALIFIED EDUCATIONAL EXPENSES.—

"(i) IN GENERAL.—The term 'qualified educational expenses' means qualified tuition and related expenses of the taxpayer, the taxpayer's spouse or child (as defined in sec-

tion 151(c)(3)) for attendance at an institution that is an eligible educational institution (as defined in subparagraph (E)) at the time of attendance, provided that the person in attendance at such institution is a qualified individual.

"(ii) QUALIFIED TUITION AND RELATED EXPENSES.—The term 'qualified tuition and related expenses' has the meaning given such term by section 117(b), except that such term shall include any reasonable living expenses of the qualified individual while living away from home and attending the educational institution referred to in clause (i).

"(iii) EXCLUSION OF REIMBURSED EXPENSES.—If the taxpayer, or the taxpayer's spouse or child, is reimbursed for tuition or a related expense by someone other than the taxpayer or the taxpayer's spouse or child, the tuition or related expense shall not be 'qualified tuition and related expenses' to the extent of the reimbursement.

"(iv) COORDINATION WITH SAVINGS BOND PROVISIONS.—The amount of qualified tuition and related expenses for any taxable year shall be reduced by any amount excludable from gross income for that year under section 135.

"(D) QUALIFIED INDIVIDUAL.—An individual is a 'qualified individual' if the individual—

"(i) is either—

"(I) a high school graduate, or

"(II) over 18 years of age, and

"(ii) is enrolled in a course of study—

"(I) leading to a degree or certificate, or

"(II) related to existing or future full-time employment.

"(E) ELIGIBLE EDUCATIONAL INSTITUTION.—An institution is an 'eligible educational institution' if it is described in section 481(a) of the Higher Education Act of 1965 and is eligible to participate in programs under title IV of such Act.

"(F) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this paragraph, including regulations—

"(i) precluding treatment of artificial loan arrangements as qualified educational indebtedness,

"(ii) specifying reasonable repayment terms for qualified educational indebtedness, and

"(iii) providing rules for the application of this paragraph to loans incurred before February 1, 1992."

(c) COORDINATION WITH QUALIFIED RESIDENCE INTEREST PROVISION.—

(1) LIMITATION.—Clause (ii) of section 163(h)(3)(C) is amended—

(i) by striking "(ii) LIMITATION.—The" and inserting the following:

"(ii) LIMITATIONS.—"

"(I) The",

(ii) by moving the text of such clause 2 ems to the right, and

(iii) by adding at the end thereof the following new subclause:

"(II) Except as provided in clause (iii), the aggregate amount treated as home equity indebtedness for any period (after the application of subclause (I)) shall be reduced by any amount treated by the taxpayer as qualified educational indebtedness under subsection (h)(5)."

(2) ELECTION.—Subparagraph (C) of section 163(h)(3) is amended by adding at the end thereof the following new clause:

"(iii) If the taxpayer elects not to treat otherwise qualified educational indebtedness as qualified educational indebtedness, the reduction required by subparagraph (C)(ii)(II) shall not apply for that taxable year."

(d) EXCLUSION FROM DEFINITION OF INVESTMENT INTEREST.—Subparagraph (B) of section 163(d)(3) (defining investment interest) is amended by striking "or" at the end of clause (i), striking the period at the end of clause (ii) and inserting ", or", and inserting after clause (ii) the following new clause:

"(iii) any qualified educational interest (as defined in subsection (h)(5))."

(e) INFORMATION REPORTING.—

(1) REPORTING REQUIREMENT.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new section:

"SEC. 6050O. RETURNS RELATING TO EDUCATIONAL INTEREST.

"(a) EDUCATIONAL INTEREST OF $10 OR MORE.—Any person who receives from any individual interest aggregating $10 or more for any calendar year on an educational loan described in section 163(h)(5)(B) shall make the return described in subsection (b) with respect to each individual from whom such interest was received at such time as the Secretary may by regulations prescribe.

"(b) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

"(1) is in such form as the Secretary may prescribe,

"(2) contains—

"(A) the name and address of the individual from whom the interest described in subsection (a) was received,

"(B) the amount of such interest received for the calendar year, and

"(C) such other information as the Secretary may prescribe.

"(c) STATEMENTS TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

"(1) the name and address of the person required to make such return, and

"(2) the aggregate amount of interest described in subsection (a) received by the person required to make such return from the individual to whom the statement is required to be furnished.

The written statement required under the preceding sentence shall be furnished on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made."

(2) CLERICAL AMENDMENT.—The table of sections for such subpart B is amended by adding at the end thereof the following:

"Sec. 6050O. Returns regarding educational interest."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to interest paid on or after July 1, 1992.

SEC. 212. FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.

(a) IN GENERAL.—Subchapter B of chapter 1 (relating to computation of taxable income) is amended by adding at the end thereof the following new part:

"PART XII—FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS

"Sec. 292. Special rules for flexible individual retirement accounts.

"SEC. 292. SPECIAL RULES FOR FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.

"(a) GENERAL RULE.—For purposes of this title, in the case of a flexible individual retirement account—

"(1) the taxation of such account shall be determined under subsection (d), and

"(2) the taxation of any distributions from such account shall be determined under subsection (e).

"(b) FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNT DEFINED.—For purposes of this section, the term 'flexible individual retirement account' means a trust created or organized in the United States for the exclusive benefit of an individual and the individual's beneficiaries, but only if the written governing instrument creating the trust meets the following requirements:

"(1) No contribution will be accepted unless it is in cash, and contributions will not be accepted for the taxable year on behalf of any individual in excess of $2,500.

"(2) The trustee is a bank (as defined in section 408(n)) or such other person who demonstrates to the satisfaction of the Secretary that the manner in which such other person will administer the trust will be consistent with the requirements of this section.

"(3) No part of the trust assets will be invested in insurance contracts or collectibles (within the meaning of section 408(m)).

"(4) The interest of the individual in the balance in such individual's account is nonforfeitable.

"(5) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

"(c) CONTRIBUTIONS TO FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.—

"(1) FORM OF CONTRIBUTION.—No amount may be contributed to a flexible individual retirement account unless such amount is paid in cash by or on behalf of the individual for whom such account is maintained.

"(2) CONTRIBUTION LIMITS.—

"(A) IN GENERAL.—Except as provided in this subsection, the aggregate amount of contributions for any taxable year to all flexible individual retirement accounts maintained for the benefit of an individual shall not exceed the lesser of—

"(i) $2,500, or

"(ii) an amount equal to the compensation includible in the individual's gross income for such taxable year.

"(B) MARRIED INDIVIDUALS FILING JOINT RETURNS.—For purposes of subparagraph (A)(ii), in the case of married individuals filing a joint return under section 6013 for the taxable year, the compensation of each of such individuals for such taxable year shall be treated as equal to one-half of the aggregate compensation of both individuals.

"(C) COMPENSATION.—For purposes of this paragraph, the term 'compensation' has the meaning given such term by section 219(f)(1).

"(3) LIMITATION BASED ON ADJUSTED GROSS INCOME.—

"(A) IN GENERAL.—No contribution may be made during a taxable year to a flexible individual retirement account maintained for the benefit of the taxpayer if the taxpayer's adjusted gross income exceeds the applicable dollar amount.

"(B) APPLICABLE DOLLAR AMOUNT.—For purposes of this paragraph, the term 'applicable dollar amount' means—

"(i) in the case of a taxpayer filing a joint return, $120,000,

"(ii) in the case of a taxpayer who is a surviving spouse (as defined in section 2(a)) or who is a head of a household (as defined in section 2(b)), $100,000, or

"(iii) in the case of any other taxpayer, $60,000.

"(C) SPECIAL RULE FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS.—In the case of a married individual filing a separate return whose adjusted gross income does not exceed the applicable dollar limit, such individual's adjusted gross income shall be treated as exceeding such limit if the aggregate

adjusted gross income of such individual and the individual's spouse exceeds $120,000.

"(D) MARITAL STATUS.—Subparagraph (C) shall not apply to any individual who is not treated as married under the rules of section 219(g)(4).

"(E) ADJUSTED GROSS INCOME.—For purposes of this paragraph, the term 'adjusted gross income' has the meaning given such term by section 219(g)(3)(A).

"(4) NO CONTRIBUTION IN CASE OF DEPENDENTS.—No contribution may be made during a taxable year to a flexible individual retirement account maintained for the benefit of an individual with respect to whom a deduction under section 151(c) is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins.

"(5) TRANSFERS PERMITTED.—

"(A) IN GENERAL.—In the case of a transfer by a trustee of a flexible individual retirement account maintained for the benefit of an individual to a trustee of another flexible individual retirement account maintained for the benefit of such individual, such transfer shall not be treated as a contribution for purposes of this section.

"(B) INFORMATION PROVIDED.—A trustee making a transfer described in subparagraph (A) shall provide to the other trustee such information as the Secretary requires to carry out the purposes of this section.

"(d) TAX TREATMENT OF ACCOUNTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a flexible individual retirement account is exempt from taxation under this subtitle.

"(2) UNRELATED BUSINESS INCOME.—A flexible individual retirement account shall be subject to the tax imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc. organizations).

"(3) POOLING ARRANGEMENTS PERMITTED.—A common trust fund or common investment fund consisting of flexible individual retirement accounts assets which is exempt from taxation under this subtitle shall not be treated as failing to be exempt from taxation under this subtitle solely by reason of the participation or inclusion in such fund of assets of—

"(A) a trust exempt from taxation under section 501(a) which is part of a plan described in section 401(a), or

"(B) an individual retirement plan exempt from taxation under section 408(e)(1).

"(4) CESSATION OF TREATMENT AS ACCOUNT.—

"(A) IN GENERAL.—If during any taxable year of an individual for whom a flexible individual retirement account is maintained the requirements of subsection (b) are not met with respect to such account, the account shall cease to be a flexible individual retirement account as of the first day of such taxable year.

"(B) ACCOUNT TREATED AS DISTRIBUTING ALL ITS ASSETS.—In any case in which any account ceases to be a flexible individual retirement account by reason of subparagraph (A) on the first day of any taxable year, subsection (e) shall apply as if there were a distribution immediately before the account ceased to be a flexible individual retirement account in an amount equal to the fair market value (on such first day) of all assets in the account (on such first day).

"(e) TAX TREATMENT OF DISTRIBUTIONS.—

"(1) IN GENERAL.—Except as provided in this subsection, any amount paid or distributed out of a flexible individual retirement account shall not be included in the gross income of the distributee.

"(2) EXCEPTION FOR EARNINGS ON CONTRIBUTIONS HELD LESS THAN 7 YEARS.—

"(A) IN GENERAL.—Any amount distributed out of a flexible individual retirement account which consists of earnings allocable to contributions made to the account during the 7-year period ending on the day before such distribution shall be included in the gross income of the distributee for the taxable year in which the distribution occurs.

"(B) 10-PERCENT ADDITIONAL TAX ON EARNINGS ON CONTRIBUTIONS HELD LESS THAN 3 YEARS.—

"(i) IN GENERAL.—If any amount described in subparagraph (A) consists of earnings allocable to contributions made during the 3-year period ending on the day before the distribution, the tax imposed by this chapter on the distributee for the taxable year in which such distribution occurs shall be increased by an amount equal to 10 percent of such earnings.

"(ii) EXCEPTION FOR DISTRIBUTIONS ON DEATH.—Clause (i) shall not apply to distributions made to a beneficiary (or the estate of the individual) on the death of the individual.

"(C) ORDERING RULE.—

"(i) FIRST-IN, FIRST-OUT RULE.—Distributions from a flexible individual retirement account shall be treated as having been made—

"(I) first from the earliest contribution (and earnings allocable thereto) remaining in the account at the time of the distribution, and

"(II) then from other contributions (and earnings allocable thereto) in the order in which made.

"(ii) ALLOCATIONS BETWEEN CONTRIBUTIONS AND EARNINGS.—Any portion of a distribution allocated to a contribution (and earnings allocable thereto) shall be treated as allocated first to the earnings and then to the contribution.

"(iii) ALLOCATION OF EARNINGS.—Earnings shall be allocated to a contribution in such manner as the Secretary may by regulations prescribe.

"(iv) CONTRIBUTIONS IN THE SAME YEAR.—Under regulations, all contributions made during the same taxable year may be treated as 1 contribution for purposes of this subparagraph.

"(3) OTHER AMOUNTS TREATED AS DISTRIBUTIONS.—For purposes of this subsection—

"(A) IN GENERAL.—In the case of any distributable event—

"(i) there shall be treated as distributed during the taxable year in which the event occurs to the individual for whom the flexible individual retirement account is maintained an amount equal to the distributable amount, and

"(ii) any earnings after the date of the distributable event which (as determined under regulations) are allocable to the distributable amount shall be treated as distributed to such individual in the taxable year in which earned.

"(B) TAX TREATMENT OF AMOUNTS.—

"(i) IN GENERAL.—Except as provided in this subparagraph, paragraph (2) shall apply to any amount treated as distributed under subparagraph (A).

"(ii) SUBSEQUENT EARNINGS.—Notwithstanding paragraph (2), any earnings treated as distributed under subparagraph (A)(ii)—

"(I) shall be included in gross income in the taxable year in which treated as distributed, and

"(II) shall be subject to the additional tax under paragraph (2)(B) for such taxable year, except that paragraph (2)(B) shall be applied by substituting '20 percent' for '10 percent'.

"(iii) EXCEPTION FOR EXCESS CONTRIBUTIONS.—In the case of a distributable event described in subparagraph (C)(ii) (relating to excess contributions) which occurs by reason of a contribution not permitted under subsection (c)(4), any amount required to be included in gross income (or any additional tax imposed) by reason of this paragraph shall be included in the gross income of (or imposed on) the taxpayer entitled to the deduction under section 151(c) for the individual for whom the account is maintained.

"(iv) ACTUAL DISTRIBUTIONS.—If any portion of any distributable amount and any earnings allocable to such amount are actually distributed from the account during any taxable year, this paragraph shall cease to apply to any earnings attributable to such portion for periods following such distribution.

"(C) DISTRIBUTABLE EVENT.—For purposes of this paragraph, the following are distributable events:

"(i) The use of a flexible individual retirement account (or any portion thereof) as security for a loan.

"(ii) Except as provided in paragraph (4), a contribution to a flexible individual retirement account in excess of the amount allowed under subsection (c).

"(iii) Any other event to the extent, and subject to such terms and conditions, as the Secretary may prescribe by regulations in order to accomplish the purposes of, or to prevent abuse of, this section.

"(D) DISTRIBUTABLE AMOUNT.—For purposes of this paragraph, the term 'distributable amount' means the following:

"(i) In the case of a distributable event described in subparagraph (C)(i), the amount in the account used as security for a loan.

"(ii) In the case of a distributable event described in subparagraph (C)(ii), the amount of the excess contribution.

"(iii) In any other case, the amount determined under regulations.

"(4) EXCESS CONTRIBUTIONS RETURNED BEFORE DUE DATE OF RETURN.—

"(A) IN GENERAL.—Paragraph (2) shall not apply to the distribution of any contribution paid during a taxable year to a flexible individual retirement account to the extent that such contribution exceeds the amount allowable under subsection (c) by reason of paragraph (3) or (4) thereof if—

"(i) at the time of making such contribution, the taxpayer in good faith believed that—

"(I) in any case to which subsection (c)(3) applies, the taxpayer's adjusted gross income would not exceed the applicable dollar limit under subsection (c)(3), or

"(II) in any case to which subsection (c)(4) applies, the individual for whom the account is maintained would not be the dependent of any individual for purposes of section 151(c),

"(ii) such distribution is received on or before the last day of the taxable year following such taxable year, and

"(iii) such distribution is accompanied by the amount of earnings actually attributable to such excess contribution.

"(B) LIMITATION ON AMOUNT.—Subparagraph (A) shall apply only to that portion of the amount of the distributions which does not exceed the limitation under subsection (c)(2) (and earnings actually attributable to such portion).

"(C) EARNINGS.—Any earnings described in subparagraph (A)(iii) shall be included in the gross income of the individual for whom the account is established (or in the case described in subclause (II) of subparagraph (A)(i), the taxpayer entitled to the deduction

under section 151(c)) for the taxable year in which it is received.

"(5) TRANSFERS.—

"(A) IN GENERAL.—Paragraph (2) shall not apply to any distribution which is a transfer to which subsection (c)(5) applies.

"(B) CONTRIBUTION PERIOD FOR AMOUNTS TRANSFERRED.—For purposes of paragraph (2), the flexible individual retirement account to which any amounts are transferred in a transfer to which subsection (c)(5) applies shall be treated as having held such amounts during any period such amounts were held (or treated as held under this subparagraph) by the account from which transferred.

"(6) TRANSFER OF ACCOUNT INCIDENT TO DIVORCE.—Rules similar to the rules of section 408(d)(6) shall apply to a flexible individual retirement account.

"(f) OTHER RULES.—

"(1) DISALLOWANCE OF LOSSES.—No loss shall be allowed in connection with a contribution to, or distribution from, a flexible individual retirement account.

"(2) DISTRIBUTION INCLUDES PAYMENT.—For purposes of this section, the term 'distribution' includes any payment, and the term 'distributee' includes any payee.

"(3) COMMUNITY PROPERTY LAWS.—This section shall be applied without regard to any community property laws.

"(4) CUSTODIAL ACCOUNTS.—For purposes of this section, a custodial account shall be treated as a trust if—

"(A) The assets of such account are held by a bank (as defined in section 408(n)) or such other person who demonstrates, to the satisfaction of the Secretary, that the manner in which such other person will administer the account will be consistent with the requirements of this section, and

"(B) the custodial account would, except for the fact that it is not a trust, constitute a flexible individual retirement account described in subsection (b).

For purposes of this title, in the case of a custodial account treated as a trust by reason of the preceding sentence, the custodian of such account shall be treated as the trustee thereof.

"(g) REPORTS.—The trustee of a flexible individual retirement account shall make such reports regarding such account to the Secretary and to the individual for whose benefit the account is maintained with respect to contributions (and the years to which such contributions relate), distributions and such other matters as the Secretary may require under regulations. Such reports shall be filed with the Secretary and furnish to such individuals at such time and in such manner as the Secretary may prescribe.

"(h) CERTAIN TRANSFERS FROM INDIVIDUAL RETIREMENT PLANS.—

"(1) QUALIFIED TRANSFERS NOT TREATED AS CONTRIBUTIONS.—A qualified transfer from an individual retirement plan to a flexible individual retirement account shall not be treated as a contribution for purposes of this section.

"(2) TAX TREATMENT OF AMOUNTS TRANSFERRED.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of a qualified transfer—

"(i) there shall be included in gross income any amount which, but for the qualified transfer, would be includible in gross income, but

"(ii) section 72(t) shall not apply to such amount.

"(B) TIME FOR INCLUSION.—Any amount includible in gross income under subparagraph (A) with respect to the amount transferred shall be includible ratably over the 4-taxable year period beginning in the taxable year in which the amount was paid or distributed out of the individual retirement plan.

"(3) QUALIFIED TRANSFER.—For purposes of this section, the term 'qualified transfer' means a transfer to a flexible individual retirement account that—

"(A) is made from an individual retirement plan out of amounts that are not attributable to contributions that were excludable from income under section 402(a)(5), 402(a)(7), 403(a)(4), or 403(b)(8),

"(B) is made to a flexible individual retirement account contributions to which are not prohibited under paragraph (3) or (4) of subsection (c),

"(C) meets the requirements of section 408(d)(3), and

"(D) is made between February 1, 1992 and December 31, 1992.

"(i) CROSS REFERENCE.—

"For taxes on prohibited transactions involving a flexible individual retirement account, see section 4975."

(b) TAX ON PROHIBITED TRANSACTIONS.—Section 4975 (relating to prohibited transactions) is amended—

(1) by inserting ", or a flexible individual retirement account described in section 292(b)" after "described in section 408(b)" in subsection (e)(1), and

(2) by adding at the end of subsection (h) the following new sentence: "This subsection shall not apply to any tax imposed with respect to a flexible individual retirement account (as defined in section 292(b))."

(c) FAILURE TO PROVIDE REPORTS ON FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS.—Section 6693 (relating to a failure to provide reports on individual retirement accounts or annuities) is amended—

(1) by inserting **"OR ON FLEXIBLE INDIVIDUAL RETIREMENT ACCOUNTS"** after **"ANNUITIES"** in the heading of such section, and

(2) by adding at the end of subsection (a) the following new sentence: "The person required by section 292(g) to file a report regarding a flexible individual retirement account at the time and in the manner required by such section shall pay a penalty of $50 for each failure unless it is shown that such failure is due to reasonable cause."

(d) COMMON FUNDS.—Section 408(e)(6) is amended to read as follows:

"(6) COMMINGLING INDIVIDUAL RETIREMENT ACCOUNT AMOUNTS IN CERTAIN COMMON TRUST FUNDS AND COMMON INVESTMENT FUNDS.—Any common trust fund or common investment fund consisting of individual retirement account assets which is exempt from taxation under this subtitle does not cease to be exempt on account of the participation or inclusion of assets of—

"(A) a trust exempt from taxation under section 501(a) which is part of a plan described in section 401(a), or

"(B) a flexible individual retirement account exempt from taxation under section 292."

(e) CLERICAL AMENDMENTS.—

(1) The table of parts for subchapter B of chapter 1 is amended by adding at the end thereof the following new item:

"Part XII. Flexible individual retirement accounts."

(2) The table of sections for subchapter B of chapter 68 is amended by inserting "or on flexible individual retirement accounts" after "annuities" in the item relating to section 6693.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 213. PENALTY-FREE WITHDRAWALS FOR CERTAIN EDUCATIONAL AND MEDICAL EXPENSES.

(a) IN GENERAL.—Paragraph (2) of section 72(t) (relating to exceptions to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end thereof the following new subparagraph:

"(D) DISTRIBUTIONS FROM CERTAIN PLANS FOR EDUCATIONAL EXPENSES.—Distributions to an individual from an individual retirement plan to the extent such distributions do not exceed the qualified higher education expenses (as defined in paragraph (6)) of the taxpayer for the taxable year."

(b) FINANCIALLY DEVASTATING MEDICAL EXPENSES.—

(1) IN GENERAL.—Section 72(t)(3)(A) is amended by striking "(B),".

(2) APPLICATION OF MEDICAL RULES TO CERTAIN RELATIVES.—Section 72(t)(2)(B) is amended by adding at the end thereof the following new sentence: "For purposes of this subparagraph, a child, grandchild, or lineal ascendant of the taxpayer shall be treated as a dependent of the taxpayer in applying section 213."

(c) DEFINITIONS.—Section 72(t) is amended by adding at the end thereof the following new paragraph:

"(6) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of paragraph (2)(D)—

"(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition, fees, books, supplies, and equipment required for the enrollment or attendance of—

"(i) the taxpayer,

"(ii) the taxpayer's spouse, or

"(iii) the taxpayer's child (as defined in section 151(c)(3)),

at an eligible educational institution (as defined in section 163(h)(5)(E)).

"(B) COORDINATION WITH SAVINGS BOND PROVISIONS.—The amount of qualified higher education expenses for any taxable year shall be reduced by any amount excludable from gross income under section 135."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to payments and distributions on or after February 1, 1992.

Subtitle B—Other Provisions

SEC. 221. CASUALTY LOSS ON SALE OF HOME; BASIS ADJUSTMENT.

(a) CASUALTY LOSS.—Paragraph (3) of section 165(c) is amended by striking the period and inserting ", or from the sale of a principal residence (within the meaning of section 1034)."

(b) $100 LIMITATION TO APPLY.—Paragraph (1) of section 165(h) is amended by inserting ", or from each sale of a principal residence," after "theft,".

(c) BASIS ADJUSTMENT.—Section 1016 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) INCREASE IN BASIS OF NEW PRINCIPAL RESIDENCE.—

"(1) IN GENERAL.—If—

"(A) the taxpayer sells property used by the taxpayer as his principal residence (within the meaning of section 1034) ('the old principal residence') and realizes a loss on the sale, and

"(B) the taxpayer purchases a new principal residence (within the meaning of section 1034) within the time period described in section 1034(a) (and taking into account any suspension of such period under section 1034(h) or (k)),

the basis of the new principal residence shall be increased by the amount of the loss realized on the sale of the old principal residence, less the amount treated under regulations prescribed by the Secretary as a casualty loss arising from the sale of the old principal residence.

"(2) REGULATIONS.—The Secretary shall prescribe regulations for determining the amount that shall be treated as a casualty loss arising from the sale of the old principal residence."

(d) CROSS REFERENCES.—

(1) Subsection (m) of section 165 is amended by adding at the end thereof the following new paragraph:

"(6) For adjustments to basis of a new principal residence where a loss is claimed under this section on sale of a principal residence, see section 1016(e) and section 1034."

(2) Subsection (l) of section 1034 is amended by adding at the end thereof the following new sentence: "For adjustments to basis of the new principal residence on sale of the old principal residence at a loss, see section 1016(e)."

(3) The heading of paragraph (1) of section 1034 is amended by striking "REFERENCE" and inserting "REFERENCES".

(e) EFFECTIVE DATE.—

(1) CASUALTY LOSS.—The amendments made by subsections (a) and (b) apply to sales of principal residences on or after February 1, 1992.

(2) BASIS ADJUSTMENT.—The amendments made by subsections (c) and (d) apply to sales of principal residences on or after January 1, 1991.

SEC. 222. FAMILY TAX ALLOWANCE.

(a) GENERAL RULE.—Paragraph (1) of section 151(d) (defining exemption amount) is amended to read as follows:

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'exemption amount' means—

"(A) $2,000, or

"(B) in the case of an exemption under subsection (c) for a child who has not attained age 19 before the close of the calendar year in which the taxable year begins—

"(i) $2,425 for taxable years beginning in 1992, and

"(ii) $2,800 for taxable years beginning in 1993 and subsequent years."

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 151(d)(3) of such Code is amended by striking "the exemption amount" and inserting "each dollar amount in effect under paragraph (1) (after any adjustment under paragraph (4))".

(2) Subparagraph (A) of section 151(d)(4) of such Code is amended—

(A) by striking "the dollar amount contained in" and inserting "the dollar amounts contained in subparagraph (A) and subparagraph (B)(ii) of", and

(B) by adding at the end thereof the following new sentence: "In the case of the $2,800 amount contained in subparagraph (B)(ii), the preceding sentence shall be applied by substituting '1992' for '1989' the first place it appears, and by substituting '1991' for '1988'."

(c) EFFECTIVE DATE.—The amendments made by this section shall be effective October 1, 1992.

SEC. 223. EXTEND HEALTH INSURANCE DEDUCTION FOR SELF-EMPLOYED.

(a) EXTENSION.—Paragraph (6) of section 162(l) (relating to special rules for health insurance costs of self-employed individuals) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1991.

SEC. 224. ADOPTION EXPENSES.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 is amended by redesignating section 220 as section 221 and by inserting after section 219 the following new section:

"SEC. 220. SPECIAL NEEDS ADOPTION EXPENSES DEDUCTION.

"(a) ALLOWANCE OF DEDUCTION.—In the case of an individual, there shall be allowed as a deduction for the taxable year the amount of the qualified adoption expenses paid or incurred by the individual for such taxable year.

"(b) LIMITATIONS.—

"(1) MAXIMUM DOLLAR AMOUNT.—The aggregate amount of adoption expenses which may be taken into account under subsection (a) with respect to the adoption of a child shall not exceed $3,000.

"(2) DENIAL OF DOUBLE BENEFIT.—

"(A) IN GENERAL.—No deduction shall be allowable under subsection (a) for any expense for which a deduction or credit is allowable under any other provision of this chapter.

"(B) REIMBURSEMENTS.—No deduction shall be allowable under subsection (a) for any qualified adoption expenses for which a taxpayer is reimbursed. If a taxpayer is reimbursed for qualified adoption expenses for which a deduction was allowed under subsection (a) in a prior taxable year, the amount of such reimbursement shall be includible in the gross income of the taxpayer in the taxable year in which such reimbursement is received.

"(c) DEFINITIONS.—For purposes of this section—

"(1) QUALIFIED ADOPTION EXPENSES.—The term 'qualified adoption expenses' means reasonable and necessary adoption fees, court costs, attorneys fees, and other expenses which—

"(A) are directly related to the legal adoption of a child with special needs by the taxpayer,

"(B) are not incurred in violation of State or Federal law, and

"(C) are of a type eligible for reimbursement under the adoption assistance program under part E of title IV of the Social Security Act.

"(2) CHILD WITH SPECIAL NEEDS.—The term 'child with special needs' means any child determined by the State to be a child described in paragraphs (1) and (2) of section 473(c) of the Social Security Act."

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES DEDUCTIONS.—Subsection (a) of section 62 is amended by inserting after paragraph (13) the following new paragraph:

"(14) ADOPTION EXPENSES.—The deduction allowed by section 220 (relating to deduction for expenses of adopting a child with special needs)."

(c) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 is amended by striking the item relating to section 220 and by inserting the following new items:

"Sec. 220. Special needs adoption expenses deduction.

"Sec. 221. Cross reference."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to adoptions on or after February 1, 1992.

SEC. 225. PUBLIC TRANSIT FRINGE BENEFIT EXCLUSION.

(a) Paragraph (4) of section 132(h) (providing special rules for determining the fringe benefits excluded from income under section 132) is amended to read as follows:

"(4) CERTAIN EMPLOYER-PROVIDED TRANSPORTATION EXPENSES.—The term 'working condition fringe' includes—

"(A) parking provided to an employee on or near the business premises of the employer, and

"(B) passes, tokens, fare cards, tickets or similar instruments for commuting by public transit provided to an employee at a discount by the employer, or reimbursements by the employer to cover all or part of the costs of such instruments, to the extent that the total amount of such discounts or reimbursements does not exceed $60 per month."

(b) EFFECTIVE DATE.—The amendments made by this section shall be effective for discounts and reimbursements provided on or after February 1, 1992.

TITLE III—LONG TERM GROWTH

SEC. 301. SHORT TITLE, ETC.

(a) SHORT TITLE.—This title may be cited as the "Long Term Growth Act of 1992".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 SHALL NOT APPLY.—Except as otherwise expressly provided, no amendment made by this title shall be treated as a change in rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

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Sec. 374. Clarification of treatment of certain FSLIC assistance.
Sec. 375. Equalizing tax treatment of large credit unions and thrifts.
Sec. 376. Treatment of annuities without life contingencies.
Sec. 377. Expansion of 45-day interest-free period.
Sec. 378. Use of taxpayer information by Department of Veterans Affairs.

Subtitle A—Extension of Expiring Provisions

SEC. 311. CREDIT FOR RESEARCH AND EXPERIMENTATION.

(a) PERMANENT CREDIT.—Section 41 (relating to the credit for increasing research activities) is amended by striking subsection (h).

(b) CONFORMING AMENDMENT.—Paragraph (1) of section 28(b) is amended by striking subparagraph (D).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after June 30, 1992.

SEC. 312. ALLOCATION OF RESEARCH AND EXPERIMENTAL EXPENDITURES.

(a) EXTENSION.—Paragraph (5) of section 864(f) (relating to allocation of research and experimental expenditures) is amended to read as follows:

"(5) YEARS TO WHICH RULE APPLIES.—This subsection shall apply to the taxpayer's first 4 taxable years beginning after August 1, 1989, and on or before August 1, 1993."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after August 1, 1991.

SEC. 313. EXTENSION OF LOW-INCOME HOUSING CREDIT.

(a) EXTENSION.—

(1) Paragraph (1) of section 42(o) is amended—

(A) by striking "to any amount allocated after June 30, 1992" and inserting "for any calendar year after 1993", and

(B) by striking "June 30, 1992" in subparagraph (B) and inserting "1993".

(2) Paragraph (2) of section 42(o) is amended—

(A) by striking "July 1, 1992" each place it appears and inserting "1994",

(B) by striking "June 30, 1992" in subparagraph (B) and inserting "December 31, 1993",

(C) by striking "June 30, 1994" in subparagraph (B) and inserting "December 31, 1995", and

(D) by striking "July 1, 1994" in subparagraph (C) and inserting "January 1, 1996".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to calendar years after 1991.

SEC. 314. EXTENSION OF TARGETED JOBS TAX CREDIT.

(a) EXTENSION.—Section 51(c)(4) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to individuals who begin work after June 30, 1992.

SEC. 315. EXTENSION OF SOLAR AND GEOTHERMAL INVESTMENT CREDIT.

(a) EXTENSION.—Section 48(a)(2)(B) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to periods after June 30, 1992.

SEC. 316. QUALIFIED SMALL ISSUE BONDS.

(a) IN GENERAL.—Subparagraph (B) of section 144(a)(12) (relating to manufacturing facilities and farm property) is amended to read as follows:

"(B) BONDS ISSUED TO FINANCE FARM PROPERTY.—In the case of any bond issued as part of an issue, 95 percent or more of the net proceeds of which are to be used to provide any land or property in accordance with section 147(c)(2), subparagraph (A) shall be applied by substituting 'December 31, 1993' for 'December 31, 1986'."

(b) CONFORMING AMENDMENT.—Section 144(a)(12) (defining manufacturing facility) is amended by striking subparagraph (c).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after June 30, 1992.

SEC. 317. QUALIFIED MORTGAGE BONDS.

(a) IN GENERAL.—Subparagraph (B) of section 143(a)(1) (defining qualified mortgage bond) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(b) MORTGAGE CREDIT CERTIFICATES.—Subsection (h) of section 25 (relating to interest on certain home mortgages) is amended by striking "June 30, 1992" and inserting "December 31, 1993".

(c) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to bonds issued after June 30, 1992.

(2) The amendment made by subsection (b) shall apply to elections for periods after June 30, 1992.

SEC. 318. EXPENSES FOR DRUGS FOR RARE CONDITIONS.

(a) IN GENERAL.—Section 28 (relating to clinical testing expenses for certain drugs for rare diseases or conditions) is amended by striking subsection (e).

(b) EFFECTIVE DATE.—The amendment made by this section shall be effective on the date of enactment of this Act.

Subtitle B—Provisions Relating to Enterprise Zones

PART I—GENERAL PROVISIONS

SEC. 321. SHORT TITLE.

This subtitle may be cited as the "Enterprise Zone—Jobs Creation Act of 1992".

SEC. 322. PURPOSE.

It is the purpose of this subtitle to provide for the establishment of enterprise zones in order to stimulate entrepreneurship, particularly by zone residents, the creation of new jobs, particularly for disadvantaged workers and long-term unemployed individuals, and to promote revitalization of economically distressed areas primarily by providing or encouraging—

(1) tax relief at the Federal, State, and local levels,

(2) regulatory relief at the Federal, State, and local levels, and

(3) improved local services and an increase in the economic stake of enterprise zone residents in their own community and its development, particularly through the increased involvement of private, local, and neighborhood organizations.

SEC. 323. EFFECTIVE DATE.

The amendments made by this subtitle shall take effect on January 1, 1992.

PART II—DESIGNATION OF ENTERPRISE ZONES

SEC. 324. DESIGNATION OF ZONES.

(a) GENERAL RULE.—Chapter 80 of subtitle F (relating to general rules) is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER D.—Designation of Enterprise Zones

"Sec. 7880. Designation

"SEC. 7880. DESIGNATION.

"(a) DESIGNATION OF ZONES.—

"(1) DEFINITION.—For purposes of this title, the term 'enterprise zone' means any area—

"(A) which is nominated by one or more local governments and the State or States in which it is located for designation as an enterprise zone (hereinafter in this section referred to as a 'nominated area'), and

"(B) which the Secretary of Housing and Urban Development, after consultation with—

"(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration, and

"(ii) in the case of an area on an Indian reservation, the Secretary of the Interior, designates as an enterprise zone.

"(2) AUTHORITY TO DESIGNATE.—The Secretary of Housing and Urban Development is authorized to designate enterprise zones in accordance with the provisions of this section.

"(3) LIMITATIONS ON DESIGNATIONS.—

"(A) PUBLICATION OF REGULATIONS.—Before designating any area as an enterprise zone and not later than 4 months following the date of the enactment of this section, the Secretary of Housing and Urban Development shall prescribe by regulation, after consultation with the officials described in paragraph (1)(B)—

"(i) the procedures for nominating an area, and

"(ii) the procedures for designation as an enterprise zone, including a method for comparing courses of action under subsection (d) proposed for nominated areas, and the other factors specified in subsection (e).

"(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development shall des-

ignate nominated areas as enterprise zones only during the 48-month period beginning on the later of—

"(i) the first day of the first month following the month in which the effective date of the regulations described in subparagraph (A) occurs, or

"(ii) January 1, 1992.

"(C) NUMBER OF DESIGNATIONS.—

"(i) IN GENERAL.—The Secretary of Housing and Urban Development may designate—

"(I) not more than 50 nominated areas as enterprise zones under this section, and

"(II) not more than 15 nominated areas as enterprise zones during the 12-month period beginning on the date determined under subparagraph (B), not more than 30 by the end of the 24-month period beginning on that date, not more than 45 by the end of the 36-month period beginning on that date, and not more than 50 by the end of the 48-month period beginning on that date.

"(ii) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated as enterprise zones, at least one-third must be areas that are—

"(I) within a local government jurisdiction or jurisdictions with a population of less than 50,000 (as determined using the most recent census data available),

"(II) outside of a metropolitan statistical area (within the meaning of section 143(k)(2)(B), or

"(III) determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas.

"(D) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designations under this section unless—

"(i) the State and local governments in which the nominated area is located have the authority to—

"(I) nominate such area for designation as an enterprise zone,

"(II) make the State and local commitments under subsection (d), and

"(III) provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled, and

"(ii) a nomination therefor is submitted by such State and local governments in such a manner in such form, and containing such information, as the Secretary of Housing and Urban Development shall prescribe by regulation.

"(4) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—In the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be deemed to be both the State and local governments with respect to such area.

"(b) TIME PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(1) IN GENERAL.—Any designation of an area as an enterprise zone shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

"(A) December 31 of the 24th calendar year following the calendar year in which such date occurs,

"(B) the termination date specified by the State and local governments as provided in the nomination submitted in accordance with subsection (a)(3)(D)(ii),

"(C) such other date as the Secretary of Housing and Urban Development shall specify as a condition of designation, or

"(D) the date upon which the Secretary of Housing and Urban Development revokes such designation.

"(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development, after consultation with the officials described in subsection (a)(1)(B), may revoke the designation of an area if the Secretary of Housing and Urban Development determines that a State or local government in which the area is located is not complying substantially with the agreed course of action for the area.

"(c) AREA AND ELIGIBILITY REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary of Housing and Urban Development may designate a nominated area as an enterprise zone only if it meets the requirements of paragraphs (2) and (3).

"(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

"(A) the area is within the jurisdiction of the local government,

"(B) the boundary of the area is continuous, and

"(C) the area—

"(i) has a population, as determined by the most recent census data available, of not less than—

"(I) 4,000 if any portion of such area (other than a rural area described in subsection (a)(3)(C)(ii)) is located within a metropolitan statistical area (as designated by the Director of the Office of Management and Budget) with a population of 50,000 or more, or

"(II) 1,000 in any other case, or

"(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

"(3) ELIGIBILITY REQUIREMENTS.—A nominated area meets the requirements of this paragraph if the State and local governments in which the nominated area is located certify, and the Secretary of Housing and Urban Development accepts such certification, that—

"(A) the area is one of pervasive poverty, unemployment and general distress,

"(B) the area is located wholly within the jurisdiction of a local government that is eligible for Federal assistance under section 119 of the Housing and Community Development Act of 1974, as in effect on the date of the enactment of the Enterprise Zone—Jobs Creation Act of 1992,

"(C) the unemployment rate for the area, as determined by the appropriate available data, was not less than 1.5 times the national unemployment rate for the period to which such data relate,

"(D) the poverty rate (as determined by the most recent census data available) for each populous census tract (or where not tracted, the equivalent county division as defined by the Bureau of the Census for the purpose of defining poverty areas) within the area was not less than 20 percent for the period to which such data relate, and

"(E) the area meets at least one of the following criteria:

"(i) Not less than 70 percent of the households living in the area have incomes below 80 percent of the median income of households of the area within the jurisdiction of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974).

"(ii) The population of the area decreased by 20 percent or more between 1980 and 1990 (or the most recent decade for which census data are available).

"(4) ELIGIBILITY REQUIREMENTS FOR RURAL AREAS.—For purposes of paragraph (1), a nominated area that is a rural area described in subsection (a)(3)(C)(ii) meets the requirements of paragraph (3) if the State and local governments in which it is located certify and the Secretary, after such review of supporting data as he deems appropriate, accepts such certification, that the area meets—

"(A) the criteria set forth in subparagraphs (A) and (B) of paragraph (3), and

"(B) not less than one of the criteria set forth in the other subparagraphs of paragraph (3).

"(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

"(1) IN GENERAL.—No nominated area shall be designated as an enterprise zone unless the State and local governments of the jurisdictions in which the nominated area is located agree in writing that, during any period during which the nominated area is an enterprise zone, such governments will follow a specified course of action designed to reduce the various burdens borne by employers or employees in such area.

"(2) COURSE OF ACTION.—The course of action under paragraph (1) may include, but is not limited to—

"(A) the reduction or elimination of tax rates or fees applying within the enterprise zone,

"(B) actions to reduce, remove, simplify, or streamline governmental requirements applying within the enterprise zone,

"(C) an increase in the level of efficiency of local services within the enterprise zone, for example, crime prevention, and drug use prevention and treatment,

"(D) involvement in the program by private entities, organizations, neighborhood associations, and community groups, particularly those within the enterprise zone, including a commitment from such private entities to provide jobs and job training for, and technical, financial or other assistance to, employers, employees, and residents of the enterprise zone,

"(E) mechanisms to increase equity ownership by residents and employees within the enterprise zone,

"(F) donation (or sale below market value) of land and buildings to benefit low and moderate income people,

"(G) linkages to—

"(i) job training,

"(ii) transportation,

"(iii) education,

"(iv) day care,

"(v) health care, and

"(vi) other social service support,

"(H) provision of supporting public facilities, and infrastructure improvements,

"(I) encouragement of local entrepreneurship, and

"(J) other factors determined essential to support enterprise zone activities and encourage livability or quality of life.

"(3) LATER MODIFICATION OF A COURSE OF ACTION.—The Secretary of Housing and Urban Development may by regulation prescribe procedures to permit or require a course of action to be updated or modified during the time that a designation is in effect.

"(e) PRIORITY OF DESIGNATION.—In choosing nominated areas for designation, the Secretary of Housing and Urban Development shall give preference to the nominated areas—

"(1) with respect to which the strongest and highest quality contributions have been promised as part of the course of action, taking into consideration the fiscal ability of the nominating State and local governments to provide tax relief,

"(2) with respect to which the nominating State and local governments have provided the most effective and enforceable guarantees that the proposed course of action will actually be carried out during the period of the enterprise zone designation,

"(3) with respect to which private entities have made the most substantial commitments in additional resources and contributions, including the creation of new or expanded business activities, and

"(4) which best exhibit such other factors determined by the Secretary of Housing and Urban Development, including relative distress, which are consistent with the intent of the enterprise zone program and which have the greatest likelihood of success.

"(f) GEOGRAPHIC DISTRIBUTION.—In making designations, the Secretary of Housing and Urban Development will take into consideration a reasonable geographic distribution of enterprise zones.

"(g) DEFINITIONS.—For the purposes of this title—

"(1) GOVERNMENTS.—If more than one government seeks to nominate an area as an enterprise zone, any reference to, or requirement of, this section shall apply to all such governments.

"(2) STATE.—The term 'State' shall also include Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other territory of the United States.

"(3) LOCAL GOVERNMENTS.—The term 'local government' means—

"(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State,

"(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development, and

"(C) the District of Columbia.

"(h) CROSS REFERENCES.—

"(1) For definitions, see section 1391.

"(2) For treatment of employees in enterprise zones, see section 1392.

"(3) For treatment of investments in enterprise zones, see sections 1393 and 1394."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 80 of subtitle F is amended by adding at the end thereof the following new item:

"SUBCHAPTER D—Designation of Enterprise Zones".

SEC. 325. REPORTING REQUIREMENTS.

Not later than the close of the second calendar year after the calendar year in which the Secretary of Housing and Urban Development first designates areas as enterprise zones, and at the close of each second calendar year thereafter, the Secretary of Housing and Urban Development shall submit to the Congress a report on the effects of such designation in accomplishing the purposes of this subtitle.

SEC. 326. INTERACTION WITH OTHER FEDERAL PROGRAMS.

(a) COORDINATION WITH RELOCATION ASSISTANCE.—The designation of an enterprise zone under section 7880 shall not—

(1) constitute approval of a Federal or federally assisted program or project (within the meaning of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601)), or

(2) entitle any person displaced from real property located in such zone to any rights or any benefits under such Act.

(b) COORDINATION WITH ENVIRONMENTAL POLICY.—Designation of an enterprise zone under section 7880 shall not constitute a Federal action for purposes of applying the procedural requirements of the National Environmental Policy Act of 1969 (42 U.S.C. 4341) or other provisions of Federal law relating to the protection of the environment.

PART III—FEDERAL INCOME TAX INCENTIVES

SEC. 327. DEFINITIONS AND REGULATIONS; EMPLOYEE CREDIT; CAPITAL GAIN EXCLUSION; STOCK EXPENSING.

(a) GENERAL RULE.—Chapter 1 of subtitle A (relating to normal tax and surtax rules) is amended by inserting after subchapter T the following new subchapter:

"SUBCHAPTER U—Enterprise Zones

"Sec. 1391. Definitions and Regulatory Authority.

"Sec. 1392. Credit for enterprise zone employees.

"Sec. 1393. Enterprise zone capital gain.

"Sec. 1394. Enterprise zone stock.

"SEC. 1391. DEFINITIONS AND REGULATORY AUTHORITY.

"(a) ENTERPRISE ZONE.—

"(1) IN GENERAL.—For purposes of this subchapter, the term 'enterprise zone' means any area which the Secretary of Housing and Urban Development designates pursuant to section 7880(a) as a Federal enterprise zone for purposes of this title.

"(2) TERMINATION OF ENTERPRISE ZONE.—An area will cease to constitute an enterprise zone once its designation as such terminates or is revoked under section 7880(b).

"(b) ENTERPRISE ZONE BUSINESS.—

"(1) IN GENERAL.—For purposes of this subchapter, the term 'enterprise zone business' means an activity constituting the active conduct of a trade or business within an enterprise zone, and with respect to which—

"(A) at least 80 percent of the gross income in each calendar year is attributable to the active conduct of a trade or business within an enterprise zone,

"(B) less than 10 percent of the property (as measured by unadjusted basis) constitutes stocks, securities, or property held for use by customers,

"(C) no more than an insubstantial portion of the property constitutes collectibles (as defined in section 408(m)(2)), unless such collectibles constitute property held primarily for sale to customers in the ordinary course of the active trade or business,

"(D) substantially all of the property (whether owned or leased) is located within an enterprise zone, and

"(E) substantially all of the employees work within an enterprise zone.

"(2) RELATED ACTIVITIES TAKEN INTO ACCOUNT.—Except as otherwise provided in regulations, all activities conducted by a taxpayer and persons related to the taxpayer shall be treated as one activity for purposes of paragraph (1).

"(3) SPECIAL RULES.—

"(A) RENTAL REAL PROPERTY.—For purposes of paragraph (1), holding real property located within an enterprise zone for use by customers other than related persons shall be treated as the active conduct of a trade or business for purposes of paragraph (1)(A) and as not subject to paragraph (1)(B).

"(B) TERMINATION OF ENTERPRISE ZONE BUSINESS.—An activity shall cease to be an enterprise zone business if—

"(i) the designation of the enterprise zone in which the activity is conducted terminates or is revoked pursuant to section 7880(b),

"(ii) more than 50 percent (by value) of the activity's property or services are obtained from related persons other than enterprise zone businesses, or

"(iii) more than 50 percent of the activity's gross income is attributable to property or services provided to related persons other than enterprise zone businesses.

"(c) ENTERPRISE ZONE PROPERTY.—

"(1) IN GENERAL.—For purposes of this subchapter, the term 'enterprise zone property' means—

"(A) any tangible personal property located in an enterprise zone and used by the taxpayer in an enterprise zone business, and

"(B) any real property located in an enterprise zone and used by the taxpayer in an enterprise zone business.

In no event shall any financial property or intangible interest in property be treated as constituting enterprise zone property, whether or not such property is used in the active conduct of an enterprise zone business.

"(2) TERMINATION OF ENTERPRISE ZONE.—The treatment of property as enterprise zone property under subparagraph (A) shall not terminate upon the termination or revocation of the designation of the enterprise zone in which the property is located, but instead shall terminate immediately after the first sale or exchange of such property occurring after the expiration or revocation.

"(d) RELATED PERSONS.—For purposes of this subchapter, a person shall be treated as related to another person if—

"(1) the relationship of such persons is described in section 267(b) or 707(b)(1), or

"(2) such persons are engaged in trades or businesses under common control (within the meaning of subsections (a) and (b) of section 52).

For purposes of paragraph (1), in applying section 267(b) or 707(b)(1), '33 percent' shall be substituted for '50 percent'.

"(e) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of the Enterprise Zone—Jobs Creation Act of 1992, including—

"(1) providing that Federal tax relief is unavailable to an activity that does not stimulate employment in, or revitalization of, enterprise zones,

"(2) providing for appropriate coordination with other Federal programs that, in combination, might enable activity within enterprise zones to be more than 100 percent subsidized by the Federal Government, and

"(3) preventing the avoidance of the rules in this subchapter.

"SEC. 1392. CREDIT FOR ENTERPRISE ZONE EMPLOYEES.

"(a) GENERAL RULE.—In the case of a taxpayer who is an enterprise zone employee, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to 5 percent of so much of the qualified wages of the taxpayer for the taxable year as does not exceed $10,500.

"(b) DEFINITIONS.—For purposes of this section—

"(1) ENTERPRISE ZONE EMPLOYEE.—The term 'enterprise zone employee' means an individual if—

"(A) the individual performs services during the taxable year that are directly related to the conduct of an enterprise zone business,

"(B) substantially all of the services described in paragraph (1)(A) are performed within an enterprise zone, and

"(C) the employer for whom the services described in paragraph (1)(A) are performed is not the Federal Government, any State

government or subdivision thereof, or any local government.

"(2) WAGES.—The term 'wages' has the meaning given by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such subsection).

"(3) QUALIFIED WAGES.—The term 'qualified wages' means all wages of the taxpayer, to the extent attributable to services described in paragraph (1).

"(c) LIMITATIONS.—

"(1) PHASE-OUT OF CREDIT.—The amount of the credit allowable to a taxpayer under subsection (a) for any taxable year shall not exceed the excess (if any) of—

"(A) $525, over

"(B) 10.5 percent of so much of the taxpayer's total wages (whether or not constituting qualified wages) as exceeds $20,000.

"(2) PARTIAL TAXABLE YEAR.—If designation of an area as an enterprise zone occurs, expires, or is revoked pursuant to section 7880 on a date other than the first or last day of the taxable year of the taxpayer, or in the case of a short taxable year, the limitations specified in paragraph (1) shall be adjusted on a pro rata basis (based upon the number of days).

"(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under this section for the taxable year shall be reduced by the amount (if any) of tax imposed by section 55 (relating to the alternative minimum tax) with respect to such taxpayer for such year.

"(e) CREDIT TREATED AS SUBPART C CREDIT.—For purposes of this title, the credit allowed under subsection (a) shall be treated as a credit allowed under subpart C of part IV of subchapter A of chapter 1.

"SEC. 1393. ENTERPRISE ZONE CAPITAL GAIN.

"(a) GENERAL RULE.—Gross income does not include the amount of any gain constituting enterprise zone capital gain.

"(b) DEFINITION.—For purposes of this section—

"(1) IN GENERAL.—The term 'enterprise zone capital gain' means gain—

"(A) treated as long-term capital gain,

"(B) allocable in accordance with the rules under subsection (b)(5) of section 338 to the sale or exchange of enterprise zone property, and

"(C) properly attributable to period(s) of use in an enterprise zone business.

"(2) LIMITATIONS.—Enterprise zone capital gain does not include any gain attributable to—

"(A) the sale or exchange of property not constituting enterprise zone property with respect to the taxpayer throughout the period of twenty-four full calendar months immediately preceding the sale or exchange,

"(B) any collectibles (as defined in section 408(m)), or

"(C) sales or exchanges to persons controlled by the same interests.

"(c) BASIS.—Amounts excluded from gross income pursuant to subsection (a) shall not be applied in reduction to the basis of any property held by the taxpayer.

"SEC. 1394. ENTERPRISE ZONE STOCK.

"(a) GENERAL RULE.—At the election of any individual, the aggregate amount paid by such individual during the individual's taxable year for the purchase of enterprise zone stock on the original issue of such stock by a qualified issuer shall be allowed as a deduction.

"(b) LIMITATIONS.—

"(1) CEILING.—The maximum amount allowed as a deduction under subsection (a) to a taxpayer shall not exceed $50,000 for any taxable year, nor $250,000 during the taxpayer's lifetime.

"(A) EXCESS AMOUNTS.—If the amount otherwise deductible by any person under subsection (a) exceeds the limitation under this paragraph (1)—

"(i) the amount of such excess shall be treated as an amount paid in the next taxable year, and

"(ii) the deduction allowed for any taxable year shall be allocated among the enterprise zone stock purchased by such person in accordance with the purchase price per share.

"(2) RELATED PERSONS.—The taxpayer and all individuals related to the taxpayer shall be treated as one person for purposes of the limitations described in paragraph (1).

"(3) ALLOCATION OF EXCESS AMOUNTS.—The limitations described in paragraph (1) shall be allocated among the taxpayer and related persons in accordance with their respective purchases of enterprise zone stock.

"(4) PARTIAL TAXABLE YEAR.—If designation of an area as an enterprise zone occurs, expires, or is revoked pursuant to section 7880 on a date other than the first or last day of the taxable year of the taxpayer, or in the case of a short taxable year, the limitations specified in paragraph (1) shall be adjusted on a pro rata basis (based upon the number of days).

"(c) DISPOSITION OF STOCK.—

"(1) GAIN TREATED AS ORDINARY INCOME.—Except as otherwise provided in regulations, if a taxpayer disposes of any enterprise zone stock with respect to which a deduction was allowed under subsection (a), the amount realized upon such disposition shall be treated as ordinary income and recognized notwithstanding any other provision of this subtitle.

"(2) INTEREST CHARGED IF DISPOSITION WITHIN 5 YEARS OF PURCHASE.—

"(A) IN GENERAL.—If a taxpayer disposes of any enterprise zone stock before the end of the 5-year period beginning on the date such stock was purchased by the taxpayer, the tax imposed by this chapter for the taxable year in which such disposition occurs shall be increased by the amount determined in subparagraph (B).

"(B) ADDITIONAL AMOUNT.—For purposes of subparagraph (A), the additional amount shall be equal to the amount of interest (determined at the rate applicable under section 6621(a)(2)) that would accrue—

"(i) during the period beginning on the date the stock was purchased by the taxpayer and ending on the date such stock was disposed of by the taxpayer,

"(ii) on an amount equal to the aggregate decrease in tax of the taxpayer resulting from the deduction allowed under subsection (a) with respect to the stock so disposed of.

"(d) DISQUALIFICATION.—

"(1) ISSUER OR STOCK CEASES TO QUALIFY.—If a taxpayer elects the deduction under subsection (a) with respect to enterprise zone stock, and either—

"(A) the issuer with respect to which the election was made ceases to be a qualified issuer, or

"(B) the proceeds from the issuance of the taxpayer's enterprise zone stock fail or otherwise cease to be invested by the issuer in enterprise zone property, then, notwithstanding any provision of this subtitle (other than paragraph (2)) to the contrary, the taxpayer shall recognize as ordinary income the amount of the deduction allowed under subsection (a) with respect to the issuer's enterprise zone stock.

"(2) SPECIAL RULES.—

"(A) LIQUIDATION.—Where enterprise zone property acquired with proceeds from the issuance of enterprise zone stock is sold or exchanged pursuant to a plan of complete liquidation, the treatment described in paragraph (1) shall be inapplicable.

"(B) TERMINATION OF ENTERPRISE ZONE.—The treatment of an activity as an enterprise zone business shall not cease for purposes of paragraph (1) solely by reason of the termination or revocation of the designation of the enterprise zone with respect to the activity.

"(C) PARTIAL DISQUALIFICATION.—Where some, but not all, of the property acquired by the issuer with the proceeds of issuance of enterprise zone stock ceases to constitute enterprise zone property, the treatment described in paragraph (1) shall be modified as follows—

"(i) the total amount recognized as ordinary income by all shareholders of the issuer shall be limited to an amount of deduction allowed up to the unadjusted basis of property ceasing to constitute enterprise zone property,

"(ii) the amount recognized shall be allocated among enterprise zone stock with respect to which the election in subsection (a) was made in the reverse order in which such stock was issued, and

"(iii) the amount recognized shall be apportioned among taxpayers having made the election in subsection (a) in the ratios in which the stock described in paragraph (2)(C)(ii) was purchased.

"(3) ADDITIONAL AMOUNT.—If income is recognized pursuant to paragraph (1) at any time before the close of the 5th calendar year ending after the date the enterprise zone stock was purchased, the tax imposed by this chapter with respect to such income shall be increased by an amount equal to the amount of interest (determined at the rate applicable under section 6621(a)(2)) that would accrue—

"(A) during the period beginning on the date the stock was purchased by the taxpayer and ending on the date of the disqualification event described in paragraph (1),

"(B) on an amount equal to the aggregate decrease in tax of the taxpayer resulting from the deduction allowed under subsection (a) with respect to the stock so disqualified.

"(e) DEFINITIONS.—For purposes of this section—

"(1) ENTERPRISE ZONE STOCK.—The term 'enterprise zone stock' means common stock issued by a qualified issuer, but only to the extent that the amount of proceeds of such issuance are used by such issuer no later than twelve months following issuance to acquire and maintain an equal amount of newly acquired enterprise zone property.

"(2) QUALIFIED ISSUER.—

"(A) IN GENERAL.—The term 'qualified issuer' means any subchapter C corporation—

"(i) which does not have more than one class of stock,

"(ii) which is engaged solely in the conduct of one or more enterprise zone businesses,

"(iii) which does not own or lease more than $5 million of total property (including money), as measured by the unadjusted basis of the property, and

"(iv) more than 20 percent of the total voting power and 20 percent of the total value of the stock of which is owned by individuals, partnerships, estates or trusts.

"(B) LIMITATION ON TOTAL ISSUANCES.—A qualified issuer may issue no more than an aggregate of $5 million of enterprise zone stock.

"(C) AGGREGATION.—For purposes of applying the limitations under this paragraph, the issuer and all related persons shall be treated as one person.

"(3) AMOUNT PAID.—For purposes of subsection (a), the amount 'paid' by a taxpayer

for any taxable year shall not include the issuance of evidences of indebtedness of the taxpayer (whether or not such indebtedness is guaranteed by another person), nor amounts paid by the taxpayer after the close of the taxable year.

"(f) ISSUANCES IN EXCHANGE FOR PROPERTY.—If enterprise zone stock is issued in exchange for property, then notwithstanding any provision of subchapter C of chapter 1 of subtitle A to the contrary—

"(1) the issuance shall be treated for purposes of this subtitle as the sale of the property at its then fair market value to the corporation, and a contribution to the corporation of the proceeds immediately thereafter in exchange for the enterprise zone stock, and

"(2) the issuer's basis for the property shall be equal to the fair market value of such property at the time of issuance.

"(g) BASIS ADJUSTMENT.—For purposes of this subtitle, if a taxpayer elects the deduction under subsection (a), the taxpayer's basis (without regard to this subsection) for the enterprise zone stock with respect to such election shall be reduced by the deduction allowed or allowable.

"(h) LIMITATIONS ON ASSESSMENT AND COLLECTION.—If a taxpayer elects the deduction under subsection (a) for any taxable year—

"(1) the period for assessment and collection of any deficiency attributable to any part of the deduction shall not expire before one year following expiration of such period of the qualified issuer that includes the circumstances giving rise to the deficiency, and

"(2) such deficiency may be assessed before expiration of the period described in paragraph (1) notwithstanding any provisions of this subtitle to the contrary.

"(i) CROSS REFERENCE.—For treatment of the deduction under subsection (a) for purposes of the alternative minimum tax, see section 56."

(b) TECHNICAL AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking "and" at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting "; and", and by adding at the end thereof the following new paragraph:

"(25) to the extent provided in section 1394(g), in the case of stock with respect to which a deduction was allowed or allowable under section 1394(a)."

(c) CLERICAL AMENDMENT.—The table of subchapters for chapter 1 is amended by inserting after the item relating to subchapter T the following new item:

"SUBCHAPTER U. Enterprise zones."

SEC. 328. ALTERNATIVE MINIMUM TAX.

(a) CORPORATIONS.—Subparagraph (B) of section 56(g)(4) (relating to adjustments based on adjusted current earnings of corporations) is amended by adding the following new clause at the end thereof:

"(iii) EXCLUSION OF ENTERPRISE ZONE CAPITAL GAIN.—Clause (i) shall not apply in the case of any enterprise zone capital gain (as defined in section 1393(b)), and such gain shall not be included in income for purposes of computing alternative minimum taxable income."

(b) INDIVIDUALS.—Subsection (b) of section 56 (relating to adjustments to the alternative minimum taxable income of individuals) is amended by adding the following new paragraph at the end thereof:

"(4) ENTERPRISE ZONE STOCK.—No deduction shall be allowed for the purchase of enterprise zone stock (as defined in section 1394(e))."

SEC. 329. ADJUSTED GROSS INCOME DEFINED.

Subsection (a) of section 62 (relating to the definition of adjusted gross income) is amended by adding at the end thereof the following new paragraph:

"(14) ENTERPRISE ZONE STOCK.—The deduction allowed by section 1394."

PART IV—ESTABLISHMENT OF FOREIGN TRADE ZONES IN ENTERPRISE ZONES

SEC. 330. FOREIGN-TRADE ZONE PREFERENCES.

(a) PREFERENCE IN ESTABLISHMENT OF FOREIGN-TRADE ZONES IN REVITALIZATION AREAS.—In processing applications for the establishment of foreign-trade zones pursuant to an Act "To provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes", approved June 18, 1934 (48 Stat. 998), the Foreign-Trade Zone Board shall consider on a priority basis and expedite, to the maximum extent possible, the processing of any application involving the establishment of a foreign trade zone within an enterprise zone designated pursuant to section 7880 of the Internal Revenue Code of 1986.

(b) APPLICATION PROCEDURE.—In processing applications for the establishment of ports of entry pursuant to "An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and fifteen, and for other purposes", approved August 1, 1914 (38 Stat. 609), the Secretary of the Treasury shall consider on a priority basis and expedite, to the maximum extent possible, the processing of any application involving the establishment of a port of entry which is necessary to permit the establishment of a foreign-trade zone within an enterprise zone so designated.

(c) APPLICATION EVALUATION.—In evaluating applications for the establishment of foreign-trade zones and ports of entry in connection with enterprise zones so designated, the Foreign-Trade Zone Board and the Secretary of the Treasury shall approve the applications, to the maximum extent practicable, consistent with their respective statutory responsibilities.

Subtitle C—Excise Tax Provisions

SEC. 341. REPEAL OF LUXURY EXCISE TAX ON BOATS AND AIRCRAFT.

(a) GENERAL RULE.—Subpart A of part I of subchapter A of chapter 31 (relating to luxury taxes) is amended by striking sections 4002 and 4003 and by redesignating section 4004 as section 4002.

(b) CONFORMING AMENDMENTS.—

(1) Clause (iii) of section 4002(b)(2)(A) (as redesignated by subsection (a)) is amended by striking ", boat, or aircraft".

(2) Subparagraph (B) of section 4002(b)(2) (as redesignated by subsection (a)) is amended by striking "in the case of a passenger vehicle, $100,000 in the case of a boat, and $250,000 in the case of an aircraft".

(3) Paragraph (2) of section 4011(c) is amended—

(A) by striking ", boats, and aircraft" in the paragraph heading,

(B) by striking ", boat, or aircraft" in subparagraph A,

(C) by amending subparagraph (B) to read as follows:

"(B) QUALIFIED LEASE.—For purposes of subparagraph (A), the term 'qualified lease' means any long-term lease (as defined in section 4052) of any passenger vehicle.", and

(D) by striking "section 4004(c)" in subparagraph (C) and inserting "section 4002(c)".

(4) Subsection (c) of section 4221 is amended by striking "4002(b), 4003(c), 4004(a)" and inserting "4002(a)".

(5) Subsection (d) of section 4222 is amended by striking "4002(b), 4003(c), 4004(a)" and inserting "4002(a)".

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part I is amended by striking ", boats, and aircraft" in the item relating to subpart A.

(2) The table of sections for subpart A is amended by striking the items relating to sections 4002, 4003 and 4004 and inserting the following:

"Sec. 4002. Rules applicable to subpart A."

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to boats and aircraft sold or used on or after February 1, 1992.

SEC. 342. REPEAL OF EXEMPTION FOR THE USE OF DIESEL FUEL IN PLEASURE BOATS.

(a) IN GENERAL.—Paragraph (1) of section 4041(a) (relating to imposition of tax on diesel fuel and special motor fuels) is amended to read as follows:

"(1) TAX ON DIESEL FUEL WHERE NO TAX IMPOSED UNDER SECTION 4091.—

"(A) HIGHWAY VEHICLES.—There is hereby imposed a tax on any liquid (other than any product taxable under section 4081)—

"(i) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle for use as a fuel in such vehicle, or

"(ii) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such fuel under clause (i).

"(B) BOATS.—There is hereby imposed a tax on any diesel fuel (within the meaning of section 4092(a)(2)) that is not taxable under subparagraph (A) and is—

"(i) sold by any person to an owner, lessee, or other operator of a diesel-powered boat for use as a fuel in such boat, or

"(ii) used by any person as a fuel in a diesel-powered boat unless there was a taxable sale of such fuel under clause (i).

"(C) RATE OF TAX; PREVIOUSLY TAXED FUEL.—The rate of tax imposed by this paragraph shall be the sum of the Highway Trust Fund financing rate and the diesel fuel deficit reduction rate in effect under section 4091 at the time of such sale or use. No tax shall be imposed by this paragraph on the sale or use of any diesel fuel if there was a taxable sale of such fuel under section 4091."

(b) EXEMPTION FOR BUSINESS USE.—

(1) IN GENERAL.—Subsection (b) of section 4041 is amended by adding at the end thereof the following new paragraph:

"(3) EXEMPTION FOR BOAT BUSINESS USE.—

"(A) IN GENERAL.—No tax shall be imposed by subsection (a)(1)(B) or (d)(1) on diesel fuel sold for use or used in a boat business use.

"(B) TAX WHERE OTHER USE.—If diesel fuel on which no tax was imposed by reason of subparagraph (A) is used otherwise than in a boat business use, a tax shall be imposed by subsection (a)(1)(B)(ii) and by the corresponding provision of subsection (d)(1).

"(C) BOAT BUSINESS USE DEFINED.—For purposes of this paragraph, the term 'boat business use' means any use of a boat in the active conduct of—

"(i) a trade or business of commercial fishing or transporting persons or property for compensation or hire, or

"(ii) any other trade or business unless the boat is used predominantly in any activity which is of a type generally considered to constitute entertainment, amusement or recreation."

(c) CONFORMING AMENDMENTS.—

(1) the heading of subsection (b) of section 4041 is amended by inserting "; EXEMPTION FOR BOAT BUSINESS USE" after "FUEL".

(2) Subparagraph (A) of section 4041(b)(1) is amended by striking "subsection (a) or (d)(1)" and inserting "paragraph (1)(A) or (2) of subsection (a) or subsection (d)(1)".

(3) Subparagraph (B) of section 4041(b)(1) is amended by striking "paragraph (1)(B) or (2)(B)" and inserting "paragraph (1)(A)(ii) or (2)(B)".

(4) Paragraph (2) of section 4092(a) is amended by striking "or a" and inserting ", diesel-powered boat, or".

(5) Subparagraph (B) of section 4092(b)(1) is amended by striking "commercial and noncommercial vessels" each place it appears and inserting "boat business use as defined in section 4042(b)(3)(C)".

(d) RETENTION OF TAXES IN GENERAL FUND.—

(1) TAXES IMPOSED AT HIGHWAY TRUST FUND FINANCING RATE.—Paragraph (4) of section 9503(b) (relating to transfers to Highway Trust Fund) is amended—

(A) by striking "and" at the end of subparagraph (A),

(B) by striking the period at the end of subparagraph (B) and inserting ", and", and

(C) by adding at the end thereof the following new subparagraph:

"(C) there shall not be taken into account the taxes imposed by sections 4041 and 4091 on diesel fuel sold for use or used as fuel in a diesel-powered boat."

(2) TAXES IMPOSED AT LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—Subsection (b) of section 9508 (relating to transfers to Leaking Underground Storage Tank Trust Fund) is amended by adding at the end thereof the following new sentence: "For purposes of this subsection, there shall not be taken into account the taxes imposed by sections 4041 and 4091 on diesel fuel sold for use or used as fuel in a diesel-powered boat."

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1992.

SEC. 343. ADDITIONAL SERVICES SUBJECT TO COMMUNICATIONS EXCISE TAX.

(a) DIGITAL DATA TRANSMISSIONS.—Paragraph (2) of section 4252(b) is amended by inserting before the period "or an unlimited number of digital data transmissions to the subscriber's telephone or radio telephone stations in such specified area if primarily used for such transmissions".

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on July 1, 1992.

SEC. 344. REPEAL OF EXEMPTION FOR CERTAIN COIN-OPERATED TELEPHONE SERVICE.

(a) REPEAL OF EXEMPTION.—Section 4253 is amended—

(1) by striking subsection (a) and redesignating subsections (b), (c), (d), (e), (f), (g), (h), (i), (j), and (k) as subsections (a), (b), (c), (d), (e), (f), (g), (h), (i), and (j), respectively, and

(2) by striking "subsection (c), (h), (i), or (j)" in subsection (j)(1) (as so redesignated) and inserting "subsection (b), (g), (h), or (i)".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on July 1, 1992.

Subtitle D—Provisions Related to Retirement Savings and Pension Distributions

SEC. 351. TAXABILITY OF BENEFICIARY OF QUALIFIED PLAN.

(a) IN GENERAL.—So much of section 402 (relating to taxability of beneficiary of employees' trust) as precedes subsection (g) thereof is amended to read as follows:

"SEC. 402. TAXABILITY OF BENEFICIARY OF EMPLOYEES' TRUST.

"(a) TAXABILITY OF BENEFICIARY OF EXEMPT TRUST.—Except as otherwise provided in this section, any amount actually distributed to any distributee by any employees' trust described in section 401(a) which is exempt from tax under section 501(a) shall be taxable to the distributee, in the taxable year of the distributee in which distributed, under section 72 (relating to annuities).

"(b) TAXABILITY OF BENEFICIARY OF NONEXEMPT TRUST.—

"(1) CONTRIBUTIONS.—Contributions to an employees' trust made by an employer during a taxable year of the employer which ends within or with a taxable year of the trust for which the trust is not exempt from tax under section 501(a) shall be included in the gross income of the employee in accordance with section 83 (relating to property transferred in connection with performance of services), except that the value of the employee's interest in the trust shall be substituted for the fair market value of the property for purposes of applying such section.

"(2) DISTRIBUTIONS.—The amount actually distributed or made available to any distributee by any trust described in paragraph (1) shall be taxable to the distributee, in the taxable year in which so distributed or made available, under section 72 (relating to annuities), except that distributions of income of such trust before the annuity starting date (as defined in section 72(c)(4)) shall be included in the gross income of the employee without regard to section 72(e)(5) (relating to amount not received as annuities).

"(3) GRANTOR TRUSTS.—A beneficiary of any trust described in paragraph (1) shall not be considered the owner of any portion of such trust under subpart E of part I of subchapter J (relating to grantors and others treated as substantial owners).

"(4) FAILURE TO MEET REQUIREMENTS OF SECTION 410(B).—

"(A) HIGHLY COMPENSATED EMPLOYEES.—If one of the reasons a trust is not exempt from tax under section 501(a) is the failure of the plan of which it is a part to meet the requirements of section 401(a)(26) or 410(b), then a highly compensated employee shall, in lieu of the amount determined under this subsection, include in gross income for the taxable year with or within which the taxable year of the trust ends an amount equal to the vested accrued benefit of such employee (other than the employee's investment in the contract) as of the close of such taxable year of the trust.

"(B) FAILURE TO MEET COVERAGE TESTS.—If a trust is not exempt from tax under section 501(a) for any taxable year solely because such trust is part of a plan which fails to meet the requirements of section 401(a)(26) or 410(b), this subsection shall not apply by reason of such failure to any employee who was not a highly compensated employee during—

"(i) such taxable year, or

"(ii) any preceding period for which service was creditable to such employee under the plan.

"(C) HIGHLY COMPENSATED EMPLOYEE.—For purposes of this paragraph, the term 'highly compensated employee' has the meaning given such term by section 414(q).

"(c) RULES APPLICABLE TO ROLLOVERS FROM EXEMPT TRUSTS.—

"(1) EXCLUSION FROM INCOME.—If—

"(A) any portion of the balance to the credit of an employee in a qualified trust is paid to the employee in an eligible rollover distribution,

"(B) the distributee transfers any portion of the property received in such distribution to an eligible retirement plan, and

"(C) 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.

"(2) MAXIMUM AMOUNT WHICH MAY BE ROLLED OVER.—In the case of any eligible rollover distribution, the maximum amount transferred to which paragraph (1) applies shall not exceed the portion of such distribution which is includible in gross income (determined without regard to paragraph (1)).

"(3) TRANSFER MUST BE MADE WITHIN 60 DAYS OF RECEIPT.—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.

"(4) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this subsection, the term '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 trust; except that such term shall not include—

"(A) any distribution which is part of a series of substantially equal periodic payments (not less frequently than annually) made—

"(i) for the life (or life expectancy) of the employee or the joint lives (or joint life expectancies) of the employee and his designated beneficiary, or

"(ii) for a specified period of 10 years or more, and

"(B) any distribution to the extent such distribution is required under section 401(a)(9).

"(5) TRANSFER TREATED AS ROLLOVER CONTRIBUTION UNDER SECTION 408.—For purposes of this title, a transfer resulting in any portion of a distribution being excluded from gross income under paragraph (1) to an eligible retirement plan described in clause (i) or (ii) of paragraph (8)(B) shall be treated as a rollover contribution described in section 408(d)(3).

"(6) SALES OF DISTRIBUTED PROPERTY.—For purposes of this subsection—

"(A) TRANSFER OF PROCEEDS FROM SALE OF DISTRIBUTED PROPERTY TREATED AS TRANSFER OF DISTRIBUTED PROPERTY.—The transfer of an amount equal to any portion of the proceeds from the sale of property received in the distribution shall be treated as the transfer of property received in the distribution.

"(B) PROCEEDS ATTRIBUTABLE TO INCREASE IN VALUE.—The excess of fair market value of property on sale over its fair market value on distribution shall be treated as property received in the distribution.

"(C) DESIGNATION WHERE AMOUNT OF DISTRIBUTION EXCEEDS ROLLOVER CONTRIBUTION.—In any case where part or all of the distribution consists of property other than money, the taxpayer may designate—

"(i) the portion of the money or other property which is to be treated as attributable to the amount not included in gross income, and

"(ii) the portion of the money or other property which is to be treated as included in the rollover contribution. Any designation under this subparagraph for a taxable year shall be made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof). Any such designation, once made, shall be irrevocable.

"(D) TREATMENT WHERE NO DESIGNATION.—In any case where part or all of the distribution consists of property other than money and the taxpayer fails to make a designation under subparagraph (C) within the time provided therein, then—

"(i) the portion of the money or other property which is to be treated as attributable to the amount not included in gross income, and

"(ii) the portion of the money or other property which is to be treated as included in the rollover contribution,

shall be determined on a ratable basis.

"(E) NONRECOGNITION OF GAIN OR LOSS.—In the case of any sale described in subparagraph (A), to the extent that an amount equal to the proceeds is transferred pursuant to paragraph (1), neither gain nor loss on such sale shall be recognized.

"(7) SPECIAL RULE FOR FROZEN DEPOSITS.—

"(A) IN GENERAL.—The 60-day period described in paragraph (3) shall not—

"(i) include any period during which the amount transferred to the employee is a frozen deposit, or

"(ii) end earlier than 10 days after such amount ceases to be a frozen deposit.

"(B) FROZEN DEPOSITS.—For purposes of this paragraph, the term 'frozen deposit' means any deposit which may not be withdrawn because of—

"(i) the bankruptcy or insolvency of any financial institution, or

"(ii) any requirement imposed by the State in which such institution is located by reason of the bankruptcy or insolvency (or threat thereof) of 1 or more financial institutions in such State.

A deposit shall not be treated as a frozen deposit unless on at least 1 day during the 60-day period described in paragraph (3) (without regard to this paragraph) such deposit is described in the preceding sentence.

"(8) DEFINITIONS.—For purposes of this subsection—

"(A) QUALIFIED TRUST.—The term 'qualified trust' means an employees' trust described in section 401(a) which is exempt from tax under section 501(a).

"(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' means—

"(i) an individual retirement account described in section 408(a),

"(ii) an individual retirement annuity described in section 408(b) (other than an endowment contract),

"(iii) a qualified trust, and

"(iv) an annuity plan described in section 403(a).

"(9) ROLLOVER WHERE SPOUSE RECEIVES DISTRIBUTION AFTER DEATH OF EMPLOYEE.—If any distribution attributable to an employee is paid to the spouse of the employee after the employee's death, the preceding provisions of this subsection shall apply to such distribution in the same manner as if the spouse were the employee; except that a trust or plan described in clause (iii) or (iv) of paragraph (8)(B) shall not be treated as an eligible retirement plan with respect to such distribution.

"(d) TAXABILITY OF BENEFICIARY OF CERTAIN FOREIGN SITUS TRUSTS.—For purposes of subsections (a), (b), and (c), a stock bonus, pension, or profit-sharing trust which would qualify for exemption from tax under section 501(a) except for the fact that it is a trust created or organized outside the United States shall be treated as if it were a trust exempt from tax under section 501(a).

"(e) OTHER RULES APPLICABLE TO EXEMPT TRUSTS.—

"(1) ALTERNATE PAYEES.—

"(A) ALTERNATE PAYEE TREATED AS DISTRIBUTEE.—For purposes of subsection (a) and section 72, an alternate payee who is the spouse or former spouse of the participant shall be treated as the distributee of any distribution or payment made to the alternate payee under a qualified domestic relations order (as defined in section 414(p)).

"(B) ROLLOVERS.—If any amount is paid or distributed to an alternate payee who is the spouse or former spouse of the participant by reason of any qualified domestic relations order (within the meaning of section 414(p)), subsection (c) shall apply to such distribution in the same manner as if such alternate payee were the employee.

"(2) DISTRIBUTIONS BY UNITED STATES TO NONRESIDENT ALIENS.—The amount includible under subsection (a) in the gross income of a nonresident alien with respect to a distribution made by the United States in respect of services performed by an employee of the United States shall not exceed an amount which bears the same ratio to the amount includible in gross income without regard to this paragraph as—

"(A) the aggregate basic pay paid by the United States to such employee for such services, reduced by the amount of such basic pay which was not includible in gross income by reason of being from sources without the United States, bears to

"(B) the aggregate basic pay paid by the United States to such employee for such services.

In the case of distributions under the civil service retirement laws, the term 'basic pay' shall have the meaning provided in section 8331(3) of title 5, United States Code.

"(3) CASH OR DEFERRED ARRANGEMENTS.—For purposes of this title, contributions made by an employer on behalf of an employee to a trust which is a part of a qualified cash or deferred arrangement (as defined in section 401(k)(2)) shall not be treated as distributed or made available to the employee nor as contributions made to the trust by the employee merely because the arrangement includes provisions under which the employee has an election whether the contribution will be made to the trust or received by the employee in cash.

"(f) WRITTEN EXPLANATION TO RECIPIENTS OF DISTRIBUTIONS ELIGIBLE FOR ROLLOVER TREATMENT.—

"(1) IN GENERAL.—The plan administrator of any plan shall, when making an eligible rollover distribution, provide a written explanation to the recipient of the provisions under which such distribution will not be subject to tax if transferred to an eligible retirement plan within 60 days after the date on which the recipient received the distribution.

"(2) DEFINITIONS.—For purposes of this subsection—

"(A) ELIGIBLE ROLLOVER DISTRIBUTION.—The term 'eligible rollover distribution' has the same meaning as when used in subsection (c) of this section or paragraph (4) of section 403(a).

"(B) ELIGIBLE RETIREMENT PLAN.—The term 'eligible retirement plan' has the meaning given such term by subsection (c)(8)(B)."

(b) REPEAL OF $5,000 EXCLUSION OF EMPLOYEES' DEATH BENEFITS.—Subsection (b) of section 101 is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 55(c) is amended by striking "shall not include any tax imposed by section 402(e) and".

(2) Paragraph (8) of section 62(a) (relating to certain portion of lump-sum distributions from pension plans taxed under section 402(e)) is hereby repealed.

(3) Paragraph (4) of section 72(o) (relating to special rule for treatment of rollover amount) is amended by striking "sections 402(a)(5), 402(a)(7)" and inserting "sections 402(c)".

(4) Paragraph (2) of section 219(d) (relating to recontributed amount) is amended by striking "section 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(5) Subparagraph (A) of section 292(h)(2) (relating to flexible individual retirement accounts), as added by section 212 of this Act, is amended by striking "section 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(6) Paragraph (20) of section 401(a) is amended by striking "qualified total distribution described in section 402(a)(5)(E)(i)(I)" and inserting "distribution to a distributee on account of a termination of the plan of which the trust is a part, or in the case of a profit-sharing or stock bonus plan, a complete discontinuance of contributions under such plan".

(7) Subparagraph (B) of section 401(a)(28) (relating to coordination with distribution rules) is amended by striking clause (v).

(8) Subclause (IV) of section 401(k)(2)(B)(i) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(9) Clause (ii) of section 401(k)(10)(B) (relating to distributions that must be lump-sum distributions) is amended to read as follows:

"(ii) LUMP-SUM DISTRIBUTION.—For purposes of this subparagraph, the term 'lump-sum distribution' means any distribution of the balance to the credit of an employee immediately before the distribution."

(10) Paragraph (1) of section 402(g) is amended by striking "subsections (a)(8)" and inserting "subsections (e)(3)".

(11) Subsection (i) of section 402 is amended by striking ", except as otherwise provided in subparagraph (A) of subsection (e)(4)".

(12) Subsection (j) of section 402 is hereby repealed.

(13)(A) Clause (i) of section 403(a)(4)(A) is amended by inserting "in an eligible rollover distribution" before the comma at the end thereof.

(B) Subparagraph (B) of section 403(a)(4) is amended to read as follows:

"(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of section 402(c) shall apply for purposes of subparagraph (A)."

(14)(A) Clause (i) of section 403(b)(8)(A) is amended by inserting "in an eligible rollover distribution" before the comma at the end thereof.

(B) Paragraph (8) of section 403(b) is amended by striking subparagraphs (B), (C), and (D) and inserting the following:

"(B) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2), (3), (4), (5), (6), and (7) of section 402(c) shall apply for purposes of subparagraph (A)."

(15) Subsection (c) of section 406 (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(16) Subsection (c) of section 407 (relating to termination of status as deemed employee not to be treated as separation from service for purposes of limitation of tax) is hereby repealed.

(17) Paragraph (1) of section 408(a) is amended by striking "section 402(a)(5), 402(a)(7)" and inserting "section 402(c)".

(18) Clause (ii) of section 408(d)(3)(A) is amended by striking "of a qualified total distribution (as defined in section 402(a)(5)(E)(i))" and inserting "(as defined in section 402(c)(1))".

(19) Clause (ii) of section 408(d)(3)(A) is amended—

(A) by striking "the entire amount received (including money and any other property) represents the entire amount in the account or the entire value of the annuity and", and

(B) by striking "the entire amount thereof" and inserting "the entire amount received (including money and any other property)".

(20) Subparagraph (B) of section 408(d)(3) (relating to limitations) is amended by striking the second sentence thereof.

(21) Subparagraph (F) of section 408(d)(3) (relating to frozen deposits) is amended by striking "section 402(a)(6)(H)" and inserting "section 402(c)(7)".

(22) Subclause (I) of section 414(n)(5)(C)(iii) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(23) Paragraph (2) of section 414(s) (relating to employer may elect to treat certain deferrals as compensation) is amended by striking "402(a)(8)" and inserting "402(e)(3)".

(24) Subparagraph (A) of section 415(b)(2) (relating to annual benefit in general) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(25) Subparagraph (B) of section 415(b)(2) (relating to adjustment for certain other forms of benefit) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(26) Paragraph (2) of section 415(c) (relating to annual addition) is amended by striking "sections 402(a)(5)" and inserting "sections 402(c)".

(27) Clause (i) of section 457(c)(2)(B) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(28) Subsection (c) of section 691 (relating to coordination with section 402(e)) is amended by striking paragraph (5).

(29) Subparagraph (B) of section 871(a)(1) (relating to income other than capital gains) is amended by striking "402(a)(2), 403(a)(2), or".

(30) Paragraph (1) of section 871(b) (relating to imposition of tax) is amended by striking "section 1, 55, or 402(e)(1)" and inserting "section 1 or 55".

(31) Paragraph (1) of section 871(k) is amended by striking "section 402(a)(4)" and inserting "section 402(e)(2)".

(32) Subsection (b) of section 877 (relating to alternative tax) is amended by striking "section 1, 55, or 402(e)(1)" and inserting "section 1 or 55".

(33) Subsection (b) of section 1441 (relating to income items) is amended by striking "section 402(a)(2), 403(a)(2), or".

(34) Paragraph (5) of section 1441(c) (relating to special items) is amended by striking "section 402(a)(2), 403(a)(2), or".

(35) Subparagraph (A) of section 3121(v)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(36) Subparagraph (A) of section 3306(r)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(37) Subsection (a) of section 3405 is amended by striking "PENSIONS, ANNUITIES, ETC.—" from the heading thereof and inserting "PERIODIC PAYMENTS.—".

(38) Subsection (b) of section 3405 (relating to nonperiodic distribution) is amended—

(A) by striking "the amount determined under paragraph (2)" from paragraph (1) thereof and inserting "an amount equal to 10 percent of such distribution" and

(B) by striking paragraph (2) (relating to amount of withholding) and redesignating paragraph (3) as paragraph (2).

(39) Paragraph (4) of section 3405(d) (relating to qualified total distributions) is hereby repealed.

(40) Paragraph (8) of section 3405(d) (relating to maximum amounts withheld) is amended to read as follows:

"(8) MAXIMUM AMOUNT WITHHELD.—The maximum amount to be withheld under this section on any designated distribution shall not exceed the sum of the amount of money and the fair market value of other property received in the distribution."

(41) Subparagraph (A) of section 4973(b)(1) is amended by striking "sections 402(a)(5), 402(a)(7)" and inserting "sections 402(c)".

(42) Paragraph (4) of section 4980A(c) is amended to read as follows:

"(4) ONE-TIME ELECTION FOR CERTAIN DISTRIBUTIONS.—A taxpayer may elect to determine the excess distributions as defined in paragraph (1) for a calendar year by multiplying the limitation in paragraph (1) by 5 times the amount of such limitation without regard to this subparagraph. Not more than one election may be made under this paragraph with respect to any taxpayer."

(43) Subparagraph (C) of section 7701(j)(1) is amended by striking "section 402(a)(8)" and inserting "section 402(e)(3)".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 1991.

(2) SPECIAL RULE FOR CERTAIN DISTRIBUTIONS.—Distributions made before February 1, 1992 shall be taxed in accordance with the provisions of sections 101(b) and 402 of the Internal Revenue Code of 1986 as in effect prior to the amendments made by this section.

(3) TERMINATION OF PRIOR TRANSITIONAL RULES.—Paragraph (5) of section 1122(h) of the Tax Reform Act of 1986 shall not apply to any amount distributed after December 31, 1996.

(4) 5-YEAR PHASE-OUT OF PRIOR TRANSITIONAL RULES.—

(A) In the case of any lump distribution in any taxable year beginning after December 31, 1991 and before January 1, 1997, paragraph (5) of section 1122(h) of the Tax Reform Act of 1986 shall apply to the phase-out percentage of any lump sum distribution which would have been eligible for the election of those provisions.

(B) For purposes of this paragraph.—

In the case of distributions during calendar year:	The phase-out percentage is:
1992	100
1993	70
1994	35
1995	20
1996	10

SEC. 352. SIMPLIFIED METHOD FOR TAXING ANNUITY DISTRIBUTIONS UNDER CERTAIN EMPLOYER PLANS.

(a) GENERAL RULE.—Subsection (d) of section 72 (relating to annuities; certain proceeds of endowment and life insurance contracts) is amended to read as follows:

"(d) SPECIAL RULES FOR QUALIFIED EMPLOYER RETIREMENT PLANS.—

"(1) SIMPLIFIED METHOD OF TAXING ANNUITY PAYMENTS.—

"(A) IN GENERAL.—In the case of any amount received as an annuity under a qualified employer retirement plan—

"(i) subsection (b) shall not apply, and

"(ii) the investment in the contract shall be recovered as provided in this paragraph.

"(B) METHOD OF RECOVERING INVESTMENT IN CONTRACT.—

"(i) IN GENERAL.—Gross income shall not include so much of any monthly annuity payment under a qualified employer retirement plan as does not exceed the amount obtained by dividing—

"(I) the investment in the contract (as of the annuity starting date), by

"(II) the number of anticipated payments determined under the table contained in clause (iii) (or, in the case of a contract to which subsection (c)(3)(B) applies, the number of monthly annuity payments under such contract).

"(ii) CERTAIN RULES MADE APPLICABLE.—Rules similar to the rules of paragraphs (2) and (3) of subsection (b) shall apply for purposes of this paragraph.

"(iii) NUMBER OF ANTICIPATED PAYMENTS.—

"If the age of the primary annuitant on the annuity starting:	The number of anticipated payments is:
Not more than 55	300
More than 55 but not more than 60.	260
More than 60 but not more than 65.	240
More than 65 but not more than 70.	170
More than 70	120

"(C) ADJUSTMENT FOR REFUND FEATURE NOT APPLICABLE.—For purposes of this paragraph, investment in the contract shall be determined under subsection (c)(1) without regard to subsection (c)(2).

"(D) SPECIAL RULE WHERE LUMP SUM PAID IN CONNECTION WITH COMMENCEMENT OF ANNUITY PAYMENTS.—If in connection with the commencement of annuity payments under any qualified employer plan the taxpayer receives a lump sum payment—

"(i) such payment shall be taxable under subsection (e) as if received before the annuity starting date, and

"(ii) the investment in the contract for purposes of this paragraph shall be determined as if such payment had been so received.

"(E) EXCEPTION.—This paragraph shall not apply in any case where the primary annuitant has attained age 75 on the annuity starting date unless there are fewer than 5 years of guaranteed payments under the annuity.

"(F) ADJUSTMENT WHERE ANNUITY PAYMENTS NOT ON MONTHLY BASIS.—In any case where the annuity payments are not made on a monthly basis, appropriate adjustments in the application of this paragraph shall be made to take into account the period on the basis of which such payments are made.

"(G) QUALIFIED EMPLOYER RETIREMENT PLAN.—For purposes of this paragraph, the term 'qualified employer retirement plan' means any plan or contract described in paragraph (1), (2), or (3) of section 4974(c).

"(2) TREATMENT OF EMPLOYEE CONTRIBUTIONS UNDER DEFINED CONTRIBUTION PLANS.—For purposes of this section, employee contributions (and any income allocable thereto) under a defined contribution plan may be treated as a separate contract."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply in cases where the annuity starting date is on or after February 1, 1992.

SEC. 353. REQUIREMENT THAT QUALIFIED PLANS INCLUDE OPTIONAL TRUSTEE-TO-TRUSTEE TRANSFERS OF ELIGIBLE ROLLOVER DISTRIBUTIONS.

"(a) GENERAL RULE.—Subsection (a) of section 401 (relating to requirements for qualification) is amended by inserting after paragraph (30) the following new paragraph:

"(31) OPTIONAL DIRECT TRANSFER OR ELIGIBLE ROLLOVER DISTRIBUTIONS.—

"(A) IN GENERAL.—A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that if the distributee of any eligible rollover distribution—

"(i) elects to have such distribution paid directly to an eligible retirement plan, and

"(ii) specifies the eligible retirement plan to which such distribution is to be paid (in such form and at such time as the plan administrator may prescribe), such distribution shall be made in the form of a direct trustee-to-trustee transfer to the eligible retirement plan so specified.

"(B) LIMITATION.—Subparagraph (A) shall apply only to the extent that the eligible rollover distribution would be includible in gross income if not transferred as provided in subparagraph (A) (determined without regard to sections 402(c) and 403(a)(4)).

"(C) ELIGIBLE ROLLOVER DISTRIBUTION.—For purposes of this paragraph, the term 'eligible rollover distribution' has the meaning given such term by section 402(f)(2)(A).

"(D) ELIGIBLE RETIREMENT PLAN.—For purposes of this paragraph, the term 'eligible retirement plan' has the meaning given such term by section 402(c)(8)(B), except that a qualified trust shall be considered an eligible retirement plan only if it is a defined contribution plan, the terms of which permit the acceptance of rollover distributions."

(b) EMPLOYEE'S ANNUITIES.—Paragraph (2) of section 404(a) (relating to employee's annuities) is amended by striking "and (27)" and inserting "(27), and (31)".

(c) EXCLUSION FROM INCOME.—

(1) QUALIFIED TRUSTS.—Subsection (e) of section 402 (relating to taxability of beneficiary of employees' trust), as amended by section 351 of this Act, is amended by adding at the end the following new paragraph:

"(4) DIRECT TRUSTEE-TO-TRUSTEE TRANSFERS.—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 such transfer."

"(2) EMPLOYEE ANNUITIES.—Subsection (a) of section 403 is amended by adding at the end thereof the following new paragraph:

"(5) DIRECT TRUSTEE-TO-TRUSTEE TRANSFER.—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 such transfer."

(d) WRITTEN EXPLANATION.—Paragraph (1) of section 402(f) (as amended by section 351 of this Act) is amended to read as follows:

"(1) IN GENERAL.—The plan administrator of any plan shall, before making an eligible rollover distribution, provide a written explanation to the recipient of—

"(A) the optional direct transfer provisions provided pursuant to section 401(a)(31), and

"(B) the provisions under which such distribution will not be subject to tax if transferred to an eligible retirement plan within 60 days after the date on which the recipient received the distribution."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in plan years beginning on or after February 1, 1992.

SEC. 354. SALARY REDUCTION ARRANGEMENTS OF SIMPLIFIED EMPLOYEE PENSIONS.

(a) SALARY REDUCTION ARRANGEMENTS.—

(1) IN GENERAL.—Paragraph (6) of section 408(k) (relating to salary reduction arrangements) is amended to read as follows:

"(6) EMPLOYEE MAY ELECT SALARY REDUCTION ARRANGEMENT.—

"(A) QUALIFIED ARRANGEMENTS.—A simplified employee pension shall not fail to meet the requirements of this subsection for a year merely because, under the terms of the pension, the employees may participate in a qualified salary reduction arrangement.

"(B) CERTAIN EMPLOYERS NOT ELIGIBLE.—This paragraph shall not apply with respect to any year in the case of a simplified employee pension maintained by an employer with more than 100 employees who were eligible to participate (or would have been required to be eligible to participate if a pension was maintained) at any time during the preceding year.

"(C) QUALIFIED SALARY REDUCTION ARRANGEMENT.—For purposes of this paragraph, the term 'qualified salary reduction arrangement' means a written arrangement of an eligible employer which meets the requirements of subparagraphs (D), (E), and (F) and under which—

"(i) an employee may elect to have the employer make payments—

"(I) as elective employer contributions to the simplified employee pension on behalf of the employee, or

(II) to the employee directly in cash,

"(ii) the amount which an employee may elect under clause (i) for any year may not exceed a total of $3,000 for any year.

An arrangement meets the requirements of clause (ii) only if, under the arrangement, the employer may not place a limit on the percentage of compensation an employee may elect to contribute.

"(D) NONELECTIVE CONTRIBUTIONS.—An arrangement meets the requirements of this subparagraph only if, under the arrangement, the employer is required (without regard to whether the employee makes an elective contribution) to make a contribution to the simplified employee pension on behalf of each employee eligible to participate for the year in an amount equal to 1 percent of the employee's compensation (not in excess of $100,000) for the year.

"(E) ARRANGEMENT MAY BE ONLY PLAN OF EMPLOYER.—

"(i) IN GENERAL.—An arrangement shall not be treated as a qualified salary reduction arrangement for any year if the employer (or any predecessor employer) maintained a qualified plan with respect to which contributions were made, or amounts were accrued, for any year in the period beginning with the year such arrangement became effective and ending with the year for which the determination is being made.

"(ii) SERVICE CREDIT.—A qualified plan maintained by an employer shall provide that, in computing the accrued benefit of any employee, no credit shall be given with respect to any year for which such employee was eligible to participate in a qualified salary reduction arrangement of such employer.

"(F) RULES RELATING TO MATCHING CONTRIBUTIONS.—

"(i) IN GENERAL.—An arrangement meets the requirements of this subparagraph only if, under the arrangement, the employer is required to make a matching contribution described in subparagraph (F)(ii) to the simplified employee pension on behalf of each employee that makes elective contributions under subparagraph (C)(i)(I).

"(ii) RATES OF MATCHING CONTRIBUTIONS.—The level of an employer's matching contribution—

"(I) shall equal as much of the employee's elective contribution as does not exceed 3 percent of the employee's compensation, plus

"(II) an amount equal to 50 percent of the employee's elective contribution that exceeds 3 percent of the employee's compensation and is not greater than 5 percent of the employee's compensation.

"(G) QUALIFIED PLAN.—For purposes of this paragraph, the term 'qualified plan' means a plan, contract, pension, or trust described in subparagraph (A) or (B) of section 219(g)(5).

"(H) COMPENSATION.—For purposes of this paragraph, the term compensation has the same meaning as in section 414(q)(5)."

(2) CONFORMING CHANGES.—Subparagraph (B) of section 408(k)(7) is amended by striking "paragraph (2)(C)" and inserting "paragraphs (2)(C) and (6)(H)".

(b) COST-OF-LIVING ADJUSTMENTS.—Paragraph (8) of section 408(k) is amended to read as follows:

"(8) COST-OF-LIVING ADJUSTMENTS.—

"(A) IN GENERAL.—The Secretary shall adjust each of the following amounts at the same time and in the same manner as under section 415(d):

"(i) The $300 amount in paragraph (2)(C).

"(ii) The $200,000 amount in paragraph (3)(C).

"(iii) The $3,000 amount in paragraph (6)(C)(ii).

"(iv) The $100,000 amount in paragraph (6)(D)(i).

"(B) EXCEPTIONS.—

"(i) COORDINATION WITH SECTION 401(A)(17).—The amount described in clause (ii) of subparagraph (A) (as adjusted under such subparagraph) shall not exceed 100 percent of the amount in effect under section 401(a)(17).

"(ii) BASE PERIOD.—The base period taken into account under section 415(d) for the amounts described in clauses (iii) and (iv) of subparagraph (A) shall be the calendar quarter beginning October 1, 1991."

(c) REPORTING REQUIREMENTS.—Subsection (1) of section 408 is amended—

(1) by striking "(1) SIMPLIFIED EMPLOYER REPORTS.—An" and inserting the following:

"(1) SIMPLIFIED EMPLOYER REPORTS.—

"(1) IN GENERAL.—An",

(2) by moving the text of such subsection 2 ems to the right, and

(3) adding at the end thereof the following new paragraph:

"(2) QUALIFIED SALARY REDUCTION ARRANGEMENTS UNDER SIMPLIFIED EMPLOYEE PENSIONS.—

"(A) IN GENERAL.—The employer maintaining any simplified employee pension established pursuant to a qualified salary reduction arrangement under subsection (k)(6) shall each year prepare, and provide to each employee eligible to participate in the arrangement, a description containing the following information:

"(i) The name and address of the employer and the trustee.

"(ii) The requirements for eligibility for participation.

"(iii) The benefits provided with respect to the arrangement.

"(iv) The time and method of making elections with respect to the arrangement.

"(v) The procedures for, and effects of, withdrawals from the arrangement.

"(B) TIME REPORT PROVIDED.—The description under subparagraph (A) for any year shall be provided to each employee during the 30-day period preceding the first date during such year on which the employee may make an election with respect to the arrangement."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to years beginning after December 31, 1991.

(2) TRANSITION RULE.—The amendments made by this section shall not apply to a simplified employee pension which was in effect on the date of the enactment of this Act and which maintained a salary reduction arrangement on such date, unless the employer elects to have such amendments apply for any year and all subsequent years.

SEC. 355. TAX EXEMPT ORGANIZATIONS ELIGIBLE UNDER SECTION 401(k).

(a) GENERAL RULE.—Subparagraph (B) of section 401(k)(4) is amended to read as follows:

"(B) STATE AND LOCAL GOVERNMENTS NOT ELIGIBLE.—A cash and deferred arrangement shall not be treated as a qualified cash and deferred arrangement if it is part of a plan maintained by a State or local government or political subdivision thereof, or any agency or instrumentality thereof. This subparagraph shall not apply to a rural cooperative plan."

(b) EFFECTIVE DATES.—The amendment made by this section shall apply to plan years beginning on or after February 1, 1992.

SEC. 356. DUTIES OF SPONSORS OF CERTAIN PROTOTYPE PLANS.

(a) IN GENERAL.—The Secretary of the Treasury may, as a condition of sponsorship, prescribe rules defining the duties and responsibilities of sponsors of master and prototype plans, regional prototype plans, and other Internal Revenue Service preapproved plans.

(b) DUTIES RELATING TO PLAN AMENDMENT, NOTIFICATION OF ADOPTERS, AND PLAN ADMINISTRATION.—The duties and responsibilities referred to in subsection (a) may include—

(1) the maintenance of lists of persons adopting the sponsor's plans, including the updating of such lists not less frequently than annually,

(2) the furnishing of notices at least annually to such persons and to the Secretary or his delegate, in such form and at such time as the Secretary shall prescribe,

(3) duties relating to administrative services to such persons in the operation of their plans,

(4) other duties that the Secretary considers necessary to ensure that—

(A) the master and prototype, regional prototype, and other preapproved plans of adopting employers are timely amended to meet the requirements of the Internal Revenue Code of 1986 or of any rule or regulation of the Secretary, and

(B) adopting employers receive timely notification of amendments and other actions taken by sponsors with respect to their plans.

SEC. 357. SIMPLIFICATION OF NONDISCRIMINATION TESTS APPLICABLE UNDER SECTIONS 401(k) AND 401(m).

(a) CASH OR DEFERRED ARRANGEMENTS.—

(1) IN GENERAL.—Paragraph (3) of section 401(k) (relating to application of participation and discrimination standards) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by striking subparagraphs (A) and (B) and inserting the following:

"(A) IN GENERAL.—A cash or deferred arrangement shall not be treated as a qualified cash or deferred arrangement unless—

"(i) those employees eligible to benefit under the arrangement satisfy the provisions of section 410(b)(1),

"(ii) the actual deferral percentage of each eligible highly compensated employee for the plan year does not exceed 200 percent of the average deferral percentage of nonhighly compensated employees for the preceding plan year, and

"(iii) the actual deferral percentage of each eligible highly compensated employee for the plan year does not exceed the average deferral percentage of nonhighly compensated employees for the preceding plan year by more than 3 percentage points.

"(B) DEFERRAL PERCENTAGES.—For purposes of this paragraph—

"(i) ACTUAL DEFERRAL PERCENTAGE.—The actual deferral percentage of any employee for a plan year is the percentage which—

"(I) the amount of employer contributions actually paid over to the trust on behalf of such employee for such plan year, is of

"(II) the employee's compensation for such plan year.

"(ii) AVERAGE DEFERRAL PERCENTAGE OF NONHIGHLY COMPENSATED EMPLOYEES.—The average deferral percentage of nonhighly compensated employees for any plan year is the average of the actual deferral percentages for such plan year of all eligible employees other than highly compensated employees.

"(C) SPECIAL RULES.—

"(i) ELECTION TO USE AVERAGE DEFERRAL PERCENTAGE FOR HIGHLY COMPENSATED EMPLOYEE.—A plan may provide that in lieu of satisfying the requirements of clauses (ii) and (iii) of subparagraph (3)(A), a cash or deferred arrangement may be a qualified cash or deferred arrangement if the average deferral percentage for eligible highly compensated employees for such year bears a relationship to the average deferral percentage of nonhighly compensated employees for the preceding plan year which meets either of the following tests:

"(I) The average deferral percentage for the group of eligible highly compensated employees is not more than the average deferral percentage for nonhighly compensated employees for the preceding plan year multiplied by 1.25.

"(II) The excess of the average deferral percentage for the group of eligible highly compensated employees over the average deferral percentage for nonhighly compensated employees for the preceding plan year is not more than 2 percentage points, and the average deferral percentage for the group of eligible highly compensated employees is not more than the average deferral percentage for nonhighly compensated employees for the preceding plan year multiplied by 2.

The average deferral percentage for the group of eligible highly compensated employees is the average of the actual deferral percentages for such plan year of all eligible highly compensated employees.

"(ii) SPECIAL RULE FOR FIRST PLAN YEAR.—In the case of the first plan year of any plan, the amount taken into account as the average deferral percentage of nonhighly compensated employees for the preceding plan year shall be—

"(I) 3 percent, or

"(II) if the employer makes an election under this subclause, the average deferral percentage of nonhighly compensated employees determined for such first plan year.

"(iii) AGGREGATION OF PLANS.—If 2 or more plans which include cash or deferred arrangements are considered as 1 plan for purposes of section 401(a)(4) or 410(b), the cash or deferred arrangements included in such plans shall be treated as 1 arrangement for purposes of this paragraph. If any highly compensated employee is a participant under 2 or more cash or deferred arrangements of the employer, for purposes of determining the actual deferral percentage with respect to such employee, all such cash or deferred arrangements shall be treated as 1 cash or deferred arrangement.

"(iv) RULES RELATING TO ELECTION.—

"(I) IN GENERAL.—The election to use the average deferral percentage pursuant to subparagraph (C) shall be made, if at all, with respect to the first plan year of the plan (or, if later, the first plan year beginning after February 1, 1992) and, once made, shall be irrevocable.

"(II) CONSISTENCY REQUIREMENT.—The election to use the average contribution percentage pursuant to section 401(m)(3)(C)(i) will be treated as an election to use the average deferral percentage pursuant to subparagraph (C)(i)."

(2) DISTRIBUTION OF EXCESS CONTRIBUTIONS.—Paragraph (8) of section 401(k) is amended by striking subparagraphs (A), (B), and (C), and inserting the following:

"(A) IN GENERAL.—A cash or deferred arrangement shall not be treated as failing to meet the requirements of clauses (ii) and (iii) of paragraph (3)(A) (or clause (i) of paragraph (3)(C)) for any plan year if, with respect to each highly compensated employee having excess contributions for such plan year, the amount of such excess contributions (and any income allocable to such contributions) is distributed to such employee before the close of the following plan year. Any distribution of excess contributions (and income) may be made without regard to any other provision of law.

"(B) EXCESS CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'excess contributions' means, with respect to any highly compensated employee for any plan year, the excess of—

"(i) the aggregate amount of employer contributions actually paid over to the trust on behalf of such employee for such plan year, over

"(ii) the maximum amount of such contributions permitted under the limitations of paragraph (3).

"(C) PLANS THAT UTILIZE AVERAGING OPTION.—A plan that elects to use the average deferral percentage for highly compensated employees as provided in paragraph (3)(C)(i) must determine the maximum amount of contributions permitted under the limits of paragraph (3)(C)(i) by reducing the contributions made on behalf of highly compensated employees in order of the actual deferral percentages beginning with the highest of such percentages and distribute the excess contributions to the highly compensated employees on the basis of the respective portions of the excess contributions attributable to each such employee. To the extent permitted by regulations, an employee may elect to treat the amount of excess contributions as an amount distributed to the employee and then contributed by the employee to the plan."

(b) NONDISCRIMINATION TEST FOR MATCHING CONTRIBUTIONS AND EMPLOYEE CONTRIBUTIONS.—

(1) IN GENERAL.—Subparagraph (A) of section 401(m)(2) (relating to contribution percentage requirement) is amended to read as follows:

"(A) CONTRIBUTION PERCENTAGE REQUIREMENT.—A plan meets the contribution percentage requirement of this paragraph for any plan year only if—

"(i) the actual contribution percentage of each eligible highly compensated employee for such plan year does not exceed 200 percent of the average contribution percentage of nonhighly compensated employees for the preceding plan year, and

"(ii) the actual contribution percentage of each eligible highly compensated employee for the plan year does not exceed the average

contribution percentage of nonhighly compensated employees for the preceding plan year by more than 3 percentage points."

(2) CONTRIBUTION PERCENTAGES.—Paragraph (3) of section 401(m) is amended to read as follows:

"(3) CONTRIBUTION PERCENTAGES.—For purposes of this subsection—

"(A) ACTUAL CONTRIBUTION PERCENTAGE.—The actual contribution percentage of any employee for any plan year is the percentage which—

"(i) the sum of the matching contributions and employee contributions paid under the plan on behalf of such employee for such plan year, is of

"(ii) such employee's compensation (within the meaning of section 414(s)) for such plan year.

"(B) AVERAGE CONTRIBUTION PERCENTAGE OF NONHIGHLY COMPENSATED EMPLOYEES.—The average contribution percentage of nonhighly compensated employees for any plan year is the average of the actual contribution percentages for such plan year of all eligible employees other than highly compensated employees.

"(C) SPECIAL RULES.—

"(i) ELECTION TO USE AVERAGE CONTRIBUTION PERCENTAGE FOR HIGHLY COMPENSATED EMPLOYEE.—A plan may provide that in lieu of satisfying the requirements of paragraph (2)(A), a plan meets the contribution requirement of this section if the average contribution percentage for eligible highly compensated employees for such year bears a relationship to the average contribution percentage of nonhighly compensated employees for the preceding plan year which meets either of the following tests:

"(I) The average contribution percentage for the group of eligible highly compensated employees is not more than the average contribution percentage for nonhighly compensated employees for the preceding plan year multiplied by 1.25.

"(II) The excess of the average contribution percentage for the group of eligible highly compensated employees over the average contribution percentage for nonhighly compensated employees for the preceding plan year is not more than 2 percentage points, and the average contribution percentage for the group of eligible highly compensated employees is not more than the average contribution percentage for nonhighly compensated employees for the preceding plan year multiplied by 2.

The average contribution percentage for the group of eligible highly compensated employees is the average of the actual contribution percentages for such plan year of all eligible highly compensated employees.

"(ii) CERTAIN CONTRIBUTIONS MAY BE TAKEN INTO ACCOUNT.—Under regulations, an employer may elect to take into account under subparagraph (A)(i) elective deferrals and qualified nonelective contributions under the plan or any other plan of employer. If matching contributions are taken into account for purposes of subsection (k)(3)(A) for any plan year, such contributions shall not be taken into account under paragraph (2) for such plan year.

"(iii) SPECIAL RULE FOR FIRST PLAN YEAR.—Rules similar to the rules of subsection (k)(3)(C)(ii) shall apply for purposes of this subsection.

"(iv) RULES RELATING TO ELECTIONS.—

"(I) IN GENERAL.—The election to use the average contribution percentage pursuant to subparagraph (C) shall be made, if at all, with respect to the first plan year of the plan (or, if later, the first plan year beginning after February 1, 1992) and, once made, shall be revocable only with the consent of the Commissioner.

"(II) CONSISTENCY REQUIREMENT.—The election to use the average deferral percentage pursuant to section 401(k)(3)(C)(i) will be treated as an election to use the average contribution percentage pursuant to subparagraph (C)(i)."

(3) DISTRIBUTION OF EXCESS AGGREGATE CONTRIBUTIONS.—Paragraph (6) of section 401(m) is amended—

(A) by striking subparagraphs (A) and (B) and inserting the following:

"(A) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1) for any plan year if, with respect to each highly compensated employee having excess aggregate contributions for such plan year, the amount of such excess aggregate contributions (and any income allocable to such contributions) is distributed to such employee before the close of the following plan year (or, if forfeitable, is forfeited). Any distribution of excess aggregate contributions (and income) may be made without regard to any other provision of law.

"(B) EXCESS AGGREGATE CONTRIBUTIONS.—For purposes of subparagraph (A), the term 'excess aggregate contributions' means, with respect to any highly compensated employee for any plan year, the excess of—

"(i) the aggregate amount of the matching contributions and employee contributions (and any qualified nonelective contribution or elective contribution taken into account under paragraph (3)(A)(i)) actually made on behalf of such employee for such plan year, over

"(ii) the maximum amount of such contributions permitted under the limitations of paragraph (2)(A)."

"(C) PLANS THAT UTILIZE AVERAGING OPTION.—A plan that elects to use the average contribution percentage for highly compensated employees as provided in paragraph (3)(C)(i) must determine the maximum amount of contributions permitted under the limits of paragraph (3)(C)(i) by reducing the contributions made on behalf of highly compensated employees in order of the actual contribution percentages beginning with the highest of such percentages and distribute the excess aggregate contributions to the highly compensated employees on the basis of the respective portions of the excess aggregate contributions attributable to each such employee. Forfeitures of excess aggregate contributions may not be allocated to participants whose contributions are reduced under this paragraph."

(4) CONFORMING AMENDMENT.—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."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning on or after February 1, 1992.

SEC. 358. DEFINITION OF HIGHLY COMPENSATED EMPLOYEE.

(a) GENERAL RULE.—Subsection (q) of section 414 (defining highly compensated employee) is amended to read as follows:

"(q) HIGHLY COMPENSATED EMPLOYEE.—

"(1) IN GENERAL.—The term 'highly compensated employee' means any employee who, during the year or the preceding year—

"(A) was a 5-percent owner, or

"(B) received compensation from the employer in excess of $50,000.

The Secretary shall adjust the $50,000 amount specified in subparagraph (B) at the same time and in the same manner as under section 415(d).

"(2) SPECIAL RULE FOR CURRENT YEAR.—In the case of the year for which the relevant determination is being made, an employee not described in subparagraph (B) of paragraph (1) for the preceding year (without regard to this paragraph) shall not be treated as described in such subparagraph for the year for which the determination is being made unless such employee is a member of the group consisting of the 100 employees paid the highest compensation during the year for which such determination is being made.

"(3) 5-PERCENT OWNER.—An employee shall be treated as a 5-percent owner for any year if at any time during such year such employee was a 5-percent owner (as defined in section 416(i)(1)) of the employer.

"(4) SPECIAL RULE IF NO EMPLOYEE DESCRIBED IN PARAGRAPH (1).—If no employee is treated as a highly compensated employee under paragraph (1), the employee who has the highest compensation for the year shall be treated as a highly compensated employee.

"(5) COMPENSATION.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'compensation' means compensation within the meaning of section 415(c)(3).

"(B) CERTAIN PROVISIONS NOT TAKEN INTO ACCOUNT.—The determination under subparagraph (A) shall be made—

"(i) without regard to sections 125, 402(e)(3), 402(h)(1)(B), and 414(h)(2), and

"(ii) in the case of employer contributions made pursuant to a salary reduction agreement, without regard to sections 403(b) and 457.

"(6) FORMER EMPLOYEES.—A former employee shall be treated as a highly compensated employee if—

"(A) such employee was a highly compensated employee when such employee separated from service, or

"(B) such employee was a highly compensated employee at any time after attaining age 55.

"(7) COORDINATION WITH OTHER PROVISIONS.—Subsections (b), (c), (m), (n), and (o) shall be applied before the application of this section.

"(8) SPECIAL RULE FOR NONRESIDENT ALIENS.—For purposes of this subsection, any employee described in subsection (r)(9)(F) shall not be treated as an employee."

(b) CONFORMING AMENDMENTS.—

(1)(A) Section 414(r) is amended by adding at the end thereof the following new paragraph:

"(9) EXCLUDED EMPLOYEES.—For purposes of this subsection, the following employees shall be excluded:

"(A) Employees who have not completed 6 months of service.

"(B) Employees who normally work less than 17½ hours per week.

"(C) Employees who normally work not more than 6 months during any year.

"(D) Employees who have not attained the age of 21.

"(E) Except to the extent provided in regulations, employees who are included in a unit of employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between employee representatives and the employer.

"(F) Employees who are nonresident aliens and who receive no earned income (within the meaning of section 911(d)(2)) from the

employer which constitutes income from sources within the United States (within the meaning of section 861(a)(3)).

Except as provided by the Secretary, the employer may elect to apply subparagraph (A), (B), (C), or (D) by substituting a shorter period of service, smaller number of hours or months, or lower age for the period of service, number of hours or months, or age (as the case may be) specified in such subparagraph."

(B) Subparagraph (A) of section 414(r)(2) is amended by striking "subsection (q)(8)" and inserting "paragraph (9)".

(2) Paragraph (2) of section 414(s) is amended to read as follows:

"(2) EMPLOYER MAY ELECT TO TREAT CERTAIN DEFERRALS AS COMPENSATION.—An employer may elect to include all of the following amounts as compensation:

"(A) Amounts not includible in the gross income of the employee under section 125, 402(e)(3), 402(h)(1)(B), or 414(h)(2).

"(B) Amounts contributed by the employer under a salary reduction agreement and not includible in gross income under section 403(b) or 457."

(3) Paragraph (17) of section 401(a) is amended by striking the last sentence.

(4) Subsection (1) of section 404 is amended by striking the last sentence.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning on or after February 1, 1992.

SEC. 359. ELIMINATION OF SPECIAL VESTING RULE FOR MULTIEMPLOYER PLANS.

(a) INTERNAL REVENUE CODE AMENDMENT.—Paragraph (2) of section 411(a) (relating to minimum vesting standards) is amended—

(1) by striking "subparagraph (A), (B), or (C)" and inserting "subparagraph (A) or (B)"; and

(2) by striking subparagraph (C).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning on or after the earlier of—

(1) the later of—

(A) January 1, 1993, or

(B) the date on which the last of the collective bargaining agreements pursuant to which the plan is maintained terminates (determined without regard to any extension thereof after the date of the enactment of this Act), or

(2) January 1, 1995.

Such amendments shall not apply to any individual who does not have more than 1 hour of service under the plan on or after the 1st day of the 1st plan year to which such amendments apply.

Subtitle E—Other Provisions

PART I—PROVISIONS RELATING TO CHARITABLE CONTRIBUTIONS

SEC. 361. THE ALTERNATIVE MINIMUM TAX.

(a) REPEAL OF TAX PREFERENCE.—Subsection (a) of section 57 is amended by striking paragraph (6) (relating to the appreciated property charitable deduction under the alternative minimum tax) and by redesignating paragraph (7) as paragraph (6).

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in calendar years ending on or after December 31, 1992.

SEC. 362. ALLOCATION AND APPORTIONMENT.

(a) APPLICATION OF SECTION 864(E)(6).—Paragraph (6) of section 864(e) is amended by designating the existing text as subparagraph (A), by inserting the heading "AFFILIATED GROUP RULE" before the text of subparagraph (A), and by adding at the end thereof the following new subparagraph:

"(B) ALLOCATION AND APPORTIONMENT OF CHARITABLE DEDUCTIONS.—A charitable contribution allowable as a deduction in computing taxable income for a taxable year shall be allocated and apportioned solely to gross income from sources within the United States. For purposes of the preceding sentence, all members of an affiliated group shall be treated as a single corporation."

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in calendar years ending on or after December 31, 1992.

SEC. 363. INFORMATION REPORTING OF LARGE DONATIONS.

(a) REPORTING BY DONEES.—

(1) REPORTING REQUIREMENT.—Subpart B of part III of subchapter A of chapter 61 is amended by adding at the end thereof the following new section:

"SEC. 6050P. RETURNS RELATING TO CERTAIN CHARITABLE CONTRIBUTIONS.

"(a) GENERAL RULE.—The donee of any large charitable donation shall make a return (in accordance with forms and regulations prescribed by the Secretary) showing—

"(1) the name, address, and TIN of the donor,

"(2) the amount of the contribution (or the value, if the contribution is made other than in money), and

"(3) the circumstances under which the contribution was made.

"(b) LARGE CHARITABLE DONATION.—For purposes of this section, the term 'large charitable donation' means any combination of money or value of property contributed by an individual during the calendar year in contributions for which a deduction could potentially be claimed under section 170, based on the donee's determination that it did not provide substantial goods or services in exchange for the contribution, if the amount of such contributions exceeds $500.

"(c) STATEMENT TO BE FURNISHED TO DONORS.—Every person making a return under subsection (a) shall furnish a copy of such return to the donor at such time and in such manner as the Secretary may by regulations prescribe.

"(d) EXCEPTIONS FROM FILING.—Subsection (a) shall not apply to any organization exempt from the filing requirements of section 6033 by reason of the organization's normal level of gross receipts, whether exempted by section 6033(a)(2)(A)(ii) or by the Secretary pursuant to section 6033(a)(2)(B)."

(2) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 (as amended by section 363 of this Act) is amended by adding at the end thereof the following new item:

"Sec. 6050P. Returns relating to certain charitable contributions."

(b) DENIAL OF DEDUCTION.—Except as otherwise provided by regulations, no deduction for a large charitable donation (as defined in section 6050P of the Internal Revenue Code) shall be allowed unless the donor includes on the return on which such deduction is first claimed such additional information as the Secretary may prescribe (by form or regulation).

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made on or after July 1, 1992.

PART II—OTHER PROVISIONS

SEC. 371. EXTEND MEDICARE HOSPITAL INSURANCE (HI) COVERAGE TO ALL STATE AND LOCAL EMPLOYEES.

(a) APPLICATION OF HOSPITAL INSURANCE TAX.—Paragraph (2) of section 3121(u) (relating to the application of the hospital insurance tax to State and local employment) is amended:

(1) by striking "subparagraphs (B) and (C)" and inserting "subparagraph (B)" in subparagraph (A), and

(2) by deleting subparagraphs (C) and (D).

(b) ENTITLEMENT TO HOSPITAL INSURANCE BENEFITS.—

(1) Section 210(p) of the Social Security Act (42 U.S.C. 410(p)) is amended:

(A) by striking "paragraphs (2) and (3)" and inserting "paragraph (2)" in paragraph (1)(B), and

(B) by deleting paragraphs (3) and (4).

(2) Section 218(n) of the Social Security Act (42 U.S.C. 418(n)) is repealed.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to services performed after June 30, 1992.

(2) SERVICES PERFORMED BEFORE JULY 1, 1992.—If any service performed by an individual during July 1992 is medicare qualified government employment (as defined in section 210(p) of the Social Security Act (42 U.S.C. 410(p)), as amended by subsection (b) of this section), the amendments made by subsection (b) of this section shall apply to all periods (if any) of service performed by that individual before July 1, 1992 that would be medicare qualified government employment (as so defined) if performed after June 30, 1992.

(3) DISABILITY BEFORE JULY 1, 1992.—For purposes of establishing entitlement to hospital insurance benefits under part A of title XVIII of the Social Security Act pursuant to the amendments made by subsection (b) of this section, no individual may be considered to be under a disability for any period before July 1, 1992.

(4) CONFORMING AMENDMENT.—Section 278(d)(2)(A) of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law No. 97-248, as amended by section 309(a)(11) of the Technical Corrections Act of 1982, Public Law No. 97-448, is amended by inserting "or of section 371(c)(2) of the Long Term Growth Act of 1992" after "subsection".

SEC. 372. CONFORM TAX ACCOUNTING TO FINANCIAL ACCOUNTING FOR SECURITIES DEALERS.

(a) GENERAL RULE.—Subpart D of part II of subchapter E of chapter 1 of the Internal Revenue Code of 1986 (relating to inventories) is amended by inserting at the end thereof the following new section:

"SEC. 475. MARK TO MARKET INVENTORY METHOD FOR DEALERS IN STOCK OR SECURITIES.

"(a) GENERAL RULE.—Each stock or security held for resale to customers in the ordinary course of the taxpayer's trade or business at the close of the taxable year shall be treated as sold for its fair market value on the last business day of such taxable year and any gain or loss shall be taken into account for that taxable year.

"(b) BASIS ADJUSTMENT REQUIRED.—Proper adjustment shall be made to the taxpayer's basis in each stock or security so that any gain or loss subsequently realized is not recognized to the extent such gain or loss was previously taken into account by reason of subsection (a).

"(c) DERIVATIVE FINANCIAL INSTRUMENTS HELD BY DEALERS.—A taxpayer that is required by subsection (a) to treat stocks or securities held for resale to customers in the ordinary course of the taxpayer's trade or business as sold for their fair market value on the last business day of the taxable year shall—

"(1) treat all derivative financial instruments held at the close of the taxable year as sold for their fair market value on the last business day of the taxable year, and

"(2) properly adjust the amount of gain or loss subsequently realized for gain or loss taken into account by reason of paragraph (1).

"(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

"(1) STOCK OR SECURITIES DEFINED.—The term 'stock or securities' shall include stock or securities as defined in section 851(b)(2), 1091(a), or 1236(c), and notional principal contracts.

"(2) DEALERS OR TRADERS IN NOTIONAL PRINCIPAL CONTRACTS.—A dealer or trader in notional principal contracts shall be treated as holding such contracts for resale to customers in the ordinary course of its trade or business.

"(3) DERIVATIVE FINANCIAL INSTRUMENTS DEFINED.—The term 'derivative financial instruments' includes commodities, options, forward contracts, futures contracts, notional principal contracts, short positions in securities, and any similar financial instrument.

"(4) SECTION 263A SHALL NOT APPLY.—The cost capitalization rules of section 263A shall not apply to stock, securities, or derivative financial instruments accounted for under this section.

"(e) REGULATORY AUTHORITY.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including rules to prevent the use of year-end transfers, related parties, or other arrangements to avoid the effect of this section."

(b) CONFORMING AMENDMENT.—Subsection (b) of section 471 is amended to read as follows:

"(b) CROSS REFERENCES.—

"(1) For rules relating to the inventory method that conforms to the best accounting practice for dealers in stock or securities, see section 475.

"(2) For rules relating to capitalization of direct and indirect costs of property, see section 263A."

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part II of Subchapter E of chapter 1 is amended by adding at the end thereof the following new item:

"Sec. 475. Conform tax accounting to financial accounting for securities dealers."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to all taxable years ending on or after December 31, 1992.

(2) CHANGE IN METHOD OF ACCOUNTING.—In the case of any taxpayer required by this section to change its method of accounting for any taxable year—

(A) such change shall be treated as initiated by the taxpayer,

(B) such change shall be treated as made with the consent of the Secretary,

(C) the change in method of accounting shall be implemented by valuing each stock or security to which the amendments of this section apply at its fair market value on the last day of the first taxable year ending on or after December 31, 1992, and

(D) 10 percent of any increase or decrease in value by reason of subparagraph (C) shall be taken into account in each of the 10 taxable years beginning with the first taxable year ending on or after December 31, 1992.

SEC. 373. DISALLOWANCE OF INTEREST DEDUCTIONS ON CORPORATE OWNED LIFE INSURANCE

(a) DISALLOWANCE OF DEDUCTION.—Subsection (a) of section 264 is amended—

(1) by striking "to the extent that the aggregate amount of such indebtedness with respect to policies covering such individuals exceeds $50,000" in paragraph (4), and

(2) by striking the last sentence thereof.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to interest incurred on or after February 1, 1992.

SEC. 374. CLARIFICATION OF TREATMENT OF CERTAIN FSLIC ASSISTANCE.

(a) GENERAL RULE.—For purposes of chapter 1 of the Internal Revenue Code of 1986—

(1) no deduction is allowed under section 165 of such Code for a loss on the disposition of property to the extent that the taxpayer has a right to be reimbursed for the loss with FSLIC Assistance, and

(2) no deduction is allowed under section 166, 585, or 593 of such Code with respect to any debt to the extent that the taxpayer has a right to be reimbursed for the debt with FSLIC Assistance.

(b) FSLIC ASSISTANCE.—For purposes of this section, the term "FSLIC Assistance" means any money or other property provided with respect to a domestic building and loan association (as defined in section 7701(a)(19) of such Code without regard to subparagraph (C) thereof) pursuant to section 406(f) of the National Housing Act or section 21A of the Federal Home Loan Bank Act (or any similar provision of law). The term "FSLIC Assistance" does not include money or other property to which the amendments made by section 1401(a)(3) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 apply.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The provisions of this section apply to FSLIC Assistance credited on or after March 4, 1991, with respect to property disposed of and chargeoffs made in taxable years ending on or after March 4, 1991.

(2) SPECIAL RULE FOR NET OPERATING LOSS CARRYOVERS.—The amount of any net operating loss carryover to a taxable year ending on or after March 4, 1991, must be reduced by the amount of FSLIC Assistance credited on or after March 4, 1991, with respect to property disposed of or chargeoffs made in taxable years ending before March 4, 1991.

SEC. 375. EQUALIZING TAX TREATMENT OF LARGE CREDIT UNIONS AND THRIFTS.

(a) REPEAL OF EXEMPTION.—Subparagraph (A) of section 501(c)(14) is amended to read as follows:

"(A) Small credit unions without capital stock organized and operated for mutual purposes and without profit. For purposes of this subparagraph, a credit union is a small credit union unless, for any taxable year, the average adjusted basis of all of its assets exceeds $50,000,000."

(b) REPEAL OF DEDUCTION FOR DIVIDENDS PAID.—Subsection (a) of section 591 is amended by inserting "credit unions that are not small credit unions as defined in section 501(c)(14)(A)," after "domestic building and loan associations,".

(c) RESERVES FOR BAD DEBTS.—

(1) IN GENERAL.—Paragraph (1) of section 593(a) is amended by striking "or" at the end of subparagraph (B), by inserting "or" at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

"(D) any credit union that is not a small credit union as defined in section 501(c)(14)(A),".

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 593(a) is amended by striking "association or bank" and inserting "entity".

(d) EFFECTIVE DATE.—The provisions of this section apply for taxable years ending on or after December 31, 1992.

SEC. 376. TREATMENT OF ANNUITIES WITHOUT LIFE CONTINGENCIES.

(a) LIFE CONTINGENCY REQUIRED FOR ANNUITY TREATMENT.—Paragraph (5) of section 72(c) is amended to read as follows:

(5) ANNUITY CONTRACT.—

"(A) IN GENERAL.—For purposes of this subtitle (other than subchapter L), a contract is treated as an annuity contract only if the purchaser irrevocably chooses as a settlement option a series of substantially equal periodic payments (not less frequently than annually) made for the life of the annuitant or the joint lives of the annuitants. The settlement option must be irrevocable as of the date the contract is entered into.

"(B) CERTAIN FEATURES.—

"(i) TERM CERTAIN FEATURE.—If the settlement option described in subparagraph (A) contains a term certain feature, that feature may not guarantee that periodic payments will be made for a period of time that exceeds one-third of the life expectancy of the annuitant determined as of the annuity starting date.

"(ii) AMOUNT CERTAIN FEATURE.—If the settlement option described in subparagraph (A) contains an amount certain feature, that feature may not guarantee that an amount will be paid that exceeds one-third of the cash value of the contract (determined without regard to any surrender charge) determined as of the annuity starting date (or date of annuitant's death, if earlier).

"(C) SPECIAL RULES.—This paragraph shall not apply to—

"(i) annuities purchased by a trust described in section 401(a) which is exempt from tax under section 501(a),

"(ii) annuities purchased as part of a plan described in section 403(a),

"(iii) annuities described in section 403(b),

"(iv) annuities provided for employees of a life insurance company under a plan described in section 818(a)(3),

"(v) amounts received from an individual retirement account or an individual retirement annuity,

"(vi) individual retirement annuities,

"(vii) amounts received from a trust described in section 401(a) which is exempt from tax under section 501(a), and

"(viii) annuities which qualify as a 'qualified funding asset' in accordance with section 130(d)."

(b) EFFECTIVE DATE.—The provisions of this section apply to all contracts entered into on or after the date of enactment of this Act.

SEC. 377. EXPANSION OF 45-DAY INTEREST-FREE PERIOD.

(a) IN GENERAL.—Subsection (e) of section 6611 (relating to interest on overpayments) is amended to read as follows:

"(e) TAX REFUND WITHIN 45 DAYS.—No interest shall be allowed under subsection (a) on any overpayment of tax imposed by this title if such overpayment—

"(1) is refunded within 45 days after the last date prescribed for filing the return of such tax (determined without regard to any extension of time for filing the return),

"(2) is refunded within 45 days after the date the return is filed, in case the return is filed after such last date, or

"(3) is refunded within 45 days of the date the right to the refund arises, in case the right to the refund arises other than pursuant to the original filing of a tax return."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns due on or after July 1, 1992, and to all other refunds made on or after such date.

SEC. 378. USE OF INTERNAL REVENUE SERVICE AND SOCIAL SECURITY ADMINISTRATION DATA FOR INCOME VERIFICATION.

(a) Section 6103(1)(7) of the Internal Revenue Code of 1986 is amended by striking out "Clause (viii) shall not apply after September 30, 1992." at the end thereof.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read for amendment under the 5-minute rule.

Pursuant to the rule, the question is on the amendment in the nature of a substitute consisting of the text of the bill H.R. 4210.

RECORDED VOTE

Mr. ROSTENKOWSKI. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 1, noes 427, not voting 6, as follows:

[Roll No. 25]

AYES—1

Orton

NOES—427

Abercrombie
Ackerman
Alexander
Allard
Allen
Anderson
Andrews (ME)
Andrews (NJ)
Andrews (TX)
Annunzio
Anthony
Applegate
Archer
Armey
Aspin
Atkins
AuCoin
Bacchus
Baker
Ballenger
Barnard
Barrett
Barton
Bateman
Beilenson
Bennett
Bentley
Bereuter
Berman
Bevill
Bilbray
Bilirakis
Blackwell
Bliley
Boehlert
Boehner
Bonior
Borski
Boucher
Boxer
Brewster
Brooks
Broomfield
Browder
Brown
Bruce
Bryant
Bunning
Burton
Bustamante
Byron
Callahan
Camp
Campbell (CA)
Campbell (CO)
Cardin
Carper
Carr
Chandler
Chapman
Clay
Clement
Clinger
Coble
Coleman (MO)
Collins (IL)
Collins (MI)
Combest
Condit
Conyers
Cooper
Costello
Coughlin
Cox (CA)
Cox (IL)
Coyne
Cramer
Crane
Cunningham
Darden
Davis
de la Garza
DeFazio
DeLauro
DeLay
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dooley
Doolittle
Dorgan (ND)
Dornan (CA)
Downey
Dreier
Duncan
Durbin
Dwyer
Dymally
Early
Eckart
Edwards (CA)
Edwards (OK)
Edwards (TX)
Emerson
Engel
English
Erdreich
Espy
Evans
Ewing
Fascell
Fawell
Fazio
Feighan
Fields
Fish
Flake
Foglietta
Ford (MI)
Ford (TN)
Frank (MA)
Franks (CT)
Frost
Gallegly
Gallo
Gaydos
Gejdenson
Gekas
Gephardt
Geren
Gibbons
Gilchrest
Gillmor
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gordon
Goss
Gradison
Grandy
Green
Guarini
Gunderson
Hall (OH)
Hall (TX)
Hamilton
Hammerschmidt
Hancock
Hansen
Harris
Hastert
Hatcher
Hayes (IL)
Hayes (LA)
Hefley
Hefner
Henry
Herger
Hertel
Hoagland
Hobson
Hochbrueckner
Holloway
Hopkins
Horn
Horton
Houghton
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Inhofe
Ireland
Jacobs
James
Jefferson
Jenkins
Johnson (CT)
Johnson (SD)
Johnson (TX)
Johnston
Jones (GA)
Jones (NC)
Jontz
Kanjorski
Kaptur
Kasich
Kennedy
Kennelly
Kildee
Kleczka
Klug
Kolbe
Kolter
Kopetski
Kostmayer
Kyl
LaFalce
Lagomarsino
Lancaster
Lantos
LaRocco
Laughlin
Leach
Lehman (CA)
Lehman (FL)
Lent
Levin (MI)
Levine (CA)
Lewis (CA)
Lewis (FL)
Lewis (GA)
Lightfoot
Lipinski
Livingston
Lloyd
Long
Lowery (CA)
Lowey (NY)
Luken
Machtley
Manton
Markey
Marlenee
Martin
Martinez
Matsui
Mavroules
Mazzoli
McCandless
McCloskey
McCollum
McCrery
McCurdy
McDade
McDermott
McEwen
McGrath
McHugh
McMillan (NC)
McMillen (MD)
McNulty
Meyers
Mfume
Michel
Miller (CA)
Miller (OH)
Miller (WA)
Mineta
Mink
Moakley
Molinari
Mollohan
Montgomery
Moody
Moorhead
Moran
Morella
Morrison
Mrazek
Murphy
Murtha
Myers
Nagle
Natcher
Neal (MA)
Neal (NC)
Nichols
Nowak
Nussle
Oakar
Oberstar
Obey
Olin
Olver
Ortiz
Owens (NY)
Owens (UT)
Oxley
Packard
Pallone
Panetta
Parker
Pastor
Patterson
Paxon
Payne (NJ)
Payne (VA)
Pease
Pelosi
Penny
Perkins
Peterson (FL)
Peterson (MN)
Petri
Pickett
Pickle
Porter
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Smith (FL)
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Williams
Wilson
Wise
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Wylie
Yates
Yatron
Young (AK)
Young (FL)
Zeliff
Zimmer

NOT VOTING—6

Coleman (TX)
Dannemeyer
Dickinson
Smith (TX)
Valentine
Whitten

□ 1807

Messrs. MARTINEZ, OWENS of New York, ACKERMAN, and OLVER changed their vote from "aye" to "no."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Mr. ROSTENKOWSKI. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. LEWIS of Georgia) having assumed the chair, Mr. BENNETT, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4210) to amend the Internal Revenue Code of 1986 to provide incentives for increased economic growth and to provide tax relief for families, had come to no resolution thereon.

Mr. DANNEMEYER. Mr. Speaker, I was unavoidably absent for rollcall votes 17–25. Had I been present during these votes, I would have voted "yea" on rollcall votes 17 through 21 and "nay" on rollcall votes 22 throuth 25.

RESIGNATION AS MEMBER OF COMMITTEE ON MERCHANT MARINE AND FISHERIES

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on Merchant Marine and Fisheries:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, February 5, 1992.

Hon. THOMAS S. FOLEY,
Speaker, U.S. House of Representatives, Washington, DC.

DEAR SPEAKER FOLEY: In anticipation of my election to the Committee on Veterans Affairs, I hereby resign my membership on the Committee on Merchant Marine and Fisheries.

Mr. Speaker, it has been a pleasure and honor to serve with my colleagues on the Merchant Marine and Fisheries Committee. They are men and women of dedication and high caliber, whom I am proud to call friends. While I will miss them, and the issues before that Committee, I look forward to my new assignment working with Chairman Montgomery and the members of the Veterans Affairs Committee.

Thank you.

Sincerely,

BOB CLEMENT,
Member of Congress.

The SPEAKER pro tempore. Without objection the resignation is accepted.

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3380

Mr. ECKART. Mr. Speaker, I ask unanimous consent that the name of the gentleman from Missouri [Mr. COLEMAN] be removed from the list of cosponsors of H.R. 3380.

The SPEAKER pro tempore (Mr. LEWIS of Georgia). Is there objection to the request of the gentleman from Ohio?

There was no objection.

□ 1810

HAITIAN REFUGEE PROTECTION ACT OF 1992

Mr. WHEAT. Mr. Speaker, by direction of the Committee on Rules, I call up House of Resolution 375 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 375

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 3844) to assure the protection of Haitians in the United States or in United States custody pending the resumption of democratic rule in Haiti. All points of order against consideration of the bill are waived. The first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and the amendments, made in order by this resolution and which shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on the Judiciary now printed in the bill. Said substitute shall be considered as read. All points of order against said substitute for failure to comply with clause 7 of rule XVI are waived. No amendment to said substitute shall be in order except those printed in the report of the Committee on Rules accompanying this resolution. Unless otherwise specified in the report each amendment shall be considered in the order stated, may be ordered only by the Member specified or a designee, shall be considered as read when called up for consideration, shall be debatable for twenty minutes equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute made in order as original text. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. LEWIS of Georgia). The gentleman from Missouri [Mr. WHEAT] is recognized for 1 hour.

Mr. WHEAT. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Ohio [Mr. MCEWEN], and pending that 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. WHEAT. Mr. Speaker, House Resolution 375 is a modified rule providing for the consideration of H.R. 3844, the Haitian Refugee Protection Act of 1992. The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary.

The rule waives all points of order against consideration of the bill and makes in order the Judiciary Committee amendment in the nature of a substitute now printed in the bill as original text for purposes of amendment. The rule also waives clause 7, prohibiting nongermane amendments, against the substitute.

Only those amendments contained in the report accompanying this rule will be made in order and will be considered in the order and manner specified in the report. The amendments are not subject to amendment nor to a demand for a division of the question.

Finally, the rule provides for a motion to recommit with or without instructions.

Mr. Speaker, it is imperative that the Congress act swiftly on this legislation. H.R. 3844 provides minimal protection for Haitians seeking political asylum in the United States—a 6-month moratorium on forced repatriation only for those Haitians in United States custody outside the United States on February 5, 1992, a study and report of the Haitian situation since last September's coup, a set-aside of 2,000 refugee slots from the worldwide total of 132,000.

Mr. Speaker, I urge adoption of the resolution.

Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. LEHMAN].

Mr. LEHMAN of Florida. Mr. Speaker, I thank the gentleman from Missouri for yielding time to me and I rise in support of H.R. 3844 because I believe the situation in Haiti is extremely dangerous and poses a real threat to those who are forcibly repatriated. I am convinced that if Haiti were located thousands of miles away from our shores, our Government would not have thought twice about extending temporary protective status to Haitians. We already provide such protection to the Lebanese and the Liberians, but the Haitians are subjected to a much tougher test before they are permitted refuge.

This bill does not go so far as to provide temporary protective status. It merely prohibits for 6 months the voluntary repatriation to Haiti of any Haitian refugees in United States custody outside the United States on or before February 5, 1991. This is a limited measure and one we should not hesitate to pass. What right do we have to tell the government in Hong Kong that they should not send back the Vietnamese boat people, when we ourselves are doing the same thing with regard to the Haitians? That is a classic case of "Do what I say, not what I do."

This is our opportunity to regain the moral high ground. I am somewhat encouraged that progress is being made in the negotiations to return President Aristide to Haiti, but peace will not return overnight to that tragic nation. We must provide some kind of temporary refuge. The personal stories the Guantanamo refugees have been telling the INS interviewers are chilling. There can be no question that a climate of fear and intimidation exists in Haiti. Murder, torture, and other forms of violence are directed at anyone who may be an Aristide supporter.

While the primary purpose of the bill is to prevent the return of the Haitians in U.S. custody, I am pleased that it also provides funded refugee slots for 2,000 Haitians. It is important that those refugees who are eventually permitted to come to the United States do not become a burden on the local community. It has always been my position that the Federal Government must assume the financial responsibility for those it admits.

Mr. Speaker, this is our chance to do what is right, to practice what we preach. We cannot ignore these people in need. We cannot repeat the mistakes of the 1930's when Jews fleeing Nazi persecution were refused our help. I ask my colleagues to vote for H.R. 3844 and I commend Chairman MAZZOLI for his compassion and leadership on this issue.

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

Mr. Speaker, today we are faced with a bad procedure and a bad bill.

First, with regard to the procedure, there is no reason this should not have been an open rule. Not until Monday afternoon, during special orders, was there an announcement made on the floor that amendments had to be submitted to Rules by the following day. Of course most of the Members were not even in town at the time.

When the Rules Committee met on this bill yesterday, the Judiciary Committee had not even filed its report on the bill, so that Members were denied the opportunity to see the committee report before the deadline for amendments expired.

In the Rules Committee I offered a motion for an open rule, but that was rejected by the majority members of the Rules Committee.

We were told that this bill was urgent and had to move quickly. But the Attorney General has already written a letter saying that the President's senior advisers would recommend a veto if this bill is presented to the President. We are rushing a futile effort. If the proponents of this bill were really serious about helping Haitians instead of trying to score political points, they would have brought this bill to the floor under an open rule allowing all

Members to participate, so that it would have been possible to work out an arrangement which might have been acceptable to the President who is required, under the Constitution, to sign it.

Under this rule a Member who comes up with an amendment today, the first day the committee report has been available, will be denied the opportunity to even have the idea considered.

But, Mr. Speaker, if the procedure is bad, the bill is worse.

By prohibiting the repatriation of Haitians currently in United States custody, this legislation could encourage many more Haitians to risk the dangerous voyage to the United States in the erroneous belief that they ultimately will be permitted to stay in this country.

This bill fails to specify exactly how this massive Haitian population is to be cared for. The situation has the potential to overwhelm the Government's capacity to house and process such a large number of asylum seekers.

Mr. Speaker, Haitians are not being discriminated against. During the past 5 years alone, nearly 100,000 Haitians have been granted legal immigrant status in the United States. By comparison, 77,000 Cubans received legal resident status during the same period. There are currently a total of about 1 million Haitian immigrants in the United States.

The problem is that we cannot take in every person in the world who wants to come to the United States to find a better job upon his own decision. If that were possible, a substantial portion of the world would move here tomorrow.

We do make a special exception for those fleeing persecution. But if these Haitians fear persecution, all that is required for them is to walk across the open border to the Dominican Republic, which shares the same island as Haiti.

□ 1830

It is noteworthy that of the 23 who did cross the border in November 1991, 15 voluntarily returned to Haiti.

Mr. Speaker, this is not a bill to help those who are persecuted. I fear it is a bill to score political points, even though there is almost no chance that it will become law. I ask my colleagues to join me in voting no on the rule and opposing the bill.

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

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

Mr. Speaker, I would just like to explain a little bit of the Rules Committee process. There are those who have suggested that the time frame was short for getting amendments to the Rules Committee. In fact, the "Dear Colleague" letter was received on Monday, giving a deadline of noon, a deadline that was in fact extended. Chairman MOAKLEY came to the floor and did a 1-minute requesting amendments to the Rules Committee and saying, and I quote, "that the committee will understand if the amendments are not drafted in proper form due to lack of availability of the reported bill."

So it was made clear to Members prior to the deadline of the bill that even if the report was not available from the Judiciary Committee, amendments could be submitted to the Rules Committee, and that the Rules Committee would consider those amendments. To my knowledge—and I was present in the Rules Committee during the consideration of this rule—all of the amendments that were presented to the Rules Committee were included for amendment in this bill.

Mr. Speaker, I yield 8 minutes to the distinguished gentleman from New York [Mr. RANGEL], the sponsor of the bill.

Mr. RANGEL. Mr. Speaker, let me say to my colleagues that it is very important that we understand what we are voting for and what we are not voting for. One of the things that is not in the bill is allowing the Haitians to come to these great United States. If there are Members in this House who believe, for whatever reason, that the Statue of Liberty is not tall enough or the torch that she carries is not bright enough, this bill would not allow them to come in. If there are people who believe that after their parents and grandparents and forefathers have come to this great country, they should then pull the rope up behind them and close the doors, fear not, because this does not allow them to come in.

This really is not to resolve any legal or political problems the President may or may not have. This is merely a question of morality and how we treat people after we have gone ahead and preached that we are the leaders of the new world order, that we are the protectors of democracy wherever we can find these fragile countries, and where we have encouraged directly that the people in Haiti should have a democratic government after years of cruel dictatorship.

Now, these people thought that we meant it. So what did they do? They elected a president. Oh, he does not have a lot of money. He does not have the guns, he does not have the businesses, and he does not have the army, and so the army overthrew the government and chased him into exile. After that time thousands of Haitians, for fear of their lives, have in rickety ships sought to leave this war-torn country, and we in our benevolence have picked them out of the shark-infested waters and placed them in a barbed-wire confinement in the military base in Cuba until the Organization of American States can work its will and democracy is restored, the president is returned, and these people can go back to the democracy that we promised.

We do not believe the story that there is no evidence of retaliation against these people by the mean-spirited criminal thugs who have already killed 2,000 Haitians. And there is one thing we should know about the Haitian army. With all of its guns and all of its training that it received in the United States, it has never deliberately fought and killed anybody except poor defenseless Haitians. They have no record of defending their country against anything.

Now, when the distinguished lady from the State Department tells us time and time again that she has no evidence that these people are being brutalized upon their return, let me say that a group of us went to Haiti, including Congressman GILMAN, Congressman MFUME, Congressman, PAYNE from New Jersey, and the gentleman in the chair, the gentleman from Georgia [Mr. LEWIS]. We went to the Embassy, and guess what? Our ambassador has been recalled. He was in the United States because of the violence that has taken place in Haiti. Half of his staff was called back.

So we said, "Mr. Chargé d'Affaires, if indeed the State Department is saying that no harm is coming to these people and they have no evidence of it, how do you know this?"

He said, "Well, quite honestly, we don't know, but you can't prove a negative. We have 50 Americans that live in Haiti, but they have not reported any atrocities to our Embassy."

How shocking that he should wait for a poor Haitian to look for some white American somewhere in Haiti, assuming that they would be couriers and report it to the Embassy.

No; I think it is sad that that is happening in this great Republic. All we are saying and asking of the Members is this: "Don't send these people back to the fate which they have left." We are not asking that we take them to Miami or New York. We are not asking that we treat them the same way we would treat any other European refugee. We are not asking you to show a lot of compassion and open up your arms and your hearts as Americans are used to doing. We are not asking that. We are asking that we do not send these wretched souls back to Haiti.

One of the civil rights activists in Haiti, a priest, told us this sad story: When we asked about the atrocities that were committed upon the people that were involuntarily repatriated, one of the saddest stories we heard there as a congressional delegation was that a mother saw her son returned. He was dumped on the sands of Haiti. He was photographed by the ruthless, out-of-control army, he was fingerprinted, and he was delivered to the village that

he said he came from. His mother was so happy to see him and to know that he was alive and to know that he was well, but she said, "Son, please leave us, because the soldiers are looking for you, and it is not just your home that could be burned but the entire village could be burned," as it has been.

I challenge anybody in the State Department to tell me this: What have they tried to do to find out what has happened to these wretched souls? They may not look like you. They may not speak the same language that you do, but they are God's children, and they deserve to be treated decently, and we should not send them back to Haiti.

Some of us have said that "We don't know what happened with the lynchings in the South. We weren't there. We sympathize, but don't blame us for what happened to you in the South."

□ 1830

Others have said we were not there when the Jews were killed in Germany, that we do not know what happened. But, my colleagues, we do know what is happening in Haiti today, and we do have the power to do something about it.

Mr. MCEWEN. Mr. Speaker, I yield such time as he may consume to the gentleman from California [Mr. DREIER].

Mr. DREIER of California. Mr. Speaker, I am very concerned about this issue, as everyone is, and I certainly have a great deal of respect for my colleague from New York [Mr. RANGEL], who spent a great deal of time working on this.

Mr. Speaker, I come from southern California. I should say that the issue of immigration is one which is very intense. It has created a great deal of ire.

Mr. Speaker, we know that this country has been founded on the movement of immigrants who have come from throughout the world, and I clearly recognize that.

It seems to me we are dealing with a unique situation here. Just 2 days ago we saw the first step toward what we hope and pray will be a satisfactory agreement, a settlement between President Aristide and the military which has ruled over Haiti for the past several months. I think if we move ahead with this legislation it would be a real mistake for us, because this country, while we want to be that beacon of hope for those being repressed throughout the world, cannot continue to blindly accept people from all over the world. We need to recognize the disparity between economic and political refugees who are seeking asylum.

So I feel very strongly about this, Mr. Speaker. I think we have no choice other than to proceed and recognize that the very fragile 2-day-old agreement that was reached between President Aristide and the military should have an opportunity to work before we proceed with this.

Mr. WHEAT. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Kentucky [Mr. MAZZOLI].

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman from Missouri for yielding.

Mr. Speaker, let me just make a couple very brief points. We will, if I understand the procedure, have half of the general debate tonight after adoption of the rule and then half of it tomorrow with the vote, if necessary, on the four amendments that the Committee on Rules made in order.

Mr. Speaker, let me make one comment. Some have argued against the rule. The rule cannot be argued against. Four requested amendments were brought to the Committee on Rules. The Committee on Rules has made in order those four amendments. So nobody was denied. No Member of the House was denied an opportunity to be heard as an amendment. So all members of the committee should support the rule.

Mr. Speaker, second, I would like to see this House support the bill. I think the underlying bill is a very good bill. The gentleman from New York has spoken to it.

Mr. Speaker, the gentleman from Kentucky, the speaker in the well at this moment, has been active in it. It is a very limited bill. Some feel like it should be more broad. It only deals with those Haitians who were in Guantanamo or aboard vessels in the Windward Passage on February 5. It does not allow any special immigration benefits to any Haitian. It allows no right of entry into the United States to any Haitian refugee except those who were cleared by way of the screening process, the asylum screening process which is taking place in Guantanamo even as we speak.

Mr. Speaker, it basically does one thing, and that we must keep on our mind, because I will ask the committee for the most part to oppose the amendments that are offered.

We need to keep our eye on the sparrow here. The sparrow here is not allowing the Haitians to be sent back to Haiti at this time, but to give them 6 months, and maybe less, because many, many interesting things are occurring under the aegis of the OAS and with President Aristide. But for 6 months those ought not to be sent back who are now in Guantanamo as of February 5.

So that is all this is. It is a nonrepatriation bill. It is not an immigration bill. It does not confer refugee status on anyone. It does not give them any rights of any kind except to be treated as human beings, which I hope we are generous enough to do. It is only that, just not to be returned to Haiti, and not to be returned for a 6-month period, or earlier, in the event that there is a settlement of the grievances that leads to peace and concord in that country.

Mr. Speaker, I would ask the House to adopt the rule, and then I would ask the committee to support the bill.

Mr. MCEWEN. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. GILMAN].

Mr. GILMAN. Mr. Speaker, I rise to express my strong support for the rule on H.R. 3844, a bill to provide for a 6-month delay in repatriating refugees who do not qualify for asylum and were in custody as of February 5, 1992. The measure also requires 2,000 of the total fiscal year 1992 refugee slots to be allocated for Haitians.

Along with some of my colleagues, we returned last week from Haiti, and it is clear that the September coup has unleashed repression and persecution upon the long-suffering Haitian people. Hundreds of people have been killed and many more have been persecuted and fled for their lives. The coup in Haiti has led to untold human tragedy.

The coup also energized the Organization of American States into unprecedented concerted action to restore constitutional government in Haiti. We hope the agreement signed this week will result in the restoration of democratic rule to that beleaguered nation. But there is no guarantee that it will. In the interim, we must help those Haitians who have left their country because of fear.

Mr. Speaker, under the Refugee Act of 1980, if a person has a well-founded belief that he or she will be targeted for persecution based on political belief, race, or religion, that person qualifies as a political refugee and may be brought to the United States. Over 35 percent of the interdicted Haitians have been found to have a plausible claim to political asylum and 1,500 have been brought to the United States to pursue their claims. At present, the Coast Guard is returning about 2,000 people per week to Haiti. This bill reasonably delays repatriation of these people until the reports of reprisals against these people can be further investigated.

This measure also urges the President and Secretary of State to join the UN Conference on Human Rights in organizing an international conference to resolve the Haitian refugee crisis. Accordingly, I urge our colleagues to support the rule and the adoption of this measure.

Mr. WHEAT. Mr. Speaker, I yield 5 minutes to the distinguished gentleman form Michigan [Mr. CONYERS].

Mr. CONYERS. Mr. Speaker, I would like to first of all compliment the leaders of this measure and point out that the rule is infinitely fair. I have been granted an amendment. I want to commend the gentleman from Kentucky,

the leader of this effort, and point out that everyone that asked to have an amendment put to this legislation was accorded that privilege.

Mr. Speaker, my point in rising now is to bring to your attention a statement of conscience in support of stopping the repatriation of Haitian refugees that was issued today by the members of the Congressional Black Caucus, as well as Mr. Randall Robinson of Trans-Africa, Dr. Mary Berry, Rev. Benjamin Hooks of the NAACP, Rev. Jesse Jackson, and Bill Lucy, the executive treasurer of AFSCME.

This statement of conscience reads as follows:

STATEMENT OF CONSCIENCE IN SUPPORT OF STOPPING THE REPATRIATION OF HAITIAN REFUGEES, FEBRUARY 24, 1992

We, the undersigned American citizens, believe that our government's continued forced repatriation of Haitian refugees into the hands of the brutal military dictatorship who overthrew their democratically-elected government is in violation of both the letter of America's immigration laws and the spirit of our tradition of safe haven for the oppressed.

The plight of Haitian refugees seeking protection in the United States forces us to question whether our government is truly committed to a new world order based upon a respect for human rights and democratic ideals. At the very least, we should allow these desperate men and women to remain in the relative safety of the military base at Guantanamo Bay in Cuba until the situation in their nation stabilizes enough to guarantee that they are not being returned to face death or persecution for attempting to flee to freedom. Human rights monitors in Haiti have reported that some repatriated refugees have already been subjected to reprisals by the Haitian military.

Indeed, human rights conditions in Haiti are as life threatening today as they were when Haitian soldiers first removed President Jean-Bertrand Aristide. Americas Watch, Amnesty International and Physicians for Human Rights have each concluded that the Haitian military has embarked on a widespread terror campaign that includes arresting, intimidating and slaying innocent civilians.

The humanitarian move of allowing the Haitians to stay in Guantanamo Bay or to receive "temporary protected status" on our shores would be right in line with America's established foreign policy practices in the Caribbean. We have already welcomed thousands of Cuban refugees seeking political asylum. In addition, America has been willing to take military action to restore democracy in Panama.

In light of the grave human rights conditions in Haiti, we can only believe that the real reason these people are being repatriated without due process is because they are black. Cuban, Soviet and Vietnamese refugees have been welcomed with open arms.

Protecting the Haitian refugees is not at all complicated. Under the Immigration Act of 1990, the Attorney General is authorized to grant safe haven to nationals from countries experiencing political instability, civil war or natural disasters. Why are Haitians being denied this basic protection in the face of the well-documented evidence of violence and political instability in their homeland? And what is there to possibly be gained by repatriating them so quickly?

We believe that Supreme Court Justice Blackmun is legally and morally correct when he stated today that the situation of the Haitians and their lawyers raises serious questions of domestic and international law, First Amendment protections, and due process, questions which deserve a ruling from the Supreme Court after "full and careful consideration of the merits of their claims."

We are asking President Bush to personally intervene and order a halt to the Haitian repatriation program, at least until political conditions in Haiti improve or other options can be explored. If the President will not act, Congress must enact legislation to prevent the repatriation of Haitians at least temporarily.

We recognize that these are difficult times for all Americans. But when matters of life or death are at issue, the American people are fully committed to our national ideals. The signatories of this "Statement of Conscience" seek a solution to the Haitian refugee dilemma that is consistent with our nation's humanitarian tradition and that is fair in its treatment of the refugees. Surely the first step must be to immediately stop the Haitian repatriation program.

□ 1840

Mr. WHEAT. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. FLAKE].

Mr. FLAKE. Mr. Speaker, I rise today to discuss the critical situation of the people from Haiti and in particular this administration's radical shift in its human rights policy due to the influx of refugees who have come from Haiti.

Jean-Bertrand Aristide, the populist priest, was elected president in 1990 in Haiti's first free election. All over the world we have called for democracy. We have said to nations that if they practice democracy, we are willing to support them and their people. He was ousted in a military coup last September, and now it seems that we have looked at this democracy and determined primarily on the basis of the color of its people that they do not deserve the rights that other nations have been able to gain here in America.

Immediately after the coup, hundreds of people were killed in street violence, turmoil in the country not only begun then but has continued until now.

As of mid-February, more than 13,000 people had fled the island, most of them risking their life going out in small boats, hoping to make their way to safety in America.

The administration charges that these refugees are fleeing the country because of economic reasons and, consequently, are not eligible for political asylum.

However, I would contend that the Haitians are in grave danger in Haiti because the democratically elected government has been overthrown and its leader is here, out of the country.

I completely disagree with this argument that the Haitians are fleeing their homeland solely for economic opportunity. As a matter of fact, our economic conditions are not that inviting at the moment.

They are fleeing because there is political oppression in Haiti. This claim belittles their plight. The treatment of the Haitian refugees is clearly inconsistent with historical United States policy in the treatment of its political refugees.

The President must resist the pressure to abandon these refugees, work toward bringing peace to Haiti so that in time these refugees may return to their country in safety. It is both immoral and illegal to return these Haitian refugees to such dangerous conditions, at least in the absence of hard evidence of safety. Just as the United States grants political asylum to people throughout the world, Mr. Speaker, I expect our policy to be consistent and protect the refugees of Haiti.

I ask for passage of this rule.

Mr. WHEAT. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Florida [Mr. SMITH].

Mr. SMITH of Florida. Mr. Speaker, for those of us that live in Florida and have to deal with the problem as it exists not only today but for many years, I urge all of my colleagues, please vote for this rule, vote for this bill.

Not only is it humanitarian, but for 200 years this island has been dealt and the people of this island have been dealt from the bottom of the deck. They have never had, for 200 years, since they have been independent, quote unquote, except for the 7 months that Mr. Aristide was in power, they have never had a day of democracy.

Two hundred years of being cheated of what your birthright supposedly gave you. This is the right thing to do.

I have an amendment, a sense-of-the-Congress amendment, which asks that we provide some peacekeeping forces and some humanitarian rights monitors. And we can only do that at this moment. But at least let us not send back those people that already came to Guantanamo and are afraid for their lives. Let us do something right for a change for the people of Haiti.

I urge my colleagues to pass this rule and pass this bill.

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

Mr. Speaker, there have been those on this floor who have argued that the Haitians do not deserve political asylum as the result of the fact that they are fleeing economic poverty as opposed to political persecution. I think a careful examination of this situation would reveal otherwise. I am on the Select Committee on Hunger, and I have traveled all over the world, South America, desperately poor situations in Peru, to the situation of people starving to death in Ethiopia and in Sudan. And I have been to Haiti.

Mr. Speaker, there is no poverty any more oppressive than that I have seen in Haiti. Yet prior to the September 30 coup. Haitians were not getting in open boats or fleeing to the United States,

or to Cuba, or trying to make their way across difficult terrain into the Dominican Republic. That exodus began only after political persecution began in the country of Haiti.

While the plight of the Haitians in regard to poverty is immense, their political persecution is what they currently fear and they are currently fleeing.

□ 1850

For those that disagree, I would point out what this bill does. It is really a 6-month moratorium on forced repatriation only for those Haitians who are in U.S. custody outside the United States on February 5.

It will also require a study and report of the Haitian situation since last September's coup, and a set-aside of 2,000 refugee slots from the worldwide total of 132,000 for the Haitians that go through the normal INS process.

Mr. Speaker, I think we can do no less than to pass this humanitarian legislation, and in order to do so, to pass this resolution.

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

Mr. Speaker, I had not prepared to speak further on the rule, except a couple of glancing references were made to it, and so I will make a final observation.

Some have suggested that since only 1 Haitian in 6 on this planet already lives in America, well over a million, that somehow or another Americans are selfish. That will be debated when the bill comes before us shortly.

The issue before us now is the rule. The rule says that on Monday evening during special orders that we had to submit any efforts to make amendments immediately the following day. Due to the fact that Members were not aware of that, they were unable to do so, and many did not file them.

It has been made reference on the floor here in the last 15 minutes that on three occasions no one filed any requests for amendment, and therefore we should proceed on. That is not unlike the American troops coming upon the prisoners held in the concentration camps, and when they flung open the door no one jumped up and ran out because they had been starved.

When people are not aware of what is available to them they do not file amendments. Therefore, I request a "no" vote on the rule so that we can then get to the basics of the bill.

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

Mr. Speaker, I would remind the Members that there was a Tuesday noon deadline for the submission of amendments. That deadline was promulgated Monday morning. There was written notice in all Members' offices. Chairman MOAKLEY of the Committee on Rules also came to the floor and made a 1-minute statement about the availability of the Committee on Rules to receive amendments for inclusion in this bill. We only received four amendments, even though the chairman made it clear that the amendments need not necessarily be in proper form in order to be received by the Committee on Rules. All of the amendments we received were included in the bill.

I think the rule is imminently fair and provides a real opportunity for debate and discussion of this legislation.

Mr. MCEWEN. Mr. Speaker, I yield myself 1 minute.

I do not know what the point is here. The truth of the matter is what do we have to fear? The fact is we were not given a chance to do it. Obviously no one did, under that time. All we are saying is we are making the point that it was done rapidly and without a chance to do it, and you ought to just accept it. You have the votes, you did it and that is the way it is. Do not intimate that because Republicans did not respond because the report was not even available until yesterday that they did not file amendments in response to that report by noon, when it had not been filed until later in the day. It is simply unfair to say that we did not respond.

It is simple. The fact is you did it. That is the way it is. Do not try to dress it up. We will simply just say we are going to vote no, you are going to win, and we are going to proceed on with the bill. Do not beat us about the head and shoulders any further that somehow or another we did not respond in time when simply the opportunity was not there.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. MCEWEN. I am happy to yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I think it is rather interesting that the whole debate is about when we filed amendments. It was not too many years ago that we did not have to file amendments at all, that the House operated as a true democracy where we had an actual opportunity to come on the floor and debate things based upon the Members' ability to come to the floor with whatever amendments they wanted to craft.

This idea of shutting down the democratic process by forcing amendments and then having late announcements of when those amendments can be filed and all kinds of things to limit the ability of Members to interact within the legislative process is a distortion of the process, it is a corruption of the democratic traditions of this House, and it is really bad that it had deteriorated into a situation where the whole discussion is whether or not the time line granted by the Committee on Rules for filing amendments is appropriate.

We ought not have any necessity to file amendments. We ought to be given the chance in an open process to bring amendments to the floor, whatever they might be.

Mr. MCEWEN. Mr. Speaker, I think we should proceed on with the bill. I yield back the balance of my time, and trust the gentleman from Missouri will do the same.

Mr. WHEAT. 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. LEWIS of Georgia). The question is on the resolution.

The question was taken; and on a division (demanded by Mr. WALKER) there were—ayes 45, noes 27.

So the resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 375 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3844.

The Chair designates the gentleman from Maryland [Mr. MFUME] as Chairman of the Committee of the Whole, and requests the gentleman from Missouri [Mr. WHEAT] to assume the chair temporarily.

□ 1854

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3844) to assure the protection of Haitians in the United States or in United States custody pending the resumption of democratic rule in Haiti, with Mr. WHEAT (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Texas [Mr. BROOKS] will be recognized for 30 minutes and the gentleman from Florida [Mr. MCCOLLUM] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I rise to support H.R. 3844, the Haitian Refugee Protection Act of 1992, which the Committee on the Judiciary ordered reported favorably last Thursday, February 20, 1992.

The bill responds to the deplorable economic and political situation in Haiti today without creating a false and illusory incentive for the wholesale exodus of the population from that troubled place. Let us be very direct about the matter: The problem confronting us and the people of Haiti is, at its core, a political problem—and one which this administration and the Organization of American States [OAS]

have been particularly dilatory in resolving.

Last September, the elected Government of Haiti was ousted by a brutal military which embarked upon a reign of terror. In the 5 months that have followed, the military coup leaders have continued their strangehold over the institutions of government; a bungled embargo has only worsened the lives of the poorest Haitians; and thousands of Haitians sought refuge in leaky boats.

As the numbers mounted, the administration attempted to internationalize the problem by asking other nations of the Americas to share the burden created by this human tide. The result, to say the least, were deeply disappointing. Brazil, one of the largest and most populous nations on Earth, took exactly zero boat people from Haiti. Argentina, zero. Our democratic friends in Panama, zero. Two nations—Venezuela and Honduras—were the only nations in this hemisphere who actually accepted Haitian refugees, with Honduras taking 250 and Venezuela taking 100.

Haiti's neighbors in this hemisphere, including this Government, seemed immobilized by the situation. The sight of the boat exodus evoked an outpouring of sympathy, followed by denunciations of the military leaders, but little else. Housed in its fine marble structure at 17th and Constitution Avenue, the Organization of American States held countless meetings as the boats kept coming. I might add in this regard that since the coup, almost 16,000 Haitians have been picked up by United States ships on the high seas.

When the so-called breakthrough meeting finally took place at the OAS building last weekend, it was about 5 months too late to prevent the immigration problem that we are addressing today. The boats in the water are more than a symbol of human misery; they are in indictment of the failure of the nations in this hemisphere to act collectively and decisively to achieve a workable political solution to a reign of terror in Port-au-Prince.

I wish to state what this bill does and does not do. It suspends the return of Haitians for 6 months to allow for a political solution to be forged. Following that period, they may be returned. It applies only to those Haitians still in Guantanamo who were in United States custody on February 5, 1992—now less than 3,000 persons. It sets aside 2,000 refugee slots for Haitians, but it does not increase—at all—the overall number of refugees that this country will accept.

There is one more thing that this bill does not do. It does not set any type of precedent for establishing the United States as an economic refuge for troubled regions of the world. We simply cannot permit that. This nation—even in better times—cannot function as an economic mecca to the world if we ever hope to take care of those already in our midst who live in poverty and have fallen through the safety net of government and private charity.

Mr. Chairman, this bill provides a humane yet limited response to the current crisis. I urge my colleagues to support it.

□ 1900

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

Mr. McCOLLUM. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I think everybody who is going to deal with this bill on the floor of the House will recognize the same fact about Haiti that I do, and that is that Haiti is, indeed, an impoverished nation. It has an economic and a political plight right now which is disastrous. It is a tragedy that the democratically elected government has been deposed and that President Aristide is now in exile. We all want to see a change to return democratic government to power as quickly as possible.

In the meantime, we want to extend as much of a compassionate hand as we can to the people of Haiti, whether they be on the island still or whether they have left it and gone to Guantanamo or elsewhere.

But there is a tremendous difference of opinion with respect to the present policies of the U.S. Government, and this bill is a reflection of that.

I rise in opposition to the bill before us today because it goes in the face of the repatriation policy of President Bush's administration which I believe is the compassionate and orderly thing to be doing. What we have seen over the past several months since President Aristide was deposed is an outflow of nearly 16,000 Haitians from the island of Haiti who have left by boat and been picked up by the United States Coast Guard cutters off the coast of Haiti, and for the most part brought to the island of Cuba to our base there at Guantanamo.

There has been a dispute about the processing that has been going on, but nothing about the facts of what has happened there with those almost 16,000 people. The Government, through the Immigration and Naturalization Service and the State Department, has been screening the people who have come to Guantanamo to determine who has a plausible claim for political asylum under the Refugee Act which is the law of the United States and has a plausible basis for making an argument in front of an immigration judge for the right to stay here on the basis that if they were returned to Haiti they could suffer and have a reasonable fear of suffering political or religious persecution. That is the Federal law. That is the guideline that this Congress passed for determining whether people can come here as refugees or seek asylum here under the asylum laws, either one.

More than 35 percent of all of those who have left Haiti and been picked up by our Coast Guard cutters and taken into Guantanamo, more than 35 percent have already been screened into this process, have already been determined by the Immigration and Naturalization Service to have a plausible claim for political asylum and have been given the right to go before an immigration judge and argue their case, which they will be doing over the next several weeks and months. It is only the remaining balance, the remaining roughly 65 percent, that this vote is about today and tomorrow. It is the remaining 65 percent who have been determined not to have that claim who we believe, and the Government, our Government, that is, the Immigration Service and the State Department and President Bush believe are truly economic refugees, people who have left not because they have a fear of persecution in Haiti but because of the economic conditions there. It is only that group which are being repatriated into Haiti.

If we stop the repatriation, what we are going to be doing is drawing on the desires of thousands and thousands of people in Haiti as well as those in other Caribbean and Central American regions where poverty is so great, drawing on their desires to leave their homeland and come to the United States where obviously the economic conditions are better.

We, as a nation, simply cannot take in all of the people who want to come here because they are impoverished, because their economies are bad, who want to come. That is why we have an immigration law. That is why we have a legal immigration process, and that is why we have a Refugee Act and an asylum law that says that we only take people in in those cases that are exceptions to the legal immigration process where they are reasonably in fear that they will be persecuted if they were to be returned to their home.

If we abrogate that policy by passing this bill and putting a 6-month delay in the process of returning those who have been screened out and are not being allowed to continue on because they do not have that reasonable fear or any plausible claim to it, we will be encouraging more to come, and in the interim, there will be thousands who will leave Haiti, there will be thousands who will leave elsewhere, and that is the real gist of the problem that we face is the magnet effect that is here, not to mention the destruction of the principles of the law that are on the books with regard to the whole refugee processing in this Nation and around the world.

So I urge my colleagues to look carefully at this. It is not a question of who

is most concerned or who is not concerned with the fate of the people of Haiti. All of us share a concern for that. It is a very grave concern. But we have to have orderly laws.

We have taken in in the last 3 years about 90,000 Haitians legally. We have taken in a lot more historically, proportionately of Haitians legally into this country than perhaps any other nation in the world, and we will continue to do that through the legal immigration process.

Let us not encourage them to leave by the thousands and, in turn, encourage others who might also seek to come to the United States to then leave their countries to come here simply because the conditions are rife in their country at the time. We have to go by the standards on the books. It is the only way we can operate effectively in this country with orderly process and not be inundated with those who want to come here because of economic reasons.

So anyway, I am opposed to this bill. I urge my colleagues to defeat it. It is bad policy.

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

□ 1910

Mr. BROOKS. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. MAZZOLI], the distinguished chairman of the subcommittee that crafted this legislation, held the hearings and brought it to the full committee.

Mr. MAZZOLI. Mr. Chairman, I want to thank my friend and chairman, the gentleman from Texas [Mr. BROOKS], for yielding me this time, and I would like to pay tribute to my friend, the gentleman from New York [Mr. RANGEL], my congressional classmate, for the work that he did from the start on this bill, and to thank my friend, the gentleman from Florida [Mr. MCCOLLUM], with whom I have worked for many years and enjoyed every moment of that time.

While I am extending some accolades around, let me extend them to the gentleman from Oregon and all members of the subcommittee, because many times they all showed up at nighttime when we needed to get work done.

I will just take a few minutes, Mr. Chairman, to reflect on the fact that this is not something which just sort of occurred to us overnight. We had our first hearing last November 20 before this Congress adjourned for the winter work period recess. We had a hearing and we introduced a bill last November. It did not get called to the floor, but I think it had a very beneficial effect. I believe it led almost directly to the institution of a refugee program. We now have a refugee program with the nation of Haiti, a program we have never had before. I really believe and attribute the introduction of our bill to that fact, to the enactment of that refugee program.

After the hearing, as I mentioned, we introduced the bill. It was given number H.R. 3844, and despite the fact that Congress entered its 1991 session before action was taken on that, it did produce, as I have said, the enactment of a refugee program.

Now, utilizing these new asylum screening programs, we now have a very formal process to decide which people who are in Guantanamo are in fact refugees under the classic definition of political refugees and which are economic migrants and therefore have to go back eventually to their homeland.

In 1987, we began hearings and worked on a bill that was then called the safe harbor bill. It was a bill designed to fill a gap. That gap was ultimately filled in 1990 by the Immigration Act which passed the bill which is called temporary protected status.

The gap is this. If you are a political refugee, then the law says you have a chance to come into the United States and you have a chance to have your claim for asylum adjudicated and quite a few legal processes give you protection. If you are an economic migrant, you have none of those protections and you must go back to your homeland. However, there are times when the homeland is in the middle of some upheaval because of natural problems, because of political trouble, because of wars or rumors of wars, and that is the gap that we filled in 1990, and that is what we are trying to do with this bill.

Very simply, Mr. Chairman, we say that even those Haitians who are on Guantanamo who are not political refugees and do not have the opportunity under the law to be brought into the United States for furtherance of their asylum hearings, even the people who do not pass that screening ought to be protected from going back to Haiti when their lives, when their health, when their well-being could be in any jeopardy, and we think that is the case today.

I am not sure whether I believe all the reports of all the human rights groups about all the possible troubles in Haiti, but I think it is very clear, as I said in the committee the other day, trouble is afoot in that land. Difficulties are clearly facing the returnees in that land.

So what this bill does, Mr. Chairman, is not grant any particular refugee benefits or any particular immigration benefits to any of these people. It does not require that they be brought into the United States. It simply says that they shall not be returned to Haiti until 180 days or earlier if there is some solution to the problem, very simple. It simply protects these people from being returned to a land where that return might cause them some difficulty.

The bill began as a temporary protected status bill. It was changed by the wisdom of our committee into a nonreturn bill. That is the bill before this committee, a nonreturn bill. I believe it is a very eminently supportable piece of legislation. It does good for good people and at the same time it does not cause any unnecessary precedents.

There has been some talk tonight about creating a precedent or maybe doing something which will interfere with our refugee policy in the future. This creates no precedent. We have on the books this situation, so all we are doing is protecting those people from being returned.

On November 20, the Subcommittee on International Law, Immigration, and Refugees held a hearing on the issue of Haitian immigration to the United States. Witnesses from the Departments of State and Justice presented the administration's position forcefully and even eloquently. Yet, in the end, most of the members of the subcommittee felt that not all the Haitians who fled their nation were economic refugees, but that some were political refugees fleeing persecution and entitled to protection.

Following these hearings, and with the support of several of my colleagues on the subcommittee, I introduced H.R. 3844, designed to give temporary safe harbor to Haitians who had left their nation.

Despite the fact that Congress ended its 1991 session before action could be taken on H.R. 3844, it had the salutary effects of producing a more formal procedure, using trained Immigration Service personnel, of evaluating asylum claims of those Haitians who have wound up at Guantanamo Naval Base, and of producing, for the first time ever, a formal refugee program with Haiti. This program will soon be evaluating, screening, and adjudicating asylum applicants in Port-au-Prince.

Utilizing the new asylum screening procedures and trained evaluators, the Immigration and Naturalization Service has determined that some 35 percent of those it has interviewed on Guantanamo have plausible claims for asylum, and those persons either have been brought in or will be brought in to the United States to pursue those asylum claims.

Whether that 35-percent number accurately reflects the number of Haitians who do in fact have a well-founded fear of persecution is not the central issue. Even the most ardent advocates for the Haitians do not claim that 100 percent of those on Guantanamo have a well-founded fear of persecution.

In 1987, I introduced legislation to fill that gap in our refugee and asylum law. In those days, we called it the safe haven bill. Today, we call it temporary protected status, and it has been on the books since 1990.

The theory of safe haven, or temporary protected status, is that in some instances conditions in an alien's home country may have degenerated to such an extent that it is not safe for anyone to be returned there. This law, therefore, provides for a kind of cooling-off period while we wait to see what happens in the home country.

Since 1960, 21 nationality groups have been granted either temporary protected status, or as it used to be known, extended vol-

untary departure. Currently, nearly 200,000 Salvadorans and thousands of Lebanese, Liberians, and Somalians hold temporary protected status.

The subcommittee marked up H.R. 3844 on February 5—the eve of the Presidents' birthday recess—and approved an amendment in the nature of a substitute to H.R. 3844. With one additional amendment, the subcommittee's bill was approved by the full Judiciary Committee last week by a vote of 21 to 12.

H.R. 3844 directs the President to set aside at least 2,000 refugee numbers for Haitians in fiscal year 1992. The refugee numbers are to be taken from the existing fiscal year 1992 worldwide ceiling of 132,000 funded refugee numbers.

Of that total, the President, in his October 9, 1991, Presidential, No. 92–2, Determination, left 1,000 numbers unallocated. This bill allocates those 1,000 visa numbers to Haitians and directs the President to set aside an additional 1,000 visas from the remaining 131,000 as the President sees fit—for example, by prorated reductions in other refugee categories. None of the refugee numbers provided under this section are to be allocated to persons within the United States.

H.R. 3844 requires the Assistant Secretary of State for Human Rights and Humanitarian Affairs to conduct a study of Haitians repatriated since the September 30 coup to determine the extent to which their human rights may have been violated. The bill requires that a report on this subject be submitted to Congress within 90 days, followed by a second report to be submitted within 180 days.

The bill also urges the President and Secretary of State, in conjunction with OAS and U.N. High Commissioner for Refugees, to convene an international conference aimed at adopting a comprehensive program of action to resolve the Haitian refugee crisis.

The bill declares excludable from the United States any Haitian national who provided financial or other material support for, or directly assisted the September 30 coup against, President Aristide or was involved in terrorist acts against the Haitian people anytime after the coup.

Such exclusion from the United States shall be in effect until such time as the President certifies to Congress that democratically elected government has been restored in Haiti consistent with the Haitian Constitution.

The bill adopted provides basic immigration benefits only to the Haitians in Guantanamo on February 5. It provides no immigration benefits to Haitians now in the United States.

I note that it provides no right to Haitians in Haiti or Guantanamo, or anywhere else, to enter the United States. It does not force the administration to end its interdiction and rescue programs. And it is not an open-ended, unbounded program of safe harbor.

Instead, the bill directs the administration not to send back to Haiti for 6 months those Haitians who were in United States custody, on Guantanamo or on our naval vessels, on February 5, 1992—a known and fixed population of 11,909 people, of whom 2,926 had already been returned by February 18, and will be unable to benefit from this bill.

Whether or not we give 100-percent credibility to recent reports from Amnesty International and Americas Watch—and I do not—there is sufficient evidence to persuade me that all is not well in Haiti and random—if not aimed and targeted—violence is afoot in the land.

Therefore, we ought to protect at least a portion of the Haitian asylum seekers while we wait for the dust to settle in their homeland.

Mr. Chairman, I urge support for this bill.

Mr. McCOLLUM. Mr. Chairman, I yield 6 minutes to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, when this body looks at the political and social problems in Haiti, it is clear there are no quick or easy answers. This body is faced with tough choices, and we need perseverance and action if we are to see democracy brought to that impoverished island nation.

As ranking member on the Subcommittee on Human Rights and International Organizations of the Foreign Affairs Committee, this Member knows full well the enormous suffering that the Haitian people endure. This Member has worked with other Members, on both sides of the aisle, to develop assistance programs that address basic human needs and encourage development. Those of us who have been active on the issue of Haiti—individuals such as the distinguished chairman of the Committee on Foreign Affairs, Mr. FASCELL, the distinguished ranking member of the Western Hemisphere Subcommittee, Mr. LAGOMARSINO, the distinguished gentleman from California [Mr. DYMALLY], and the distinguished gentleman from Minnesota [Mr. OBERSTAR], among others—have sought to provide assistance that would give Haitians real hope for the future. And this Member sincerely believes that everyone, regardless of their position on the refugee matter, has a sincere desire to help alleviate the suffering of the desperately impoverished people of Haiti. How could one look at Haiti and feel otherwise?

Mr. Chairman, the coupe that ousted President Jean-Bertrand Aristide was a blatant usurpation of power from a democratically elected head-of-state. The Bush administration was correct when it immediately condemned the coup. The United States has rightly taken the lead in opposing the military junta in the OAS, and the United Nations. Together with the OAS, we have placed an embargo on Haiti, and have limited trade in all but the most basic elements. At the same time, the United States has strongly supported the OAS-sponsored negotiations between ousted President Aristide and the junta forces.

Things have not progressed as fast as we would like, but the international pressure is having an impact. Over the last weekend, the OAS negotiators made great strides toward reaching an agreement that would permit Aristide's return.

Implicit in H.R. 3844 is the charge that the United States is repatriating political refugees. I would suggest that the opposite appears to be the case—that the United States is making very serious efforts to identify real political refugees in order to grant them political refugee status.

As of last week, when the State Department came to testify before the Foreign Affairs Committee, the INS had interviewed some 11,000 of the more than 15,000 Haitians who had fled. Of that total, 4,100 individuals have been found to have a sufficiently plausible claim to pursue the claims further in the United States. Over 1,400 of these have already reached the United States. It is this Member's understanding that as of today, the number of individuals who have been screened in is up to 5,200, with 1,800 of those already having been transported to the United States.

Let me repeat that—5,200 of those who have completed the initial interview process at Guantanamo Bay have been found to have claims of sufficient merit to permit them to pursue those claims in the United States. The United States is screening in more than 35 percent of the Haitian applicants.

Clearly we are rightly concerned about the safety of Haitians who have been returned. No one wants to return people if they are going to be persecuted. But the United States now has 18 consular officers in Haiti, as well as four INS officers. A number of these officers are tasked specifically with monitoring repatriate safety. We are doing followup.

And what have these officers found? Of the 41 Haitians who have fled the island a second time, after being repatriated by the United States—the so-called double-backers—not one single case of harassment could be substantiated, and many were absolutely disproved. Investigators have gone to the villages to track down the innumerable rumors and allegations of oppression, but these rumors disappear into thin air. There is a great deal of anecdotal evidence—almost all of which is turning out to be false.

It is true that the allegations of the all of the double-backers have not been fully investigated yet—it takes time to go to the villages and check out sources. It may in fact turn out that there have been some isolated instances of persecution of those who have been repatriated. But the fact is that there is no reliable evidence whatsoever to indicate that there is political oppression for those who return to Haiti—there is only the grinding poverty from which they understandably fled.

Indeed, probably most Haitians would leave to live in the United States if they could. That half of the island of Hispaniola would be virtually emptied. But, as other Members have made clear, poverty does not entitle an individual to political asylum. If that

were the case, the United States would be inundated with tens of millions of economic refugees each year.

This Member would add that yesterday, when CIA Director Robert Gates testified before the Foreign Affairs Committee, he noted that the best intelligence available leads to the conclusion that the Haitian Army is making a conscious effort not to persecute the repatriates.

Mr. Chairman, we are facing a fundamental issue, one that goes far beyond our immediate concerns for Haitians. Do we really want to establish U.S. policy that any citizen from a nation experiencing instability should be entitled to refugee status? Clearly, that is the direction we would be heading with the passage of this legislation.

I would urge that a more appropriate standard is the one that is currently in place—that there must be a well-founded fear of persecution on account of his or her race, religion, nationality, political opinion, or membership in a particular social group. These are the criteria that the United States has been applying to Haitians, and these are the criteria that should remain in place.

Last, Mr. Chairman, this Member would ask his colleagues to consider the message this legislation sends to the people of Haiti. It encourages them to make the attempt to flee Haiti in the misguided belief that they will be welcomed with open arms in the United States. This legislation encourages them to board those flimsy, unseaworthy boats to attempt that dangerous crossing. It is a crossing that has taken far too many lives, and we should not be encouraging more Haitians to make the attempt.

Even with every sympathy for the economic plight of the Haitian people, this legislation must be defeated. I urge my colleagues to bear in mind that series of disasters for Haitians, and for our country, which would be launched by the passage of this legislation. I strongly urge my colleagues to vote "no" on the passage of H.R. 3844.

□ 1920

The CHAIRMAN. The Chair would advise those Members controlling debate that the gentleman from Texas [Mr. BROOKS] has 20 minutes remaining and the gentleman from Florida [Mr. MCCOLLUM] has 18 minutes remaining.

Mr. BROOKS. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. CONYERS] the distinguished chairman of the Committee on Government Operations and the ranking and important member of the Committee on the Judiciary.

Mr. CONYERS. Mr. Chairman, I begin by expressing commendations to the chairman of the Committee on the Judiciary and the chairman of the Subcommittee on International Law, Immigration, and Refugees, the gentleman from Kentucky [Mr. MAZZOLI], because I am, of course, offering the amendment that would grant temporary protected status to the Haitians until such time as democracy has been restored to their country.

It is the legitimate conclusion that one can reach if you agree that simple reality is that there is an armed conflict in Haiti today.

If that is the case, then to talk about only people who were here before February 5 being able to enjoy staying in Cuba becomes a hollow mockery.

Ladies and gentlemen, the American people have not taken leave of their senses. I urge that, in the discussion that will continue tomorrow, that we give serious consideration to this amendment. I think it is very important that we understand that temporary protected status is an emergency provision that can be given. It was done in El Salvador. I think everyone on this floor supported it. I ask that we do no less for those fleeing the poorest, most war-wracked country in the Western Hemisphere.

Mr. BROOKS. Mr. Chairman, I yield 30 seconds to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. Mr. Chairman, the most important provision in this bill, besides passing it, is the amendment of the gentleman from Florida [Mr. SMITH] tomorrow, sending a peacekeeping force to Haiti, either United Nations or Organization of American States.

We have not had a foreign policy toward Haiti. We have neglected it. We care about democracy in Eastern Europe, but we have simply not paid attention to the tragedy in Haiti.

Mr. Chairman, 1,500 people have died. Let us have a little bit of faith in the OAS and the United Nations, two new vital agencies that will keep the peace until the situation is taken care of.

Mr. Chairman, I rise today to express my strong support for the Haitian Refugee Protection Act and the sense-of-Congress amendment that either the United Nations or the Organization of American States should send a peacekeeping force to Haiti. The Smith amendment seeks to serve the short-term goal of protecting Haitians returning to their country from reprisal and the long-term goal of reestablishing democracy in Haiti.

Today, as we celebrate the rise of struggling democratic states across the Atlantic, we must maintain our firm commitment to democracy and human rights in our neighboring country of Haiti. Several years ago, a similar situation existed in El Salvador and Guatemala, when many Salvadorans and Guatemalans were forcibly repatriated from the United States only to face persecution in their homelands. This mistake must not be repeated.

Since the violent coup last year, more than 1,500 people have died, according to Amnesty International reports, and countless other well-documented atrocities have occurred. Thus, it is clear, danger exists for all Haitians, even those who remained behind.

Sending Haitian refugees back to this violent environment without a mechanism in place to ensure their safety is brutal. Although the administration claims that there is no evidence of reprisal, there is no way to monitor the treatment of refugees returning hundreds at a time, many of whom are disappearing into the countryside. The presence of a peacekeeping force would at once replace the current turmoil with a climate of security while sending a clear message to the Haitian military.

Once again, I wish to commend my colleague for his work on this vital provision and urge my colleagues to do the same.

Mr. BROOKS. Mr. Chairman, I yield 30 seconds to the gentleman from Missouri [Mr. CLAY].

Mr. CLAY. Mr. Chairman, I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in support of the Haitian Refugee Protection Act. This legislation would extend a minimum of compassionate consideration to thousands of anguished, displaced Haitian refugees.

These refugees deserve all the understanding and mercy our Nation can offer.

In recent years, we have witnessed a transformation in the world order as more and more nations seek to establish democratic governments. The tiny nation of Haiti has struggled to follow in the footsteps of those marching toward freedom and democracy. But, today, in Haiti, the dreams of democracy have surrendered to the hellish nightmare of a society torn and uprooted by the brutal military dictatorship that deposed its first freely elected President.

Since last September, hundreds of Haitians have been murdered in the violence which has rocked this tiny island. More than 13,000 have fled the ruthless military regime that has destroyed their young democracy, and U.S. policy toward these refugees has been unconscionably callous, coldhearted, and uncaring. Amnesty International and Americas Watch have documented the persecution of the Haitian people. Yet, the State Department has scorned the pleas of thousands of suffering Haitians who have been ruthlessly deported and returned to the violent hands of its military rulers.

We know that the people of Haiti deserve our compassion—across the Nation, Americans are pleading with the administration to stop the deportation of the Haitian boat people. As we debate whether or not to offer hope and compassion to the suffering Haitian refugees, one of our Nation's national treasures, the famed choreographer and dancer, Katherine Dunham, is risking her life to help those fleeing Haiti.

Ms. Dunham has been on a hunger strike since February 1—25 days. She has vowed not to end her protest until President Bush stops the deportation of thousands of Haitians from Guantanamo Bay. More than most Americans, Mrs. Dunham is familiar with the Haitian culture and knows the Haitian

people. In her appreciation for their contributions to others, Katherine Dunham is ready and willing to give her life to end their senseless suffering. The very least we can do is acknowledge what we already know to be right in our hearts and minds.

The United States is the symbol of freedom and democracy for all the peoples of our world but, so far, we have failed the people of Haiti. Today we have a chance to offer them a fighting chance for freedom. The modest resolution before us will provide the Haitian refugees with a 6-month safe haven in Guantanamo Bay, and will direct the President to set aside 2,000 refugee numbers for Haitians. I urge my colleagues to vote in favor of the Haitian Refugee Protection Act.

Mr. BROOKS. Mr. Chairman, I yield 30 seconds to the gentleman from the Virgin Islands [Mr. DE LUGO].

Mr. DE LUGO. I thank the gentleman for yielding to me.

Mr. Chairman, I want to commend the chairman of the committee, the gentleman from Texas [Mr. BROOKS], the chairman of the subcommittee, the gentleman from Kentucky [Mr. MAZZOLI], and all of those who have worked so hard on this legislation. I want to commend all of those who have been involved in this legislation. It is legislation that is proper, it is legislation in the true American tradition.

Mr. Chairman, I am from that region, I am from the Virgin Islands, and I have many Haitians in the Virgin Islands. They have strengthened the fabric of our community.

This is legislation I urge all Members to support.

Mr. Chairman, standing in New York City harbor there is a symbol of freedom, freedom that this great Nation has extended to generations of immigrants from all over the world: the Statue of Liberty. She has been a shining beacon of hope to millions of the persecuted, the beleaguered, and the exiled.

Today, Mr. Chairman, that beacon is dimmed. Dimmed by a shameful policy of the administration, one that rejects the thousands of people of Haiti who have fled their homeland seeking our help.

Boatloads of refugees from the horrors of the Haitian military coup are being returned to the country they fled. The administration claims they face no danger, but can provide no proof that they are not condemning them to prison, beatings, and death. Yet, the repatriations continue.

Following the election of Haitian President Jean-Bertrand Aristide, we shared the hope, for a brief moment, that democracy, at long last, had come to the people of Haiti. But that hope died September 30, 1991, when a band of military thugs ousted President Aristide and installed their own puppet government.

In response, the Organization of American States moved boldly. Its members enacted an economic embargo to pressure the military regime to surrender to the democratic will of the people and return power to the duly elected President.

The embargo has, perhaps, hurt most those it sought to help. Thousands of Haitians lost their jobs as industry came to a standstill. Foreign investment in the country dwindled.

Meanwhile, thousands fled Haiti, seeking refuge in other nations, including the United States. The U.S. Coast Guard rescued thousands who braved death on the seas. They were housed in temporary facilities in Cuba and the United States mainland.

There were hopeful signs that the OAS economic embargo was working. The OAS had shown firm resolve and unity among its member nations. Negotiations between the OAS and representatives of the coup were ongoing. In Haiti, there were moves toward the appointment of a prime minister, possibly leading the way to the return of President Aristide. Humanitarian aid was being sent to Haiti in an effort to help the people most hurt by the embargo.

Then, the glimmer of hope that had been rekindled dimmed as the United States broke ranks with OAS nations, relaxed the embargo, and began the return of refugees. There can be no doubt that the leaders of the military junta that overthrew President Aristide have seen the moral collapse of U.S. resolve as their triumph.

In recent days, the OAS has achieved some measure of success. An agreement has been reached to install a new Prime Minister, grant amnesty to those involved in last September's coup, and retain Lt. Gen. Raoul Cedras as commander of the military. These are positive steps, but they may not be solutions. President Aristide has grave concerns about keeping General Cedras in power. The future remains most uncertain.

Mr. Chairman, we in the Virgin Islands are neighbors who share the same region. We have a vibrant Haitian population in the Virgin Islands, upstanding citizens who, given the opportunities that our democracy has bestowed, have become an important part of the fabric of our community.

Mr. Speaker, I strongly support the legislation introduced by the gentleman from Kentucky, and I am proud to be a cosponsor. In the face of the administration's terrible decision to return thousands of Haitian refugees, Congress must act.

As this bill directs, no Haitians should be repatriated involuntarily for 6 months from the enactment of this legislation.

As this bill directs, a study must be conducted to determine whether the human rights of those sent back to Haiti have been violated.

As this bill directs, an additional 2,000 refugee admissions should be reallocated to Haiti.

Mr. Chairman, particularly now that the Supreme Court has ruled that it will not halt the repatriations of Haitian refugees, we in the Congress must ensure that the beacon of liberty again shines bright, and that hope is rekindled in the people of Haiti that democracy may once again be restored. I urge my colleagues to vote in favor of this legislation.

Mr. BROOKS. Mr. Chairman, I yield 30 seconds to the gentleman from Oregon [Mr. KOPETSKI].

Mr. KOPETSKI. Mr. Chairman, I commend the chairman of the full committee, the gentleman from Texas [Mr. BROOKS], and the chairman of the subcommittee, the gentleman from Kentucky [Mr. MAZZOLI], for their outstanding efforts on this issue.

I of course rise in support of H.R. 3844.

Mr. Chairman, I rise today in support of H.R. 3844. I want to commend Chairman BROOKS for bringing this bill to the floor in an expedited manner. I also want to recognize the outstanding efforts of the chairman of the International Law, Immigration, and Refugees Subcommittee, the gentleman from Kentucky [Mr. MAZZOLI], for his hard work in crafting this much needed piece of legislation and his dedication to human rights.

What is difficult about the issue is not having the facts. Are these Haitians economic refugees or are their lives at risk and are therefore political refugees?

Mr. Chairman, there has been one recurring issue in this debate that has yet to be resolved for me: the issue of the State Department's sources and the credibility of its sources in determining human rights conditions in Haiti and especially for those Haitians involuntarily returned to Haiti.

To me, the credibility of information regarding the safety of the Haitians, both the safety of those in Haiti now and those who are forced to return, is the vital question. During the subcommittee hearing on November 20, 1991, I asked the State Department for a list of organizations providing information on the conditions in Haiti, including the human rights situation. I also asked the State Department to assess the credibility of each information source. It was only after a great deal of prodding that I finally received this information—77 days later.

The answer I received from the State Department puzzles me. It states, "The Embassy's Haitian contacts include large numbers of key figures in government and politics, at all levels and across the political spectrum, business persons, educators, the clergy, the media, health care workers, and human rights activists."

What puzzles me is that there is information being reported by a number of sources that suggest terrible human rights violations have occurred and are continuing to occur in Haiti. For instance, Amnesty International, perhaps the best known and most respected human rights organization, issued a report last month that details killings, beatings, and other human rights violations throughout Haiti. Yet, the State Department claims to use information from human rights organizations and apparently concludes—from what we have seen of the administration's policy—that reports of these violations are not accurate.

I still want to know why the State Department is discounting the Amnesty International report. Amnesty International is the source the State Department cites in its "Country Reports on Human Rights Practices for 1990" to determine human rights violations in Burma, in Iran, and in Vietnam. Suddenly, the information from Amnesty International is not good enough.

On February 10, 1992, the subcommittee sent a letter to the State Department to specifically address these concerns. The State Department responded by stating that "Given the inherent human element involved, it is im-

possible to ascribe objective measures of credibility to these sources." The State Department further contends that the Embassy's staff is making a valid assessment of general human rights conditions. The State Department reports that it even assigned an additional two officers to specifically monitor repatriation. I am concerned that this may be too great a task for the Embassy. It is my understanding that, ironically, because of human rights concerns, the State Department has withdrawn its Embassy staff in Haiti on several occasions. Thus far, more than 5,000 Haitians have been repatriated. Given the information from the State Department, I am not sure that the Embassy can adequately monitor and ensure the safety of the repatriated Haitians.

This bill buys time. Perhaps it saves lives.

Mr. Chairman, this bill before us is only a piece of the solution. This administration and this Congress must continue to push for better conditions in Haiti; to reinstate a democratically elected government; and to improve human rights and economic conditions. Mr. Chairman, it takes a great threat to force people to flee their families and friends—to flee their homes and communities—to face a dangerous, perhaps life threatening, voyage on an unsafe boat in unknown waters. It is not a decision taken lightly.

Mr. Chairman, I support this bill and the end of forced repatriations for humanitarian reasons. I am uncomfortable with the State Department's information and uncertain about the credibility of the information the State Department is using. There are great consequences if the State Department is wrong—hundreds, maybe thousands of innocent people could be persecuted or even killed.

Mr. Chairman, I urge my colleagues to support this bill.

U.S. DEPARTMENT OF STATE,
Washington, DC, February 4, 1992.

To: H—Steven K. Berry.
From: ARA—Robert S. Gelbard.
Subject: Reply to Representative Kopetski's Request on Haiti.

In response to Rep. Kopetski's request during my testimony before the Mazzoli subcommittee, I provide the following language to be inserted on page 110 of the transcript:

Our Embassy in Haiti maintains a wide range of contacts in all sectors of Haitian society and in the American and international communities there.

The Embassy's Haitian contacts include large numbers of key figures in government and politics, at all levels and across the political spectrum, business persons, educators, the clergy, the media, health care workers, and human rights activists. The international community includes a large number of private voluntary agencies working throughout the country in such areas as agriculture, health care and education, missionary and other religious groups, representatives of international organizations such as the Red Cross, OAS and UNDP, human rights organizations, and the diplomatic corps.

In addition, the Embassy operates its own "warden" system through which it maintains contact with American citizens scattered throughout Haiti and thereby receives information on conditions outside the capital. Members of the Embassy's staff also travel through the country as circumstances permit to observe local conditions and talk with residents.

Information from these and other sources is considered in making our classified and unclassified evaluations of conditions in Haiti.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, DC, February 10, 1992.

Hon. ROBERT S. GELBARD,
Principal Deputy Assistant Secretary of State for Inter-American Affairs, Department of State, Washington, DC.

DEAR AMBASSADOR GELBARD: As members of the Subcommittee on International Law, Immigration, and Refugees, we are extremely interested in the sources and accuracy of information used by the Department of State in formulating the ongoing repatriation policy with Haiti.

In the Subcommittee's November 20, 1991, hearing on Cuban and Haitian Immigration, you were asked to provide the Subcommittee with a listing of the different sources of information used by the Department of State to assess the human rights situation in Haiti and the prospects for safety of Haitians who are repatriated. You also were asked to provide the Subcommittee with the credibility assigned to the State Department's sources and the process the State Department uses to establish the credibility of these sources. While the Subcommittee received a response to the first part of its request on February 5, 1992, it has not received a response to the second part.

We raise this issue of the accuracy of the information for two reasons. First, Amnesty International issued a report last month that detailed killings, beatings, and other human rights violations throughout Haiti. Yet, the State Department concludes—from what we have seen of the Administration's policy—that reports of these violations are not accurate. Further, State now has reports from INS interviews with "doublebackers" that repatriates are targeted by Haitian authorities for beating, imprisonment and perhaps even extrajudicial killings.

We would like to know how the State Department makes the assessment that repatriates are not in danger of physical harm and the specific sources it relies upon.

Secondly, we are concerned by a statement in the Amnesty International report that "Members of the Catholic Church, journalists and others involved in the collection and dissemination of information on human rights (in Haiti) have been threatened and intimidated by members of the security forces." This statement again raises questions about the reliability of the sources outlined in the State Department's memorandum of February 4, 1992, concerning the Department's information sources on Haiti.

We would like to know how the State Department confirms reports from its sources considering the possibility of threats to sources of information on conditions in Haiti.

It is vital for this Subcommittee to have this information for the ongoing policy debate over Haiti. Therefore, we would appreciate a response to this letter no later than February 20, 1992.

Sincerely,

ROMANO L. MAZZOLI,
Chairman.
MIKE KOPETSKI.
CHARLES E. SCHUMER.
HOWARD L. BERMAN.
JOHN BRYANT.

U.S. DEPARTMENT OF STATE,
Washington, DC.

Hon. HOWARD L. BERMAN,
House of Representatives,
Washington, DC.

DEAR MR. BERMAN: I am replying to your letter to Ambassador Gelbard of February 10 in which you and other members of the Subcommittee on International Law, Immigration and Refugees ask for an evaluation of sources of information on the well-being of repatriates to Haiti.

As Ambassador Gelbard explained in his response of February 5 to the Subcommittee on this issue, our Embassy in Port-au-Prince is in contact with a broad range of individuals in virtually all segments of Haitian society and the international community. Given the inherent human element involved, it is impossible to ascribe objective measures of credibility to these sources (and it would be detrimental to our information-gathering efforts to try).

I would, nonetheless, point out that all such contacts are considered to some extent useful sources of information. Factors such as personal bias, possible intimidation, or self-serving interests are, of course, taken into account by Embassy officers. Ultimately, it is the totality of information received, and the observations, experience and discretion of the Embassy's personnel, through which we make our best judgment of conditions.

Applying these methods, our Embassy provides a continuing, and we believe valid, assessment of general human rights conditions within the country, taking particular note of the prevalence of violence, patterns of abuses, etc.

When specific, detailed allegations of abuse are made, Embassy personnel conduct their own investigations to the extent resources permit. This was done most recently in connection with the allegations of a number of "doublebackers" that they or others were persecuted following repatriation. In the investigations completed by the Embassy thus far, the charges of abuse were determined to be without foundation. The Embassy's investigations are continuing.

Sincerely,

JANET G. MULLINS,
Assistant Secretary Legislative Affairs.

Mr. BROOKS. Mr. Chairman, I yield 30 seconds to the distinguished gentleman from New York [Mr. OWENS].

Mr. OWENS of New York. Mr. Chairman, the important thing is that we merely have to do what America has always done. We have always been a generous and compassionate country to all other refugees. So, why act any differently now?

If we do what we always have done, that will take care of the situation with respect to the Haitians.

Mr. BROOKS. Mr. Chairman, I yield 30 seconds to the distinguished gentleman from Chicago, IL [Mr. HAYES].

Mr. HAYES of Illinois. Mr. Chairman, I thank the gentleman for yielding time to me.

I want to commend the gentleman from Texas [Mr. BROOKS] for this bill. I hope to revisit this issue tomorrow.

Mr. Chairman, I rise in full support of H.R. 3844, the Haitian Refugee Protection Act and want to commend my colleagues for their speedy response to this crisis. Additionally, I lend my support to my colleague, Mr. CON-

YERS' amendment. I believe that it is critical that this bill protect all Haitian refugees who have fled, not just those fleeing before February 5.

I stand here today to ask you, my colleagues, to have compassion for the Haitian refugees who have fled their country because they fear political persecution. The actions that have been taken by the U.S. Government and the highest court in this country are deplorable. We are supposed to be a compassionate nation, a nation that cares about the world community, and now we refuse to take a moral stance to assist the Haitians simply because they are poor and people of color. We ought to be consistent in our refugee policy whether for Eastern Europeans or Haitians.

The United States Embassy in Haiti has noted that there have been reports of killings, police harassment, illegal searches, and looting of private homes and arrests without warrants, by Haiti's de facto government. In addition, Amnesty International has reported hundreds of executions, beatings and political arrests after the coup, with the repression centered on the supporters of the ousted President. What additional proof does the President need to show that these refugees are escaping political persecution and not economic persecution? Our own Embassy has provided proof enough.

Hundreds of Haitians have been returned without an adequate review process. We know that Haiti is closely monitoring these returns by fingerprinting each refugee. Today we have the opportunity to ensure that our hands are not bloodstained. Support this amendment and this bill—Let's stop these illegal deportations.

Ms. NORTON. Mr. Chairman, the agreement between President Aristide and Prime Minister Theodore to restore democracy in Haiti is a painfully incomplete step toward renewing democracy in that small and troubled land. The agreement certainly does not provide immediate relief for the refugees still being repatriated by the administration. President Aristide will not be immediately returned to the Presidency, and it remains unclear whether the current leadership of the Haitian military will remain in power.

Thus, today Haiti remains out of control and we cannot say that it has ceased terrorizing its own people. Yet, shamefully the Bush administration, with the assent of the Supreme Court, has decided that the thousands of Haitians who have fled in terror should cavalierly be returned.

The human tragedy unfolding in Haiti is no less significant in this hemisphere than the invasion of Kuwait was in the Middle East. President Bush needs to take two actions immediately. First, until it can be clearly determined that a political solution has been obtained which clearly restores democracy in Haiti, the United States and other countries should continue to offer a safe haven to Haitian refugees. Second, the President should take a leadership role, as he did in the Persian Gulf, with the OAS and the international community, to help achieve real stability in Haiti and safe refuge for those who have fled.

The legitimate and immediate security concerns of the refugees will be best served by the passage of this legislation and I support the amendments offered by my colleagues JOHN CONYERS and LARRY SMITH. The Conyers' amendment grants temporary protected status to the refugees which will ensure that they are not being returned to a volatile and dangerous homeland. The Smith amendment addresses the need for the involvement of peacekeeping forces from either the United Nations or the OAS. It is totally irresponsible to return refugees without a reliable network on the ground in Haiti which can monitor and protect them.

We have insisted upon democracy thousands of miles across the oceans. We can demand no less in our own hemisphere. We have proudly and appropriately stood with refugees from everywhere—from the Soviet Union, from Eastern Europe, from Southeast Asia. We must find a way to stand with the refugees in our own sphere of immediate interest. The fledgling democracy in Haiti was killed in its infancy. We must help it to be born again by standing in support of H.R. 3844, The Haitian Refugee Protection Act.

Mrs. LOWEY of New York. Mr. Chairman, I rise in strong support of H.R. 3844, the Haitian Refugee Protection Act and urge my colleagues to pass it promptly.

It is an outrage that when refugees escape from persecution in certain countries, our Government has given immediate protective status in the United States without a second thought. But when refugees have escaped persecution in Haiti, not only do we deny them protective status, we deliver them right into the hands of the very forces they have fled. The current administration's policy has returned Haitians to a regime that we, at least in theory, have condemned. The tragic human rights records of repressive Haitian regimes are no secret, but this administration has seen fit to ignore what we should all understand.

There is no question that refugees fleeing Haiti are doing so because they fear for their lives. Amnesty international has testified that the refugees face a killing field and certain persecution if they are sent back to Haiti. So far, amnesty estimates that in 5 short months, 1,500 people have been executed by the military regime which stole democracy from the hands of the Haitian people. Is this part of the new world order? Or has this administration decided that Haiti is not entitled to benefit from that new order?

Negotiations are underway to try and clear the path to restoring President Aristide to his democratically elected position. Progress is being made. But without this legislation, we will be returning these refugees to a despotic and vengeful regime. In fact, the administration admits that some of the refugees who have not escaped from Haiti after having been returned face persecution there. The legislation represents a very moderate approach, delaying the deportations for 6 months. It is the least we can do. In fact, it is a tragedy that it has taken so long to reach this point.

I urge my colleagues to support H.R. 3844. To reject this reasonable compromise legislation would be a tragic miscarriage of justice and it would cost human lives.

Mr. MFUME. Mr. Chairman, in today's world, the violent denial of fundamental human rights and the suppression of a people's right to self-determination, stand without equal as the most egregious examples of man's inhumanity to man. For when a people are forcibly deterred from enjoying the full protection of the law and from actively participating in a peaceful democratic governing process the government has surely sown the seeds for its own destruction.

In 1991 the brave people of Haiti went to polls to select their first democratic government in Haiti's 200-year-old history. The election of President Jean-Bertrand Aristide ushered in a new era of hope that the poorest nation in the Western Hemisphere would finally depart from its policy of intimidation and elimination of persons engaged in legitimate political opposition.

Who could ever have predicted that 1 year after the torch of democracy was ignited on Haitian soil the country would be besieged by chaos and anarchy? The Haitian military—the bitterest enemy of human rights and democracy—has again raised its ugly head. Only this time, the leviathan desires to extinguish the torch of freedom and millions of dreams that were inspired by its bright hope for the future.

Mr. Chairman, against this backdrop, thousands of citizens began to flee Haiti for fear of military reprisals and the return of the death squads known as the Ton Ton Mecout. In fact, this threat has proven very real. Indiscriminate and arbitrary acts of violence have again forced those politically opposed to martial law either underground or in exile.

The justice system in Haiti is literally nonfunctioning. The breakdown of authority has undermined the economic vitality of the country. In short, Mr. Chairman, the essence of Haiti's current crisis is the general breakup of a democratically mandated political system. This very breakdown has cast its shadow into other sectors, such as the economy, but it is clear that these other problems derive and are further exacerbated by the failure of the political process.

I come to the floor of this House in order to issue my plea for the preservation of life and democracy. I come before the House in an attempt to prevent innocent men, women, and children from being repatriated back to a country that does not value its people's fundamental rights. I come to the well after witnessing first hand the conditions facing Haitians upon their return home from sea.

For this reason, I support H.R. 3844, the Haitian Refugee Protection Act. H.R. 3844 prohibits, for 180 days, the involuntary repatriations of Haitian citizens who were in United States custody on or before February 5, 1992, and do not qualify for asylum. This measure also provides 2,000 federally funded refugee admission slots be allocated to Haiti. Persons involved in the anti-Aristide coup would not be eligible for the increased slots.

Additionally, I support the amendment offered by my friend, Representative JOHN CONYERS, which would permit Haitian refugees to register for temporary protected status until the return of democracy in Haiti. This is similar to what was provided for Salvadoran refugees who found themselves in a similar situation.

Our colleague, LARRY SMITH of Florida, also has a viable proposal I wish to lend my support to. Representative SMITH's progressive approach expresses a sense of Congress, the United Nations, or the Organization of American States send a peacekeeping force into Haiti to restore peace and order.

Mr. Chairman, our efforts should be to protect the innocent and punish the perpetrators. The forced repatriations flies in the face of this commitment and only reveals an ambivalent commitment to freedom and democracy by the Bush administration. I am tired of the bloodshed in Haiti. I am tired of the injustice and I am tired of idle promises which only serve to defer violence and death for another day.

Mr. Chairman, let's end the carnage by restoring the dignity of the proud Haitian people. Support the Haitian Refugee Protection Act.

Mr. TOWNS. Mr. Chairman, I rise in support of H.R. 3844 which would provide for a 6-month moratorium on the deportation of Haitian refugees.

Haitian refugees have repeatedly suffered from a United States immigration policy that was more concerned with ideology than justice; and one which blatantly assumed that poverty was the sole reason for Haitians to flee to American shores. The United States Supreme Court's recent decision to permit the repatriation of Haitian refugees is only the latest in a series of injustices faced by Haitian refugees. The administration's blatant refusal to even permit the most minimal protection of temporary protected status or extended voluntary departure shows a blatant disregard for the lives of these refugees. Given the historic mistreatment that Haitian refugees have experienced, one can rightly conclude that the policy decisions toward them would have been dramatically different if these refugees were not black.

Today, this House has an opportunity to provide humanitarian support to Haitian refugees who are fleeing an atmosphere of violence and repression, I would urge my colleagues to stand up and be counted. In the same manner that we have argued for temporary protection for other ethnic groups during times of political crises in their countries, we should do no less for the Haitian refugees. I would urge my colleagues to adopt this measure without weakening amendments.

Mr. ATKINS. Mr. Chairman, I rise in support of H.R. 3444, the Haitian Refugee Protection Act. I am a cosponsor of this measure not because I was asked to be by any interest group, but rather because it would be unconscionable not to be an advocate of this measure.

The Bush administration argues that those Haitian refugees who have been forcibly returned to Haiti are not subject to persecution and are only economic refugees. They claim that the United States Embassy staff is monitoring the human rights situation in Haiti and particularly the safety of those individuals we have repatriated. But we have very few resources and personnel in Haiti to even attempt the task. In light of Amnesty International's documentation that Haitians are leaving for the Dominican Republic and Cuba in the tens of thousands, countries hardly known for their prosperity, it is ludicrous to honestly assert that these refugees are leaving only for economic reasons.

More than 15,000 Haitians have fled since the bloody coup which overthrew President Aristide's government. As the refugees attempted to escape their country on rickety boats, the State Department intercepted them in international waters and began the prescreening questioning for asylum in the United States. Questioning such individuals, still dazed and dehydrated from being at sea and on board a Coast Guard ship heading back to Port-au-Prince, is clearly not a fair screening process.

The administration argues that the vast majority of the Haitian refugees have left their homeland because of the economic conditions there. But the fact is that the returnees are being photographed and fingerprinted by the Haitian military regime when they disembark from United States boats. Such monitoring suggests a desire by the military authorities to continue some kind surveillance of the refugees upon their return to Haiti. Given the brutality of the Haitian military authorities, it is not difficult to imagine that this surveillance is political in nature and conceivably will result in renewed persecution.

The fact is that we are dealing with a military government in Haiti which last September violently overthrew a democratically elected government. The best efforts of the Organization of American States to mediate the political situation and restore some semblance of a democratic government have so far failed. In the meantime, hundreds of people have been killed in street violence in that nation, bringing back all-too-familiar memories of the savage Duvalier dynasty. Why is it so hard to believe that such a brutal regime would not think twice of persecuting those who have attempted to escape from its authority?

Monday's decision by the Supreme Court effectively allowed the forcible return of the Haitians now in United States custody. In his opinion supporting the denial to hear the case on the merits, Justice Clarence Thomas expressed his concern over allegations of mistreatment of those forced back. Justice Thomas left the matter for "the political branches." The Court is clearly leaving the decision to Congress and the President. We must not back down from this responsibility. It is time for the U.S. Congress to side with compassion and reason, and that is why I am a cosponsor of H.R. 3844. I urge my colleagues to join me in swiftly passing this important measure.

Mr. PENNY. Mr. Chairman, I rise in strong support of the Haitian Refugee Protection Act, and I urge my colleagues to do the same.

I am a cosponsor of Representative RANGEL's concurrent resolution that would grant protection from deportation to Haitian refugees until a democratically elected government is returned to Haiti. The legislation we are now considering represents a compromise position, a 6-month stay of deportation, and I applaud Chairman MAZZOLI and Chairman BROOKS for bringing this bill to the floor, and Mr. RANGEL for his work on this issue.

We need to strongly support the restoration of the first ever democratically elected government in Haiti. Mr. Aristide was elected President with 67 percent of the vote, a strong mandate for change. The defacto military regime that deposed President Aristide has demonstrated a total disregard for human rights in Haiti, and the poorest Haitian people are suffering the most as a result of the army's brutality. Our effort must include protection for Haitians who have fled the deplorable conditions that they face in their country, and we need to address the fear they have of returning to Haiti.

The Bush administration hopes to address this problem by forcibly repatriating the Haitian refugees and by easing the trade embargo put in place with the support of the member nations of the Organization of American States [OAS]. I supported President Bush's efforts to consult with and enlist the support of the OAS in dealing with the coup in Haiti. I cannot understand why we are now undermining the OAS effort.

The State Department claims they have no evidence of political persecution of the returned Haitians. Anyone who listened to National Public Radio reporter Alan Tomlinson's report from Haiti knows better. Amnesty International reports that 1,500 people have been killed since the coup, and there are daily death threats against President Aristide. If the Haitian Army would kill Mr. Aristide on his return, why would they hesitate to threaten or kill anyone who supported his election?

The humanitarian situation in Haiti must also be addressed promptly. Chairman TONY HALL and the staff of the House Select Committee on Hunger have closely monitored the food and medical problems throughout the country. While there are no reports of starvation yet, UNICEF reports that the number of severely malnourished children under the age of 5 has increased from 20 to nearly 30 percent. There is very little water or electricity in the Port-au-Prince, and emergency feeding programs in Haiti that were serving 750,000 people before the coup are now feeding only about 10,000. And, volunteer organizations routinely report harassment and threats from the military as they attempt to serve the poor.

Today's New York Times reports that President Aristide has signed an agreement with a former political rival and now his Prime Minister-designate, Rene Theodore, outlining a national unity government and beginning a timetable for the President's return to Haiti. Let us give the Haitian political leaders a chance to restore civilian rule to Haiti by supporting the Haitian Refugee Protection Act.

Mr. BROOKS. Mr. Chairman, I reserve the balance of my time.

Mr. MCCOLLUM. Mr. Chairman, I reserve the balance of my time.

Mr. BROOKS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MAZZOLI) having assumed the chair, Mr. MFUME, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3844) to assure the protection of Haitians in the United States or in United States custody pending the resumption of democratic rule in Haiti, had come to no resolution thereon.

INTRODUCTION OF SPENDING PRIORITIES REFORM ACT OF 1992

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

Mr. PENNY. Mr. Speaker, today, Representative HARRIS FAWELL and I

have introduced the Spending Priorities Reform Act of 1992, a bill to rescind the unobligated funding of over 640 projects, totaling over $1.5 billion contained in fiscal year 1992 appropriations acts.

We arrived at these projects following an examination of several thousand potential projects using criteria that asked whether each item—

Previously had been authorized;

The subject of a hearing before the relevant authorizing committee;

Added during conference committee;

Has a meaningful relationship to the act under which it is funded or the agency or program under which it is administered;

Was noncompetitively awarded;

Was earmarked in violation of established congressional procedure or the process described by law; and/or

Is for a project of purely local interest, without regional or national importance.

The projects included in the Spending Priority Reform Act tripped at least three of the above criteria. In several instances, more than three criteria were violated. Moreover, beyond this, many of these projects are better characterized as pork barrel spending.

With the budget deficit near $400 billion and the national debt expected to exceed $4 trillion during 1992 and with the interest payment on the debt the fastest growing part of the budget, it is incumbent on us to weed out all wasteful spending.

And the American people are demanding it. In poll after poll, Americans express their continuing concern with deficit spending. Americans are telling us to pull our collective belt tighter, just as they are doing the same in their own lives. With the prolonged recession taking its devastating toll on our Nation's prosperity, reducing pork barrel spending is not only desirable, it is essential.

So this is the step we take today; 642 projects totaling $1.54 billion is where we start. We ask others to join us in this effort.

THE HAITIAN REFUGEE PROTECTION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. OWENS] is recognized for 60 minutes.

Mr. OWENS of New York. Mr. Speaker, I would like to take my full 60 minutes, but I do want to take this opportunity to clarify some important points with respect to the issue we have just discussed on the floor of the House and the issue that will be before us tomorrow, and that is the bill, H.R. 3844, the Haitian Refugee Protection Act.

Mr. Speaker, I represent in the 12th Congressional District of New York one of the largest groups of Haitians outside of Haiti. There is only one other community in the United States which is larger than the Haitian-American community in my district, and that is the Haitian-American community in Miami. I represent a large number, and I would like for them to know that there are a number of very important points here that need to be clarified.

No. 1, it was not the Supreme Court of the United States that ordered that Haitians should be deported from Guantanamo to Haiti. That is not what the Supreme Court decided. The Supreme Court is not in the business of implementing policy. That is the duty of the executive branch. The Supreme Court merely said that, if the executive branch of the Government wants to do this under present law, present constitutional law, they have the right to do it, and it refused to protect the Haitians and grant the injunction that was requested on their behalf. Our Government, our present administration, still has a number of options, and they have the leeway and the ability not to proceed and deport the Haitians in Guantanamo back to Haiti. That is their prerogative.

Mr. Speaker, tremendous latitude is afforded the executive branch even without legislation from this body in the way they handle refugees. Historically we have never had quite this much controversy. We have never had to wrangle through the courts. Congress has never had to get so involved in a situation parallel to the one that exists in Haiti where we have a government which has been illegally deposed, a government taken over by military thugs, people who have the guns, but do not have any particular ideology and no large segment of the population behind it, but they have taken over, they have been condemned by the United Nations, they have been condemned by the Organization of American States. Very few governments in the world recognize the people who are in power in Haiti. The United States has endorsed the resolutions of both the United Nations and the Organization of American States, and an embargo has been imposed. Our Government is involved in that embargo. We were 100 percent behind it until recently when we decided to unilaterally ease the embargo to some degree, but nevertheless we have taken actions, and even now, with the embargo being partially lifted, there are certain definite restrictions in force imposed by our Government.

So, Mr. Speaker, we recognize the situation is not a legal one. The situation is one where people are being terrorized, they are being persecuted, and yet, unlike at any other time in history, we have decided to send people back to that Government. We have decided to throw them out of this country, take them away from the protection of this Government and send them back to a government we deem to be illegal, we deem to be a terrorist government, and proceed to institute new kinds of standards that never existed before.

It is not the fact that we have a recession, my colleagues. It has nothing to do with that because this Nation has 250 million people, more than 250 million people. This Nation is able to absorb far more than 14,000 Haitians. We have absorbed 50,000 Hungarian freedom fighters, people from Hungary, some who were fighting for freedom and some who were just fleeing, taking the opportunity to flee to a country with better economic circumstances, which is always the case when we have refugees. We absorbed 400,000 Cubans. Recently we absorbed large numbers of Salvadorans, a large number of people fleeing Nicaragua.

Mr. Speaker, we are able and have been willing to absorb large numbers of people without it having any great impact on our economy. Our economy is in trouble because it is mismanaged, not because we are an overpopulated nation, I assure my colleagues. So, all of a sudden the label of Haitians as being a threat to the economy is the application of a new standard, a double standard, an unfortunate standard.

Mr. Speaker, I yield to my colleague from Michigan [Mr. CONYERS].

Mr. CONYERS. Mr. Speaker, first of all I want to comment that the gentleman from New York [Mr. OWENS] has again called for a special order on this subject. I believe this is at least his third, and he has afforded us the full and ample discussion in the Congress that is required for this matter, and I want to commend him sincerely for that.

Mr. Speaker, I would like to just pose this question because more people in the country are beginning to ask whether or not our Government in the executive branch has really sent a wink and a nod to this illegitimate regime, the junta, that ruthlessly rules Haiti at this moment. If we really wanted to deal with these 7,000 troops, some under varieties of control and command with not a great deal of artillery and weaponry in the military sense of that term, would it not be appropriate, would the gentleman think, for us to at least eliminate flights that obtain from Haiti to Miami in which the elite are traveling back and forth doing their shopping and vacationing all during this period since the coup has gone on?

□ 1940

Would we not identify as certain malefactors the people that were behind the coup and have them identified and held up to public scorn and sanction? Would we not have frozen the as-

sets of this rebel government and of those who are there in that country? Would we not have required a U.N. presence to investigate the nature of the turmoil and instability in that country?

Would we not have refused to modify the modest sanctions so that we have almost a constructive engagement approach, as in South Africa, that we now have there? And would we not have refused to send fleeing Haitians who risked their lives to get here back to their oppressors?

The question is this: Is our government really sending signals to this illegitimate rule in Haiti even as we move on this legislation this evening?

Mr. OWENS of New York. Mr. Speaker, I would answer all the gentleman's questions in the affirmative. The gentleman's questions and answers make it clear that we have the capacity and in this measure we have the capacity to bring the illegal military government of Haiti to its knees in a matter of days or at least a couple of weeks.

It could have been done. Yes, it could all have been done. We have acted in complicity. We have done that if by no other act than the fact that at the same time we were endorsing the OAS resolutions and the United Nations resolutions we criticized the democratically elected president of Haiti and we indicated that perhaps he should have been deposed.

Here is a president elected by 70 percent of the voters, and we indicated that he must be more reasonable and let the opposition, those people he defeated have a greater voice in government.

I think it is very important to note also that we have maintained the military in Haiti. Haiti has the largest military of any of the Caribbean Islands, the largest military force, and we have paid for that military force. We have trained them. We have kept them going all these years. Why does a nation of 5 million people need 7,000 to 10,000 troops?

Jamaica is of comparable size, and Jamaica has only a police force. In fact, most of the Caribbean countries have only a police force. Haiti has an army, but most of the Caribbean countries have a police force. Haiti's army is maintained by the United States.

This army, incidentally, has never faced combat. They only shoot down innocent people. Again and again this army has only gone into action against the long-suffering people of Haiti.

The gentleman also commented about the fact of the elite of Haiti who certainly were in complicity with this coup and who benefit from it. This is the one group that does not want to see democracy finally come to Haiti. This is a group that has indulged itself in oppressing the Haitian people over the last few decades. The wife of Duvalier used to come to New York City on shopping trips and spend as much as $2 million on one shopping trip.

This is the poorest country in the hemisphere. I want everybody to understand that it is not poor because God has ordained it to be poor. It is poor because of the wretched leadership it has had over the last few decades. It is poor because of this elite group that supports the army and now is not affected at all by the embargo because they travel back and forth to Miami by plane to shop. This is the group that has oppressed the people and utilized the riches of the country. If we could somehow plow back just a few million dollars at a time that Duvalier's wife used to spend on her shopping trips, we could get a decent system for providing water, we could get a decent immigration system, and there are a number of things that money could buy which the elite of Haiti has drained off.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield for a few seconds?

Mr. OWENS of New York. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Speaker, I thank my friend, the gentleman from New York, for yielding, and I thank the gentleman from Michigan [Mr. CONYERS].

I will not be able to spend the remainder of the evening with the gentlemen, but I want to commend both of them for having led the effort to reach the point where we are tonight and where I hope we will be on tomorrow when I think we will have a very great opportunity to pass a piece of legislation that, as I said earlier this evening, will do good for good people.

That would not have been the case if it had not been for my friend and seat mate, the gentleman from Michigan, on the Judiciary Committee, who led the fight at that level, and had it not been for my friend, the gentleman from New York [Mr. OWENS] with these special orders, who represents his people so ably.

Let me suggest that I hope that tomorrow brings us not just simply passing H.R. 3844 but, more to the point, I hope it opens up a new vista, a new opportunity for this Congress to take an active role in what has been going on and to try to cure what the other gentleman from New York [Mr. RANGEL] mentioned as a 200-year travail, with its sad stories over those years.

So, Mr. Speaker, I want to thank the two gentlemen. It has been a pleasure working with them. On tomorrow we have an opportunity to pass a bill which I hope is not the end of the adventure but a beginning.

Mr. OWENS of New York. Mr. Speaker, I want to thank the gentleman from Kentucky for his leadership on this issue and for bringing us to the point where we are now with considerable difficulty, much more difficulty than we should have had in this House to bring this bill forward. It has limitations, but I think that is also part of our difficulties. I agree with him that the debate tomorrow should be the opening of a whole new set of discussions on policy relating to Haiti with respect to this country. So I commend the gentleman.

Mr. MAZZOLI. Mr. Speaker, I thank the gentleman very much.

Mr. CONYERS. Mr. Speaker, if the gentleman will yield, I want to say to the gentleman from Kentucky [Mr. MAZZOLI] that there were those in this Congress and in this country who would have sworn that we would never see the Haitians have their day in the United States Congress. It is only through this subcommittee which the gentleman has chaired, through the concurrence and support of the chairman of the full committee, that not only his provision, but my provision, have been allowed to come to the floor.

I want to publicly let the gentleman know that in moving this analysis forward as I do with the gentleman from New York [Mr. OWENS] we do this in the spirit of legislative debate that really makes the Congress a place and a forum for the resolution of the complicated issues that people face in a democracy. I salute the gentleman in terms of his work, and I hope that he will recognize me on the floor tomorrow during general debate.

And might I just say to the distinguished gentleman from New York that he has pointed out and even given additional reasons to my modest list, and the fact of the matter is that we can do no less than to follow the statement of conscience that was released by prominent civil rights and labor leaders here today, that calls for, first, an end to the repatriation process of sending people back to an almost certain death, and certainly to support a way that has been amply demonstrated in the case of the Salvadorans in their war-torn, strife-wracked country, because we used the emergency provisions of the immigration laws to allow them to come in. Remember, Members of this Congress, this does not allow Haitians to live in the United States. It is a temporary provision that will allow them to stay only until such time as it is safe for their return and a democratic government is restored.

□ 1950

So this discussion is exceedingly urgent, because we do not want Members to think that this is some letting the doors open, or doing something that in any way contradicts the very carefully constructed rules under which the immigration and naturalization law in this country operates.

Mr. Speaker, I thank the gentleman from New York [Mr. OWENS] for yielding to me. Again, I think his contribution will be recognized as a major one on the subject of the crisis in Haiti this year.

Mr. OWENS of New York. Mr. Speaker, I thank the gentleman from Michigan [Mr. CONYERS] for his remarks. I also thank him for the amendment that he has offered to the bill which, of course, I will support on the floor tomorrow. The amendment of the gentleman extends to Haitians the same protection that the United States has given to Salvadorans and others who were victimized as a result of armed conflict in their homeland.

Mr. Speaker, the amendment of the gentleman from Michigan [Mr. CONYERS] grants temporary protective status to any Haitian in the United States, in the custody or control of the United States or on a United States vessel, or at Guantanamo Bay. Those that qualify would be allowed to stay in the United States until the President certifies to the Congress that a democratically elected government has been restored to Haiti.

Mr. Speaker, it is important to understand what the amendment of the gentleman from Michigan [Mr. CONYERS] adds. The bill that will be on the floor still has many faults. It does not recognize the fact that there are many Haitians who have left Haiti after the February 5 cutoff date in the bill that would be before the House, and that bill also simply delays repatriation for 6 months. But most Haitians would be forced to return to Haiti anyway. The bill does not change the review process or the adjudication standard that is being used today by the Immigration Service.

So we are pleased that the bill will be before us and we will have an opportunity to take some steps to relieve the Haitian refugees in this situation. But the bill by far is a retreat from the position that the United States Governments over the years have taken with respect to the treatment of refugees.

Mr. Speaker, I want to close out by saying that I salute the people of Haiti for their endurance and their fidelity to the principles of democracy.

It was not too long ago that our Government finally allowed the Haitian people to throw out the Duvalier dictatorship. Step by step, they have proceeded toward a legitimate democratically elected government, over enormous obstacles.

It was first considered a joke, that they would not be expected to be able to write a constitution. They wrote a constitution which is a magnificent document. They proceeded to vote on that constitution, despite the fact that every step the military could take was taken to discourage people from going out to vote for that constitution. But they voted on a constitution.

The constitution set in motion an electoral process which the desperate military finally actually took the step on election day of the first attempt to elect a government of shooting people down at the polls. They were that desperate. They murdered people in polling places in large numbers and stopped the process there.

Normally, under most circumstances a people as poor as the citizens of Haiti, a people as illiterate as the people of Haiti, a people as oppressed and downtrodden over the years as the people of Haiti, would have given up. But the Haitians did not give up. They persevered. They insisted. They would not take a bogus government.

The military had their own election and installed their own people, their own puppet government. The people refused to go out and vote for that puppet. The puppet was deposed.

Finally they got to the point where they had another election, supervised by the members of the OAS, the United Nations, Jimmy Carter, and other prominent people. They elected Jean-Bertrand Aristide.

Seventy percent of the vote elected Mr. Aristide. In 7 months while Jean-Bertrand Aristide was in power, and the gentleman from Florida in his opening statement, despite the fact he is in opposition to this bill, he admitted that during the time Aristide was in power there was no problem of large numbers of Haitians trying to leave Haiti and get into this country. The number of people interdicted by Coast Guard boats went down to almost zero in the 7 months that Jean-Bertrand Aristide was in power as the duly elected president of Haiti.

What did he have to offer? He did not have any foreign aid from the United States. Our government was very cold to him and critical of him. He did not have any miracles. In spite of the fact he was a priest, he did not wave a wand and suddenly the ground began to grow new vegetables and new food appeared.

The one thing that Jean-Bertrand Aristide offered his people was hope. Hope kept the Haitians at home. Hope stopped the attempt to migrate across shark infested seas and risk their lives. Hope is what the Haitians live on when they cry for the return of Jean-Bertrand Aristide.

Mr. Speaker, I salute the people of Haiti. They understand better and feel stronger about democracy than perhaps any other group in this hemisphere. It is the duty of this country, the United States of America, which wants to be and deserves to be the leader of the new world, to do everything possible to support that democracy.

Mr. Speaker, when we support that democracy we will solve or end many of the problems we are confronted with now with respect to refugees from Haiti attempting to enter this country.

Mr. Speaker, if the gentleman from Michigan [Mr. CONYERS] would like to make any closing remarks?

Mr. CONYERS. Mr. Speaker, I would, because the reference of the gentleman from New York [Mr. OWENS] to the courage and fidelity of the Haitian people to democracy needs to have this one footnote added. It is that on the anniversary of the election of President Aristide there was a celebration under the despotic conditions that exist. They were hitting on pots and pans, beating on car hoods, putting up posters of Aristide, and celebrating the memory, even under the incredible, ruthless martial law that exists there. That was just another footnote in this epic struggle and story of the glory of the Haitian people in this very, very trying period.

Mr. OWENS of New York. Mr. Speaker, the gentleman from Michigan [Mr. CONYERS] is correct. There is some talk about Aristide having been deposed, and therefore the people lost faith in him. But we have visited as a delegation of the Members of Congress last week. We visited Haiti. Even the opposition leaders, the people who do not want to see Aristide returned, admit that if another election was held today, Aristide would overwhelmingly be the victor. Aristide would be the victor because they know he does not have a wife who would come to the United States and spend $2 million shopping while the people are starving. Aristide would be the victor because Aristide believes truly in democracy at the grassroot level.

Mr. Speaker, the Haitian people have seen in Jean-Bertrand Aristide the man who will turn around a process in the country of oppression from the top that has been there for the last four or five decades. I hope that our government, the Government of the United States, will come to Aristide's aid and try to help to make his dream come true, as well as allow the people of Haiti finally to throw off the yoke of oppression and begin to do for themselves what they are perfectly capable of doing.

Mr. Speaker, they have their place in the sun and they can make the economy of Haiti support the people of Haiti, if you get rid of all the parasites and the oppressors.

ECONOMICS IN AMERICA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. WALKER] is recognized for 60 minutes.

Mr. WALKER. Mr. Speaker, earlier today we had a debate about increasing taxes on the American people. I would like to talk a little bit about that discussion, and then a little bit about the decisions that will be made relative to tax increases as we complete consideration of legislation tomorrow.

Mr. Speaker, we were told that the bill before us today was an economic growth bill. When a bill proposes, as does the Democratic approach to this issue, tax increases, it is not talking about economic growth.

□ 2000

It is talking about economic stagnation and ultimately economic ruin.

The American people are today taxed beyond their ability to pay. Their Federal, State, and local taxes have put an unbearable burden upon them, and they are incapable of carrying that burden any longer. The American people are in need of massive tax relief, not additional tax increases.

Now, some on this floor would have us believe that the way to accomplish the goal of relieving the American people of their tax burden is to increase taxes on some so that we can reduce taxes for others. That was the debate today.

We heard a debate that said that we ought to give the middle class tax reduction while we increase taxes on the rich, that that is fair. In a very basic analysis, that sounds fair. Let those who have the ability to pay pay more so that we can cut the bill for those in the middle class.

It was talked about on the floor today in the context of "whose side are you on," on the side of working people who need tax relief or on the side of the rich who can afford to pay.

The speciousness of that argument is almost unbelievable. It does not even relate to the reality of our time.

The fact is that what we as a Congress should be about is being on the side of job creation. That involves both relieving the tax burden on the middle class and at the same time assuring that the tax burden on well-to-do people in this country is not so onerous that they end up not being able to create the jobs that society needs.

In other words, there needs to be significant reduction of taxes across-the-board, not simply an attempt to transfer wealth among various groups within the society, class warfare, if you will.

Now, I think it gets confusing when we hear Members talking on the House floor about how taxation relates to job creation. It strikes me that many of my liberal colleagues seem to love jobs and seem to think that jobs are a wonderful thing, but then amazingly hate job creators, think that anybody who is in the business of creating jobs is somehow a bad guy unless, unless it is the Government. They seem to love government jobs. Somehow Government's ability to create jobs can do all kinds of good things, but the jobs created by small business or by big business, for that matter, are somehow bad.

The real fact of the matter is that jobs in this society are created mostly by small business. Eighty-five percent of all the jobs created in modern times have come out of the small business sector. Small business is run and created by entrepreneurs. Small business is created by people who take money of their own or money that they borrow and put it at risk to build a business and thereby create jobs.

The fascinating thing about what happens when we tax the so-called rich is that the people that we hit the hardest are those small businessmen, those entrepreneurs, because for the most part they are not incorporated. They do not pay taxes. They pay personal taxes. They are individual businessmen paying taxes.

In some cases, the amount of money that they make in that small business is significant. It is not that they get the money for themselves. It is that they make the money as a small businessman and then have to pay taxes on it.

What happens when we raise taxes on the so-called rich in this Congress is that we hit those small businessmen and give them an additional burden to pay. Every dollar of additional tax that we impose upon them is one less dollar that could be spent in creating jobs, in putting new people into place. So every time we increase taxes on the people who create jobs, we are in fact destroying the ability to have the jobs.

That is what was happening on the floor today. Regardless of all the rhetoric, what was really happening here was that we were talking about significant tax increases that would have the end result of destroying jobs.

There was also some revisionist history in all of this. We heard talk today that we do not want to go back to the failed policies of the 1980's, that the failed policies of the 1980's created the mess that we are now in. That is a lot of hokum.

The fact is that between 1982 and 1990, we created in this country 21 million jobs, 21 million reasonably good jobs. There has been a false rumor spread that somehow we were creating a lot of work during the 1980's but it was all menial jobs that did not pay very well. The fact is the analysis is now in. The jobs that were created during the 1980's averaged in pay $28,000. Those are pretty good jobs. It is the kind of jobs that we want to create for the future of this country. So the program works.

If you take a look at the idea of cutting taxes in order to create jobs, what worked was the 1981 tax cut. It created a massive amount of entrepreneurial activity in this country. We had record numbers of businesses created. It was those businesses that were created that created the new jobs. That is what really happened in the economy.

Despite everything else, the fact was that we were creating millions of new businesses and with it millions of new jobs.

What happened to kill it off? Well, in 1986, we did a Tax Reform Act. I should go back a little bit.

Let us remember that in 1983, we reformed Social Security. That was a bipartisan plan, had my support and had the support of most Members of Congress. It was a plan aimed at shoring up our Social Security system to assure people adequate livelihoods out into the future when they retire. It was an attempt to make certain that our retirement system was secure not only for those now participating in it but for future generations who are now paying into the system that were fearful that benefits would not be available to them.

The fact is that in that bipartisan solution to the Social Security problem, we raised taxes, those taxes affecting working men and women. In fact, most working families in this country pay more in Social Security taxes than they pay in income taxes.

But let us understand, that was a bipartisan decision aimed at trying to make certain that the Social Security system would remain secure.

Having done that, we should have been satisfied. But we came to 1986 and decided again to reform the Tax Code in ways supposedly to help the middle class. Again, that package had broad support by many Members because what it was doing, among other things, was lowering tax rates, a positive thing in my opinion. I am glad we lowered the tax rates in that bill.

But the fact is, we also imposed some additional tax burdens that are coming back to haunt us. For example, we hit the real estate industry with a triple whammy. We ended their passive loss treatment. We ended or modified the depreciation schedules. And we raised capital gains taxes and made capital gains rates the same as regular income rates.

What happened was that an already difficult economic scenario for real estate began to collapse around us. And when real estate collapsed, it took a lot of other things with it. It took banks with it and created an economic downturn that we are now seeing.

But understand, those were policy decisions that were made here. It was not the economy. It was tax policy decisions that were made that resulted in real problems.

Now, the economy, despite some of those problems, struggled along for a while. It was anemic but it was still growing. Sometimes it was growing only at a tenth of a percent a month. Sometimes two-tenths of a percent. But we got out into 1990. The economy is still growing but struggling a great deal with all kinds of problems beginning to come up on the screen.

The savings and loans were failing. We were in the process of trying to come up with money at the Federal level to take care of the depositors of those savings and loans. We were beginning to see the trouble in the banking industry. Home values and property values in many States were actually in decline rather than appreciation so that people were taking real losses on their property.

□ 2010

Many of those people had decided as a result of provisions that we put in the Tax Act of 1986 to begin to use home equity loans when they were buying cars and other kinds of consumer goods, not using the equity in the good itself, but using the equity in their homes so that they could write it off against taxes. So as their property values began to drop, they also lost some of their credit line, and also began to worry about losing their home should something happen to their job.

So there were all kinds of fears being built into the economy as a result of some of these policy decisions.

What did we do in 1990 when we saw all of those difficulties brewing around us? The Democrats decided that what they had to do was stick it to President Bush by forcing him to back down on what he had said in 1988, that he would have no new taxes in the economy. So their No. 1 goal in 1990 became to force President Bush, as a part of a budget deal, to accept a tax increase. Every day they pursued the goal of trying to assure that President Bush would have to, as a part of a budget deal, accept a tax increase, and finally they won.

The President and his advisers, along with the Democratic leadership went to the lawn of the White House in June 26, 1990, and announced that they had agreed to a budget deal, and included in the budget deal would be tax increases.

The economy, as of that date, began to collapse. You do not have to take my word for it. Go to all of the economists who have come together to decide when the present recession began. They will tell you it began in July 1990. What was the event that triggered it? The event that triggered the recession was when investors all over the country began to pull back from decisions aimed at growth.

Why did they pull back? Because they had just heard it announced that we were going to raise taxes, and they did not know where those taxes might be increased. But one thing they were certain of is if they took their money out of risk and out of investments, out of job creation, if you will, and put it into shelters, they would be fine. And so, money immediately began to move out of the productive sector of the economy into the unproductive sector of the economy; namely, shelters of various kinds, mostly in government bonds, some of them in municipal bonds, some of them in U.S. bonds, a lot of things of that type.

Guess what? The economy could not stand that. So the tax increase decision that we made in 1990 had its affect as soon as it was announced and began to drive the economy down, and we have been living through a totally unnecessary recession ever since.

Does that mean that the economic program of the 1980's failed? No. The economic program, the Reagan economic program of 1981 that cut taxes worked. That cut in taxes set off a wave of entrepreneurism and a massive amount of job creation. Two out of every three jobs created in the world were created in this country during that period. Two-thirds of all of the jobs created all over the world were created in this country during that period. I thought that is what we should be all about as a country, making certain that there are opportunities available to everyone, that job creation was available to everyone. We were doing it during the 1980's, and what happened to kill it in the 1990's has brought us to the stage we are today. We backed away. We raised taxes. Instead of sticking with lower taxes, we went to increased taxes, and we increased them steadily in 1983, in 1986 and in 1990, and it has given us the problem that we now face.

So regardless of the revisionist history that we have here, the fact is that what we have for real is that when we reduce the tax burden on the American economy and on the American taxpayer, the result is very positive. We get both economic growth and job creation, which leads to more revenue, not less revenue for the job, which helps us solve our deficit problems. A growing economy benefits everyone. That is what we were producing during the 1980's. It is what we do not have at the beginning of the 1990's.

So what is the solution that was proposed on the House floor today to those problems? The Democrats brought to us a package that suggested that we would be better off with more tax increases, that the way to economic salvation was to create even more tax increases. I think it is clear that tax increases at this point will drive the economy even further down. It will destroy more jobs; it will create more debt. It will result in more losses of financial institutions, and the economy will suffer dramatically as a result.

I guess though that I understand that the real agenda was not so much economics as it was politics, and to a lesser extent philosophy, because to have a class warfare kind of argument that we heard today, and to be antijob creation is really kind of the ultimate expression of socialism. What we heard a lot of today is Members who basically buy the idea that all of the wealth in society is ultimately in the hands of Government, and Government should control as much of it as possible, because if Government has the money, Government will do good things with it. If Government does not have the money, they are not certain that good things will be done with it, and so the more we can bring the wealth to Washington and redistribute it from Washington, the better off the country is.

We have heard Members suggest that the kinds of jobs we want to have for our future are Government jobs. We even had Members come to the floor today suggesting that as the defense industry is cut back, what we ought to do is create Government programs with more Government jobs to absorb those defense workers. Why not absorb them in the private sector? Why not come up with ways to have entrepreneurs invest in the future and create jobs for people in the defense industry there? Why do they have to move into Government jobs, many of which are dead-end jobs? Why not create a growing economy in which everyone benefits? Why not take the savings from defense and make certain it goes back to the people in tax reductions? Why would we create more Government programs?

The answer to that question is if you believe that only good things happen in Washington and all of the money should flow here, you agree with the folks who propose those kinds of programs. If you think that good things happen in communities because of what people do for themselves, then what you believe is that as Washington finds places where we can cut spending we ought to give it back in tax relief.

As for this argument that somehow if we give tax relief to people that some of these rich will benefit, and that would be a terrible thing, let us understand that when we raise taxes on the rich, the rich do not pay them anyway. Now people say, "Uh huh, gotcha, Walker. You have now admitted it. These people escape the tax burden."

The fact is that what they do is they do what all of us do. They are smart with the money that they have available to them. If in fact what you tell them is that you are going to tax them for having their money over here at risk, what they will do is take their money and bring it over here where it is not at risk, and where they do not have to pay taxes on it.

What do I mean? If what you do is say to somebody who has a lot of money to spend, if you have it over here and you are going to spend it on jobs and in a business where you may run the risk of losing it all, the business may collapse and you may lose it all, but for doing that what society is going to say to you is you are going to have to pay a lot of taxes on it over here. But if you take your money and bring it over here and put it in municipal bonds, it is absolutely safe, and we will not charge you any taxes on it. Guess what. A lot of people are going to decide not to have it at risk over here and to put it into something safe over here.

I know people will say why not just end some of those shelters like the municipal bonds. The reason why we do not do that is because we then switch the burden of all local projects, for example, building new schools, improving the infrastructure of communities, into a situation where they would have to

pay the regular interest rates, which means you would switch over the whole burden of taxation and the costs of projects onto property taxes in this country, and it would be fantastically expensive because if you could not have low interest rates available for public works projects, they would have to pay the regular market rates, and that means that the property taxes would be enormous.

□ 2020

The interest on a school building, for instance, is most of the cost of a school building. If you doubled the interest rate, for example, you would have school buildings costing twice as much as they now do, all paid for out of taxes. That does not make a lot of sense, and it is something that we are not likely to end for exactly that reason, so you are always going to have some shelters out there for the rich to take advantage of.

The question for us as a society and the question for policymakers is how do you get the rich not to shelter their money in that way, how do you get them to pull it out of shelters and bring it over at places where it might be actually used productively? Well, the way you do that is to assure them that if they make some money along the way that they are able to keep, a percentage of that is not all going to be taxed away.

Now, if you do not do that, if you do as some of our colleagues have suggested, impose a heavy burden of tax on it, what they will say is, "Fine, I don't need this. I don't have to do this. I am rich. I can do whatever I want with my money. Why should I go out and put it at any kind of risk and create any jobs? I will just use it on myself."

Let us use the example of the luxury tax. That is a good example. Congress passed a luxury tax with the idea it was only going to tax luxury items and the only people who bought these luxury items would be the rich; only the rich would buy $100,000 boats, only the rich would buy $30,000 cars, only the rich would buy expensive jewelry and furs. Well, that is true. They are the people who can afford to buy it.

So it was not going to hit any middle-class people. The problem, though, became that the rich made very rational decisions. They said, "Fine, you are going to tax us on it, we are not going to buy it." So they stopped buying boats, and guess what, the rich not buying boats meant that middle-class, blue-collar workers no longer had a job building boats. The people who supplied those boats with refrigerators and all kinds of things no longer had jobs. Automobile dealerships shut down, and mechanics were out of work. The jewelers shut their shops and the clerks in those shops no longer had work. The people who made the jewelry in the factories no longer had work. The furriers shut down business. All of that is job losses, not because we were going to get any more money out of the rich. The rich did not pay it. The rich simply stopped buying the goods, and the society suffered enormously.

Let us understand; let us understand also what leads some people on this floor to decide that those ideas are good ideas. One of the Members of the other body asked the Joint Tax Committee for an analysis recently. He asked them that if we put a 100-percent tax on rich people, and let us say $250,000, that after $250,000 you are a rich person, you have made enough money, and we are going to tax you at 100 percent of everything you make over $250,000, how much more revenue would that bring into the Federal Government, and the Joint Tax Committee came back and said, "Well, it would raise this many million in the first year, and then it would raise even more in the second year, and then in the third year it would raise even more, and then in the fourth year we would get even more money out of it."

Think about that for a minute. The Joint Tax Committee's analysis upon which the Democrats depend for a lot of what they do on the floor said that people in this country would be willing to work year after year after year to have the money that they made taxed away at 100 percent. That is not going to happen, folks. That is not in human nature.

The people in the first year, you might get some money out of it, because people already would have invested. By the second year, nobody, nobody would be willing to work to have every dime that they made over a certain figure taken away by the Government. No one. The return from that tax would be zero, and yet the analysis of the Democrats is that that is rational behavior, that it is rational behavior to believe that everybody would be willing to work for a 100-percent tax rate. That is what drives process here that makes no sense in society as a whole, and it is that lack of common sense that is driving the economy to a state of ruin.

I will be happy to yield to the gentleman from Georgia.

Mr. GINGRICH. I appreciate very much my colleague, the gentleman from Pennsylvania, yielding.

It seems to me the gentleman is coming right to the essence of the current debate, the debate that we will see tomorrow in the vote on these two tax bills.

I would say that there are two principal questions. First, do you want economic growth? And, second, how does economic growth occur?

I divided it in two, because it has occurred to me as I expect it has to my friend from Pennsylvania that a number of other colleagues in the Democratic Party, frankly, do not care about economic growth. They do not care about jobs. They do not care about people being at work, that they care about class warfare, they care about redistribution, that the classic argument of whether our No. 1 assignment is to make a bigger pie or to fight over slicing up the current pie, that a great many of our friends in the Democratic Party are into slicing up the current pie and redistributing it. They literally do not care about economic growth.

What I am going to say next, and if you do not care about new jobs and new take-home pay and new productivity, if you really do not care about economic growth and all you care about is class warfare, you can quit listening, because this next part, quite frankly, only relates to people who would like to see a bigger American economy with more jobs and higher take-home pay and greater productivity.

But the second question, if you decide you want economic growth, and I think most Americans and even, frankly, at least half the Democrats would like to have more economic growth, and they would like to have more jobs, the question then becomes: How does economic growth occur? What leads to jobs? What leads to higher take-home pay? What leads to greater productivity and new factories and new business and new opportunities?

I thought it was fascinating that the only Democrat I have heard in modern times, certainly in the last 25 years since the death of President John F. Kennedy who really seemed to understand a little bit of this, was Paul Tsongas who, on primary night in New Hampshire, said that if you do not have a goose, you do not get golden eggs. If you do not have businesses, you do not get jobs. If you do not like job creators, you cannot expect jobs to be created and he began to talk about a rational economic policy.

But I would just make this point about our friends in the Democratic leadership: When they raise taxes, as they are talking about doing tomorrow, and the Democratic bill would raise taxes by billions of dollars, they inevitably slow down growth, kill jobs, and the best estimate we have from the National Center for Policy Analysis is that they would kill about 100,000 jobs, now, in the middle of a recession.

Mr. WALKER. Let me just reclaim my time, if I can, for a moment. In other words, the bill that we will have on the floor tomorrow, if passed, despite the fact that the claim is it would only tax the rich, would have an impact according to the National Center of killing 100,000 jobs in the country?

Mr. GINGRICH. That is exactly right. The National Center for Policy Analysis, which I believe is in Dallas, TX, had two economists who used to work for the Treasury, work through the numbers, and it is their estimate that

the Democratic tax increase bill tomorrow, if it passed and were put into law, would kill about 100,000 jobs below the current economy.

Mr. WALKER. That is 250 jobs in every congressional district in the country, is it not?

Mr. GINGRICH. That is about right.

Mr. WALKER. And most of us think it is pretty tragic when a business in our area shuts down that costs 250 people their jobs, so, in other words, with this one policy decision on the House floor, we are going to have the effect of stripping every congressional district in the country of 250 of its jobs.

Mr. GINGRICH. That is exactly right. What will happen, if the Democratic tax increase passes, is that additional tax increases would so weaken business and so weaken small businesses and so weaken consumer demand that you would have the equivalent of about 50 small businesses at five employees each, or 1 medium-sized business, close down in every congressional district if you were to average it across the whole country.

Mr. WALKER. What the Democrats are telling us is that the advantage to their plan though is that everybody in that area is going to get $4 a week.

Mr. GINGRICH. I would say, first of all, to my good friend that if you are a family of four, I believe it comes down to about 25 cents a day per family member, and that is only if you have a job. So for the 100,000 people who the Democrats will put out of work with their tax increase, those 100,000 people will not get any tax break, because they will be out of work. They will not have any taxes to get a tax break on. They will be on unemployment or on welfare or food stamps.

Mr. WALKER. What the gentleman is saying is that there are, in every congressional district, there are 50 businesses employing about five people that will go out of business, and those people will be out of their jobs, but what they will be left with is $4 a week. So, if their job is worth more than $4 a week, they are in real trouble.

□ 2030

Mr. GINGRICH. That is right. I think it is a very big gamble and I am sort of surprised after the George McGovern experience of trying this in 1972, that the Democrats would come back to this well. It is a very big gamble to think that the American people are dumb enough that if you give them about $4 a week for 2 years in return for a permanent tax increase, that somehow magically they are going to be dumb enough to take the $4 and not realize first of all that the permanent tax increase leads to a bigger welfare state.

Mr. WALKER. Wait a minute, wait a minute. They only get this for 2 years?

Mr. GINGRICH. That is my understanding.

Mr. WALKER. It is not a permanent thing?

Mr. GINGRICH. No. This is a disappearing $4 tax cut.

Mr. WALKER. So after 2 years they lose the $4 a week but we retain the taxes that are killing 100,000 jobs?

Mr. GINGRICH. Exactly.

Mr. WALKER. So out into the future, they do not even get the $4, but the jobs continue to be lost.

Mr. GINGRICH. If you were in private business, I doubt the Government would allow you to offer this deal. My guess is that the Government would say that if you were out there saying, "I have a terrific deal for you. I will give you $4 a week for the next 2 years and if you are 35 years old, from the time you are 37 on there will be no more tax breaks, but by the way, the taxes will stay higher."

So if you succeed at anything, remember, basically what the Democrats are gambling on is that people who expect to succeed or people who want to live out the American dream are not going to be smart enough to figure out that that is who they are going to tax.

Mr. WALKER. Right.

Mr. GINGRICH. So what they are saying is if you are guaranteed to have a job, which in this economy is shaky itself, and if you are guaranteed never to be a success the rest of your life, we will give you $4 a week for 2 years and expect you to be grateful.

Now, if you think you might lose your job because we are going to weaken the economy, the Democrats with their tax increase will weaken the economy, that is a bad deal or if you ever the rest of your life think you will be successful in any way, this is a bad deal because there is a permanent tax increase, or if you think Washington is a dumb place to have your money because politicians are not very good at spending it for you, they love doing it, but they are not good at it, then you do not want to transfer the money and the power to Washington permanently, so for all those different reasons, it seems to me, as I said, this is sort of a George McGovern tax increase of the most foolish kind.

Mr. WALKER. It sounds to me, for instance, if you were a guy who decided that what you want to do is parlay your $4 a week by going and buying four lottery tickets a week, if you actually got lucky and it paid off, you would still be a loser out of all of this because the Democrats are going to take it all away from you after you have won the lottery.

Mr. GINGRICH. That is actually a good way to put it. If you are truly disciplined and you thought that by buying a $4 lottery ticket every week for 2 years, which would be 104 lottery tickets, that you might win once, the Democrats would have raised your taxes enough that you would be a net loser anyway, because your taxes would be higher.

Essentially what they want to tax is success, achievement, hard work, energy, entrepreneurship, exactly the talent needed.

This is why I thought it was so fascinating that Paul Tsongas, the frontrunner in New Hampshire, would clearly veto the Democratic tax increase bill because it violated all the principles and all the values he has campaigned on. It is antismall business. It is antientrepreneur. It is antijob creation. It is antiinvestment, and it does so in the name of sort of the silliest kind of tax cut, a tax cut so small that even your teenager will not notice it.

I mean, this is the kind of tax cut that will not quite get you, you could not take your wife to the movies on the tax cut unless you only went to the movies once a month. It is just sort of silly. In return for that, what they expect the American people to be is foolish enough to say, "Oh, thank you for my $4 a week, and I am not going to notice your massive tax increase and I won't notice that you killed 100,000 jobs."

Mr. WALKER. Unless, of course, it happens to be my job and then what they will do, the Democrats in the Congress will say, "Well, that is the President's fault."

Mr. GINGRICH. That is right.

Mr. WALKER. It is the President's economic conditions that killed off the economy, not our tax increases.

Mr. GINGRICH. The gentleman has it exactly right.

What we have is the Democratic leadership, which has controlled the Congress since 1954, which means they have been in charge of the House for 5 years longer than Fidel Castro has been in charge of Cuba, that leadership which blocked the President's tax cut in 1989 when he asked for it, blocked the President's tax cut in 1990 when he asked for it, blocked the President's tax cut in 1991 when he asked for it, the President came back this year once again, came to the State of the Union, stood right down there and said, "Won't you please help create jobs and help end the recession by passing my tax cut?"

And now they are right back less than 2 months later trying to kill the economy by raising taxes.

Mr. WALKER. Did not the majority leader today offer the President's program on the floor? I mean, he said he did.

Mr. GINGRICH. Absolutely not. The majority leader, who is a very distinguished person, in a clever but shallow partisan trick introduced a whole set of unrelated tax ideas which collectively represent all the various ideas of the Bush administration. That is not the President's tax proposals for economic growth. The President has denounced it. The gentleman from Illinois [Mr. MICHEL], the Republican leader, has denounced it. The gentleman from Texas [Mr. ARCHER], the Republican leader on the Ways and Means Committee, has denounced it.

Mr. WALKER. The gentleman from Texas [Mr. ARCHER] is perhaps the President's personal Congressman. Is that not right?

Mr. GINGRICH. That is exactly right. The gentleman from Texas [Mr. ARCHER] is the President's personal Congressman.

I think it was a sad commentary that in the middle of a period when most Americans are in real economic pain, when most Americans are genuinely worried about the recession, when most Americans want to create jobs, to have a distinguished person like the majority leader, the Democratic leader, just play political games instead of trying in a bipartisan manner to work together to pass a genuine tax cut program to create jobs.

So I just want to commend my good friend, the gentleman from Pennsylvania, because I think this is a very, very important message about what has to happen in America if we are ever again going to create jobs and end the recession.

Mr. WALKER. Let me also add an addendum to that, that the game on that was even more serious, and that is that not only did the majority leader do that to the President's program, he eliminated all the spending cuts that the President had in his program, did not include them, but kept billing it this way so that on the evening news tonight the President's program was turned down overwhelmingly by the Congress, so we adjourned or we stopped business on the bill at the point that we had voted on the Gephardt motion, so that that would be the only action of the House that would be on the television news tonight. So it was all a political game. It was all designed for political advantage. It had no substance involved with it. The majority leader knew upon introduction that it would be almost unanimously rejected. I cannot imagine that somebody actually voted for it, because both sides of the aisle indicated that it was a piece of trash. It was not something that you ought to support, and yet somebody voted for the thing.

The question is why we engage in those kinds of shenanigans when the American people are really hurting.

The fact is that it does hurt when you have an economy that is in downturn. It hurts people directly. It hurts us all because collectively the Nation suffers. The debt of the Nation goes up and it is in fact taxes and debt that are pressing it out of world markets. The global economy, whether we like it or not, is here to stay. We are going to be a nation which if we intend to provide economic leadership and jobs for our people are going to have to compete in global markets, to have situations arise where we are piling up more debt because the economy is not growing and where we are creating more taxes that make our businesses uncompetitive is precisely the wrong prescription for adequate competition in global markets.

We have to begin some focus ahead. This body, this Congress, is the single most reactionary institution in the country today. We are always focusing on what has already happened, rather than focusing on the future. We are constantly using economic analyses which are outdated to try to pass bills for the future. We are constantly doing all the wrong things in terms of assuring people that there will be work available to themselves and to their children. We are constantly behind the curve. We never focus ahead.

There is an opportunity to at least develop policies that will allow others to focus ahead.

I despair that Congress will ever be able to focus ahead because we are so captive in this body of special interest groups and all kinds of power brokers on the outside who want to maintain the status quo that it becomes difficult for my colleagues to show the kind of courage that drives the process forward; but at least what we ought to do is to have policies that force the Nation to focus ahead, or if not force the Nation to focus ahead, at least allow the Nation to focus ahead.

People will make rational choices if given the opportunity to do so. The more money you allow the working man to keep in his pocket, the more likely he is to make the right kinds of decisions about his future and the future of his children. The more money you allow the businessman to keep in his pocket, the more likely he is to make the right choices about that business and how it should grow and how it should create more jobs. The more money that you allow to stay at the community level, the more likely you are to have good decisions made about how we ought to live collectively.

□ 2040

The more you transfer money to Washington and expect the money to be well-spent, the worse the situation will be because they will be captive of reactionary, insidious policies that destroy rather than build.

I think the American people ought to insist upon a revolution, a revolution of values, a revolution of integrity, a revolution of progress. They ought to insist that Congress get its act together at least enough to allow them to make real choices for themselves. The problem is that we do not have revolution on our minds here, a revolution to straighten things out so that we as a Nation can address the next century.

The problem is that we are reactionaries in this Congress, too often, that we simply are reacting to events and that reaction is usually wrong.

Today we saw a good example of that. I am afraid we may tomorrow.

I am afraid we may approve policies here tomorrow that will be simply another reaction and another case of doing all the wrong things. Hopefully, the President will have the sense to veto a package that comes out of Capitol Hill that looks like the Democratic proposal that will be on the floor tomorrow. Maybe. Maybe we will turn it down here. But, if we do not, the President should veto it because he should know now that the economy cannot stand tax increases, that the economy cannot stand more job losses, that we have to proceed ahead and give the American people some assurance that their jobs and their economy will grown in the future.

This has been a disappointing day because it has been a day of politics rather than policy. The American people can begin to correct that by insisting on a Congress that acts and not just reacts.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HOYER (at the request of Mr. GEPHARDT) for today, on account of death in the family.

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. MCCOLLUM) to revise and extend their remarks and include extraneous material.)

Mr. DORNAN of California, for 5 minutes each day, on March 3 and 4.

Mr. DORNAN of California, for 60 minutes, on March 5.

Mr. BURTON of Indiana, for 60 minutes each day, on April 1, 2, 3, 6, 7, 8, 9, and 10.

Mr. DELAY, for 60 minutes, on March 4.

Mr. WALKER, for 60 minutes, today.

(The following Members (at the request of Mr. MFUME) to revise and extend their remarks and include extraneous material:)

Mr. MCCLOSKEY, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. MCCOLLUM) and to include extraneous matter:)

Ms. MOLINARI.

Mr. MORRISON.

Mr. GILMAN.

Mr. CAMPBELL of California.

Mr. BROOMFIELD in two instances.
Mr. FAWELL.
Mr. FIELDS.
Mr. HANSEN.
Mr. IRELAND.
Mr. YOUNG of Florida.
Mr. GALLEGLY.
Mr. LEWIS of California.
Mr. HUNTER.
Ms. ROS-LEHTINEN.
Mr. GILMAN in two instances.
Mr. SOLOMON in two instances.
Mrs. MORELLA.
Mr. GINGRICH.
Mr. BEREUTER in two instances.

(The following Members (at the request of Mr. MFUME) and to include extraneous matter:)

Mr. MURTHA.
Mr. SWETT.
Mr. HAMILTON.
Mr. TORRICELLI.
Mr. EDWARDS of California in four instances.
Mr. HOYER.
Mr. AUCOIN.
Mr. CLAY.
Mr. RUSSO.
Mr. SOLARZ.
Mr. MATSUI.
Mr. SIKORSKI.
Mr. MCCLOSKEY.
Mr. LEVINE of California.
Mr. ANTHONY in two instances.
Mr. TOWNS.
Mr. VENTO.
Mr. ROWLAND.
Mr. BROOKS.
Mr. TALLON.

ADJOURNMENT

Mr. WALKER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 43 minutes p.m.), under its previous order, the House adjourned until tomorrow, Thursday, February 27, 1992, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2887. A letter from the Assistant Secretary, Department of Defense, transmitting a report on the consolidation of supply depots, pursuant to Public Law 102-190, section 313(a)(3) (105 Stat. 1336); to the Committee on Armed Services.

2888. A letter from the Secretary of Defense, transmitting the Department's Annual Report to Congress for Fiscal Year 1992, pursuant to 10 U.S.C. 113; to the Committee on Armed Services.

2889. A letter from the Under Secretary of Defense, transmitting the Secretary's certification with respect to the Navy's AOE 6 program, pursuant to 10 U.S.C. 2433; to the Committee on Armed Services.

2890. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend chapter 138 of title 10, United States Code; to the Committee on Armed Services.

2891. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation entitled, "Military Construction Authorization Act, 1993"; to the Committee on Armed Services.

2892. A letter from the Secretary, Housing and Urban Development, transmitting a report on the feasibility and effectiveness of establishing uniform standards for training and certification of executive directors and other officers and members of local, regional, and State public housing agencies, pursuant to Public Law 101-625, section 502(b) (104 Stat. 4183); to the Committee on Banking, Finance and Urban Affairs.

2893. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. Act 9-151, "Advisory Neighborhood Commission Election Temporary Act of 1992," pursuant to D.C. Code, section 1-233(c)(1); to the Committee on the District of Columbia.

2894. A letter from the Director, Agency for International Development, transmitting a report on economic conditions prevailing in Turkey that may affect its ability to meet its international debt obligations and to stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on Foreign Affairs.

2895. A letter from the Director, Agency for International Development, transmitting a report on economic conditions prevailing in Portugal that may affect its ability to meet its international debt obligations and to stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on Foreign Affairs.

2896. A letter from the Director, Agency for International Development, transmitting a report on economic conditions prevailing in Egypt that may affect its ability to meet international debt obligations and stabilize its economy, pursuant to 22 U.S.C. 2346 note; to the Committee on Foreign Affairs.

2897. A letter from the Director, Office of Management and Budget, transmitting OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1995 resulting from passage of S. 1415, pursuant to Public Law 101-508, section 13101(a) (104 Stat. 1388-582); to the Committee on Government Operations.

2898. A letter from the Assistant Secretary (Management), Department of the Treasury, transmitting a report on its activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

2899. A letter from the National Endowment for Democracy, transmitting a report on its activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(e); to the Committee on Government Operations.

2900. A letter from the Chairman, National Transportation Safety Board, transmitting the annual report under the Federal Managers' Financial Integrity Act for fiscal year 1991, pursuant to 31 U.S.C. 3512(c)(3); to the Committee on Government Operations.

2901. A letter from the Chairman, Nuclear Regulatory Commission, transmitting a report on its activities under the Freedom of Information Act for calendar year 1991, pursuant to 5 U.S.C. 552(d); to the Committee on Government Operations.

2902. A letter from the U.S. International Trade Commission, transmitting a copy of the annual report in compliance with the Government in the Sunshine Act during the calendar year 1991, pursuant to 5 U.S.C. 552b(j); to the Committee on Government Operations.

2903. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2904. A letter from the Deputy Associate Director for Collection and Disbursement, Department of the Interior, transmitting notice of proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2905. A letter from the Assistant Secretary of the Department of the Interior, transmitting a draft of proposed legislation to amend the Surface Mining Control and Reclamation Act of 1977, as amended, to extend authority to collect abandoned mine reclamation fees; to the Committee on Interior and Insular Affairs.

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:

Mr. ROE: Committee on Public Works and Transportation. H.R. 3118. A bill to designate Federal Office Building Number 9 located at 1900 E Street, Northwest, in the District of Columbia, as the "Theodore Roosevelt Federal Building" (Rept. 102-438). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 2539. A bill to designate the Federal building and U.S. courthouse located at 402 East State Street in Trenton, NJ, as the "Clarkson S. Fisher Federal Building and United States Courthouse" (Rept. 102-439). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 2818. A bill to designate the Federal building located at 78 Center Street in Pittsfield, MA, as the "Silvio O. Conte Federal Building," and for other purposes (Rept. 102-440). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 3041. A bill to designate the Federal building located at 1520 Market Street, St. Louis, MO, as the "L. Douglas Abram Federal Building" (Rept. 102-441). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 2475. A bill to designate the U.S. courthouse being constructed at 400 Cooper Street in Camden, NJ, as the "Mitchell H. Cohen United States Courthouse" (Rept. 102-442). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. H.R. 3818. A bill to designate the building located at 80 North Hughey Avenue in Orlando, FL, as the "George C. Young United States Courthouse and Federal Building" (Rept. 102-4434). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. S. 1889. An act to designate the U.S. courthouse located at 111 South Wolcott in Casper, WY, as the "Ewing T. Kerr United States Courthouse"; with amendments (Rept. 102-444). Referred to the House Calendar.

Mr. ROE: Committee on Public Works and Transportation. S. 1467. An act to designate the U.S. Courthouse located at 15 Lee Street in Montgomery, AL, as the "Frank M. Johnson, Jr. United States Courthouse"; with amendments (Rept. 102-445). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GILMAN:

H.R. 4314. A bill to amend the Internal Revenue Code of 1986 to allow a refundable credit for the purchase of domestically manufactured automobiles; to the Committee on Ways and Means.

By Mr. FAWELL (for himself, Mr. PENNY, Mr. BAKER, Mr. BALLENGER, Mr. BOEHNER, Mr. CHANDLER, Mr. COX of California, Mr. CRANE, Mr. DANNEMEYER, Mr. BURTON of Indiana, Mr. DOOLITTLE, Mr. DUNCAN, Mr. GOSS, Mr. HANCOCK, Mr. HUNTER, Mr. LUKEN, Mr. MOORHEAD, Mr. OXLEY, Mr. PETRI, Mr. SENSENBRENNER, Mr. SOLOMON, Mr. STENHOLM, Mr. WALKER, Mr. ZIMMER, Mr. ARMEY, Mrs. JOHNSON of Connecticut, Mr. KLUG, and Mr. SHAYS):

H.R. 4315. A bill to rescind unauthorized appropriations for fiscal year 1992; to the Committee on Appropriations.

By Mrs. BYRON:

H.R. 4316. A bill to amend title 10, United States Code, to establish a volunteer program to use the technical skills of recently retired and separated members of the Armed Forces to assist in meeting the infrastructure needs of East European countries, the Baltic States, and the former Soviet Republics; jointly, to the Committees on Armed Services and Foreign Affairs.

By Mr. ORTON:

H.R. 4317. A bill to amend section 21A of the Federal Home Loan Bank Act to provide improvement in the operations of the Resolution Trust Corporation, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GIBBONS (by request):

H.R. 4318. A bill to make certain miscellaneous and technical amendments to the Harmonized Tariff Schedule of the United States, and for other purposes; to the Committee on Ways and Means.

By Mr. BAKER:

H.R. 4319. A bill to amend the Internal Revenue Code of 1986 to restore the deduction for interest on higher education loans and to permit penalty-free withdrawals from qualified retirement plans to pay for higher education expenses; to the Committee on Ways and Means.

By Mr. BUSTAMANTE

H.R. 4320. A bill to amend title 10, United States Code, to extend coverage under the Civilian Health and Medical Program of the uniformed services to members of the armed services who are discharged or released from active duty after completing 8 or more, but less than 20 years, of active service and to the dependents of such members; to the Committee on Armed Services.

By Mr. HANSEN:

H.R. 4321. A bill to amend the Radiation Exposure Compensation Act relating to judicial review of a denial of a claim under that act; to the Committee on the Judiciary.

By Ms. MOLINARI (for herself, Mr. EMERSON, Mr. GOODLING, and Mr. HALL of Ohio):

H.R. 4322. A bill to amend the Child Nutrition Act of 1966 to establish a breastfeeding promotion program; to the Committee on Education and Labor.

By Mr. KILDEE (for himself, Mr. FORD of Michigan, Mr. MILLER of California, Mr. MURPHY, Mr. MARTINEZ, Mr. OWENS of New York, Mr. PERKINS, Mr. SAWYER, Mrs. LOWEY of New York, and Mr. OLVER):

H.R. 4323. A bill to improve education for all students by restructuring the education system in the States; to the Committee on Education and Labor.

By Mr. RUSSO (for himself and Mr. DONNELLY):

H.R. 4324. A bill to amend the Internal Revenue Code of 1986 to require continuation coverage under an employer group health plan for both current and former employees of an employer in bankruptcy proceedings; to the Committee on Ways and Means.

By Mr. VENTO:

H.R. 4325. A bill to improve the wilderness management, wilderness research, and special management area programs of the Forest Service, including better coordination with the wilderness management and research programs of the Department of the Interior; jointly to the Committees on Agriculture and Interior and Insular Affairs.

H.R. 4326. A bill to improve the wilderness management and wilderness research programs of the National Park Service and Bureau of Land Management in the Department of the Interior; to the Committee on Interior and Insular Affairs.

H.R. 4327. A bill to improve the wilderness management and wilderness research programs of the U.S. Fish and Wildlife Service in the Department of the Interior including better coordination with the National Park Service and Bureau of Land Management; jointly, to the Committees on Merchant Marine and Fisheries and Interior and Insular Affairs.

By Mr. WALSH:

H.R. 4328. A bill to amend the Department of Housing and Urban Development Act to prohibit the Secretary of Housing and Urban Development from making lump sum relocation assistance payments, except under certain circumstances; to the Committee on Banking, Finance and Urban Affairs.

By Mr. FEIGHAN (for himself, Mr. SMITH of Florida, Mr. SCHEUER, Mr. MILLER of Washington, Mr. GREEN of New York, Mr. STUDDS, Mr. JOHNSTON of Florida, Mr. FAZIO, Ms. KAPTUR, Mr. TORRES, Mr. HOYER, Ms. NORTON, Mr. DERRICK, Mr. FROST, Mr. OWENS of New York, Mr. WAXMAN, Mrs. MORELLA, Mr. STARK, Mr. CAMPBELL of Colorado, Mr. WYDEN, Mr. SABO, Mr. JACOBS, Mr. EVANS, Mr. MANTON, Mr. GEJDENSON, Mr. BATEMAN, Mr. MRAZEK, Mr. MCGRATH, Mr. ATKINS, Mr. SCHIFF, Mr. RANGEL, and Mr. CLAY):

H.R. 4329. A bill to amend title 18, United States Code, to deny convicted felons and other individuals the opportunity to seek administrative relief from prohibitions against possessing, shipping, transporting, or receiving firearms or ammunition, and to eliminate the authority of the Federal courts to admit additional evidence in reviewing denials of such administrative relief for other persons; to the Committee on the Judiciary.

By Mr. AuCOIN (for himself, Mr. DEFAZIO, Mr. KOPETSKI, Mr. WYDEN, Mr.SMITH of Oregon, Mr. DICKS, Mr. MCDERMOTT, Mr. SWIFT, Mrs. UNSOELD, and Mr. MORRISON:

H.J. Res. 423. Joint resolution designating 1992 as "Columbia River Bicentennial Year" and May 11, 1992 as "Captain Robert Gray Day"; to the Committee on Post Office and Civil Service.

By Mr. BENNETT:

H.J. Res. 424. Joint resolution to designate April 9, 1992, as a "Day of Recognition of Filipino World War II Veterans"; jointly, to the Committees on Post Office and Civil Service and Foreign Affairs.

By Mr. HARRIS (for himself, Mr. BILIRAKIS, Mr. BLILEY, Mr. CALLAHAN, Mr. COOPER, Mr. ERDREICH, MR. ESPY, Mr. GEREN of Texas, Mrs. PATTERSON, Mr. PAYNE of Virginia, Mr. PETERSON of Florida, Mr. PRICE, Mr. RAVENEL, Mr. ROWLAND, Mr. SISISKY, Mrs. LLOYD, Mr. HAYES of Louisiana, Mr. LEWIS of Georgia, Mr. JENKINS, Mr. HEFNER, Mr. BREWSTER, Mr. BARNARD, Mr. ANTHONY, Mr. CHAPMAN, Mr. PICKLE, Mr. TAUZIN, and Mr. GORDON):

H.J. Res. 425. Joint resolution designating May 10, 1992, as "Infant Mortality Awareness Day"; to the Committee on Post Office and Civil Service.

By Mr. TAYLOR of North Carolina (for himself, Mr. WALSH, Mr. FORD of Michigan, Mr. JONES of North Carolina, Mr. RIGGS, Mr. BACCHUS, Mr. LIVINGSTON, Mr. PAYNE of New Jersey, Mr. EMERSON, Mr. DE LA GARZA, Mr. RANGEL, Mr. GUARINI, Mr. LIPINSKI, Mr. BENNETT, Mr. MCMILLEN of Maryland, Mr. JEFFERSON, Mr. HORTON, Mr. TOWNS, Mr. DE LUGO, Mr. TRAXLER, and Mr. COBLE):

H.J. Res. 426. Joint resolution designating May 7, 1992, as "National Barrier Awareness Day"; to the Committee on Post Office and Civil Service.

By Mr. FASCELL (for himself, Mr. YATRON, and Mr. TORRICELLI):

H. Con. Res. 283. Concurrent resolution expressing the sense of the Congress with respect to United States participation in the United Nations Conference on Environment and Development [UNCED]; to the Committee on Foreign Affairs.

By Mr. DELLUMS:

H. Res. 378. Resolution expressing the sense of the House that the Governor of the State of California, or the California Board of Prison Terms, or both, should take actions within their power to bring about the reconsideration of the 1972 conviction and/or the immediate release from prison of Elmer "Geronimo" Pratt, and that the Judiciary Committee should inquire into the information known to the Federal Bureau of Investigation, which was not released to the California Attorney General and courts in 1980; to the Committee on the Judiciary.

By Mr. GAYDOS:

H. Res. 379. Resolution providing amounts from the contingent fund of the House for the expenses of investigations and studies by standing and select committees of the House in the second session of the One Hundred Second Congress; to the Committee on House Administration.

By Mr. MORAN: (for himself, Mr. ARMEY, and Mr. KENNEDY)

H. Res. 380. Resolution condemning the forced repatriation of Vietnamese refugees in Hong Kong; to the Committee on Foreign Affairs.

By Mr. TRAFICANT:

H. Res. 381. Resolution urging the Committee on Foreign Affairs of the House of Representatives to conduct hearings to investigate the pattern of abuse by members of the royal family and government agencies of Saudi Arabia in their commercial dealings with citizens and companies of the United States; to the Committee on Foreign Affairs.

By Mrs. UNSOELD (for herself and Mr. AUCOIN):

H. Res. 382. Resolution expressing the sense of the House of Representatives that the

United States should secure international agreements to ensure effective implementation and compliance with United Nations General Assembly Resolution 46/215 (calling for a worldwide ban on large-scale driftnet fishing); to the Committee on Merchant Marine and Fisheries.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 11: Mr. MORRISON.

H.R. 50: Mr. ANDREWS of Maine, Mr. ATKINS, Mrs. BOXER, Mr. KOSTMAYER, Mr. MCDERMOTT, Mr. MARTINEZ, and Mr. MINETA.

H.R. 78: Mr. BLILEY.

H.R. 110: Mr. LUKEN.

H.R. 327: Mr. SANTORUM.

H.R. 727: Mr. STAGGERS.

H.R. 916: Mr. SANDERS and Mr. SARPALIUS.

H.R. 1181: Mr. MCCLOSKEY and Mr. SOLARZ.

H.R. 1306: Mr. MCMILLEN of Maryland.

H.R. 1430: Ms. OAKAR.

H.R. 1527: Mr. LEHMAN of Florida.

H.R. 1559: Mr. DOWNEY.

H.R. 1703: Mr. KOSTMAYER.

H.R. 1771: Mr. BILBRAY, Mr. HANCOCK, and Mr. RINALDO.

H.R. 2056: Mr. PICKETT, Mr. ANDREWS of Maine, Mr. TRAXLER, Mr. FOGLIETTA, and Mr. BILBRAY.

H.R. 2106: Mr. FROST, Mr. LEHMAN of Florida, Mrs. LOWEY of New York, and Mr. MCDERMOTT.

H.R. 2333: Mr. NAGLE.

H.R. 2390: Mr. WALSH.

H.R. 2448: Mr. DICKINSON, Mr. STAGGERS, and Mr. ROEMER.

H.R. 2695: Mr. CRAMER, Mr. BENNETT, Mr. YOUNG of Alaska, and Mr. BILIRAKIS.

H.R. 2772: Mr. OWENS of New York, Mr. RAHALL, Mr. RITTER, Mr. MATSUI, Mr. PENNY, Mr. KOPETSKI, Mr. EVANS, Mr. BACCHUS, and Mrs. VUCANOVICH.

H.R. 2880: Mr. MCHUGH, Mr. TRAXLER, and Mr. GILMAN.

H.R. 2910: Mr. KOSTMAYER.

H.R. 3030: Mr. PETERSON of Florida, Mr. PETERSON of Minnesota, and Mr. HOBSON.

H.R. 3035: Mr. ZELIFF, Mr. ANDREWS of Maine, and Mr. RHODES.

H.R. 3067: Mr. BUSTAMANTE.

H.R. 3253: Ms. WATERS and Mr. CONYERS.

H.R. 3281: Mr. GAYDOS.

H.R. 3380: Mr. COLEMAN of Texas, Mr. TRAFICANT, Mr. KLUG, and Mr. LIGHTFOOT.

H.R. 3439: Mr. COX of California.

H.R. 3441: Mr. JAMES.

H.R. 3501: Mr. SLATTERY.

H.R. 3549: Mr. MARLENEE, Mr. JOHNSON of South Dakota, Mr. MORRISON, Mr. KOLTER, Mr. JONTZ, Mr. JEFFERSON, Mr. DORGAN of North Dakota, and Mr. LAROCCO.

H.R. 3552: Mr. DEFAZIO.

H.R. 3561: Mr. BEREUTER, Mr. LAGOMARSINO, Mr. GILLMOR, Mr. BAKER, Mr. COX of California, and Mr. HUNTER.

H.R. 3578: Mr. GALLO.

H.R. 3654: Mr. APPLEGATE, Mr. BALLENGER, Mr. BLILEY, Mr. BOEHNER, Mr. CHANDLER, Mr. COBLE, Mr. COX of California, Mr. DAVIS, Mr. EDWARDS of Oklahoma, Mr. FAWELL, Mr. FRANKS of Connecticut, Mr. GALLO, Mr. GILCHREST, Mr. GILLMOR, Mr. HASTERT, Mr. HERGER, Mr. HOAGLAND, Mr. HOPKINS, Mr. KASICH, Mr. LIGHTFOOT, Mr. MCEWEN, Mrs. MEYERS of Kansas, Mr. MOORHEAD, Mr. MYERS of Indiana, Mr. RAMSTAD, Mr. RIDGE, Mr. RIGGS, Mr. SCHIFF, Mr. SPENCE, Mr. STEARNS, Mr. THOMAS of California, Mr. WEBER, and Mr. JAMES.

H.R. 3730: Mr. SMITH of Florida.

H.R. 3782: Mr. RUSSO, Mr. RIGGS, Mrs. SCHROEDER, Mr. GILMAN, Mr. KILDEE, Mr. ROE, Mr. REED, and Ms. KAPTUR.

H.R. 3801: Mr. PARKER, Mr. RIGGS, Mr. SUNDQUIST, and Mr. PACKARD.

H.R. 3803: Mr. PENNY, Mr. TOWNS, Mr. SYNAR, and Mr. CAMPBELL of Colorado.

H.R. 3808: Mr. HAYES of Louisiana and Mr. STAGGERS.

H.R. 3828: Mr. SIKORSKI.

H.R. 3857: Mr. DANNEMEYER.

H.R. 3861: Mr. PORTER and Mr. BLAZ.

H.R. 3939: Mr. BUSTAMANTE, Mr. JONTZ, Mr. GIBBONS, Mr. PAYNE of New Jersey, Mr. MCDERMOTT, and Mr. ANDREWS of New Jersey.

H.R. 3952: Mr. BARTON of Texas.

H.R. 3967: Mr. ALLEN and Mr. EMERSON.

H.R. 3981: Mr. VANDER JAGT and Mr. HOAGLAND.

H.R. 4073: Mr. COYNE, Mr. GAYDOS, and Mr. SCHUMER.

H.R. 4100: Mr. CHAPMAN, Mr. FROST, Mr. FOGLIETTA, Mr. TALLON, Mr. SIKORSKI, and Mr. CLAY.

H.R. 4130: Mr. TAYLOR of North Carolina.

H.R. 4159: Mrs. MORELLA, Mr. TOWNS, Ms. NORTON, and Mr. JEFFERSON.

H.R. 4175: Mr. DINGELL, Mrs. BOXER, Mr. BROOKS, Mr. TORRES, Mr. FALEOMAVAEGA, Mr. HALL of Ohio, Mr. CLAY, Mr. GIBBONS, Mr. STARK, Mr. GAYDOS, Mr. LANTOS, Mr. KOPETSKI, and Mr. NEAL of Massachusetts.

H.R. 4202: Mr. ZIMMER.

H.R. 4212: Mr. COOPER.

H.R. 4229: Mr. TOWNS and Mr. SANTORUM.

H.R. 4230: Mr. GUARINI and Mr. HOLLOWAY.

H.R. 4244: Mr. SPENCE.

H.R. 4250: Mr. RICHARDSON.

H.R. 4259: Mr. LIVINGSTON, Mr. HOAGLAND, Mr. BEREUTER, Mr. MFUME, Mr. NUSSLE, Mr. SARPALIUS, Mr. BAKER, Mr. SIKORSKI, Mr. VENTO, Mr. MCMILLEN of Maryland, Mr. DEFAZIO, Mr. TOWNS, Mr. LEACH, Ms. PELOSI, and Mr. LIGHTFOOT.

H.R. 4277: Mr. KOPETSKI, Mr. MILLER of California, Mr. ANDREWS of New Jersey, and Mr. GAYDOS.

H.R. 4279: Mr. HERGER, Mr. CAMP, Mr. EWING, Mr. PETERSON of Minnesota, Ms. LONG, Mr. CONDIT, and Mr. DORGAN of North Dakota.

H.R. 4293: Mr. COLEMAN of Texas, Mr. HORTON, Mr. TOWNS, and Mr. STENHOLM.

H.J. Res. 272: Mr. RIGGS, Mr. HOBSON, Mr. GORDON, Mr. TAYLOR of Mississippi, Mr. WHITTEN, Mr. QUILLEN, Mr. COLEMAN of Texas, Mr. LEHMAN of Florida, Mr. IRELAND, Ms. DELAURO, Mr. MILLER of Ohio, Ms. HORN, Mr. INHOFE, Mr. RAHALL, Mr. ASPIN, Mr. KOPETSKI, Mr. HALL of Ohio, Mr. MARLENEE, Mr. COBLE, Mr. MATSUI, Mr. KLUG, Mr. ALEXANDER, Mrs. MEYERS of Kansas, Mr. MCCRERY, Mr. HAMMERSCHMIDT, Mr. ROSE, Ms. SNOWE, Mr. PORTER, Mr. HOPKINS, Mr. SIKORSKI, Mr. SANDERS, Mr. NAGLE, Mr. KENNEDY, Mr. MONTGOMERY, Mr. BAKER, Mr. TALLON, Mr. PETERSON of Minnesota, Mr. HUCKABY, and Mr. SPENCE.

H.J. Res. 390: Mr. CARPER, Mr. GALLO, Mr. HYDE, Mr. SOLARZ, Mr. MFUME, Mr. LAGOMARSINO, Mr. PANETTA, Mr. KOPETSKI, Mr. CLAY, Mr. MOODY, Mr. MARTINEZ, Mr. GORDON, Mr. DICKS, Mr. CONDIT, Mr. RAMSTAD, Mr. BORSKI, Mr. KLUG, Mr. MATSUI, Mr. VENTO, Mr. PRICE, Mr. BERMAN, Mr. SOLOMON, Mr. DEFAZIO, Mr. SABO, Mr. LIPINSKI, Mr. WELDON, Mr. RAHALL, Mr. DYMALLY, Mr. COLEMAN of Texas, and Mr. WYDEN.

H.J. Res. 397: Mr. GUARINI, Mr. SOLARZ, Mr. HOCHBRUECKNER, Mr. PAXON, and Mr. SKEEN.

H.J. Res. 410: Mr. GORDON, Mr. SCHUMER, Mr. COLEMAN of Texas, Mr. MCMILLEN of Maryland, Mr. VENTO, Mr. WYDEN, Mr. TRAXLER, Mr. BUSTAMANTE, Mr. SABO, Mr. KOLTER, Mr. NEAL of Massachusetts, Mr. SOLARZ, Mr. MOODY, Mr. JOHNSON of South Dakota, Mr. GUARINI, Mr. KLECZKA, Mr. DONNELLY, Mr. MCHUGH, Mr. JENKINS, Mr. LEACH, Mr. JONES of North Carolina, Mr. SANDERS, Mr. MAVROULES, Mr. AUCOIN, Mr. MAZZOLI, Mr. PERKINS, Mr. HOCHBRUECKNER, Mr. PASTOR, Mr. SKEEN, Mr. OLVER, Mr. WOLPE, Mr. LANTOS, Mr. CARPER, Mr. SWETT, Mr. EARLY, Mr. LAFALCE, Mr. SCHEUER, Mr. MURPHY, Mr. PELOSI, Mr. KILDEE, Mr. TOWNS, Mr. FOGLIETTA, Mr. DELLUS, Ms. MOLINARI, Mr. OWENS of New York, Mr. WALSH, Mr. SARPALIUS, Mrs. LOWEY of New York, Mr. SCHIFF, Mr. ROYBAL, Mr. REED, Mr. ANNUNZIO, Mr. HAYES of Illinois, Mr. LEVINE of California, Mrs. BOXER, Ms. DELAURO, Ms. NORTON, Mr. LEVIN of Michigan, Mr. KENNEDY, Mr. BERMAN, MR. ASPEN, MRS. MORELLA, MRS. COLLINS of Illinois, Mr. ANDREWS of New Jersey, Mr. DAVIS, MR. LONG, MR. BILIRAKIS, MR. PETERSON of Florida, Mr. BENNETT, Mr. NAGLE, Mr. RIGGS, Mr. DORNAN of California, Mr. WEISS, Mr. PALLONE, Mr. BATEMAN, Mr. SHAYS, Mr. LIVINGSTON, Mr. MARTIN, Mr. ESPY, Mr. VANDER JAGT, Mr. MRAZEK, Mr. BLAZ, Mr. WEBER, Mr. SMITH of Florida, Mr. EMERSON, Mr. BLILEY, Mr. RHODES, Mr. BORSKI, Mr. BROOMFIELD, Mr. KOSTMAYER, Mr. CLEMENT, Mr. GRANDY, Mr. ERDREICH, Mr. ARCHER, Mrs. PATTERSON, Mrs. MEYERS of Kansas, Mr. ROGERS, Mr. LEHMAN of Florida, Mr. JEFFERSON, Mr. MCNULTY, Mr. WOLF, Mr. FASCELL, Mr. MICHEL, Mr. WHITTEN, Mr. CARR, Mr. HAMMERSCHMIDT, Mr. HORTON, Mr. BUNNING, Mr. HUBBARD, Mr. MORAN, Mr. MANTON, Mr. EWING, Mr. FIELDS, Mr. FISH, Mr. PAXON, Mr. LANCASTER, Mr. ZELIFF, Mr. ATKINS, Mr. LOWERY of California, Mr. INHOFE, Mr. RUSSO, Mr. KLUG, Mr. LENT, Mrs. JOHNSON of Connecticut, and Mr. FRANKS of Connecticut.

H.J. Res. 411: Mr. DEFAZIO, Mr. WHITTEN, Mr. MCNULTY, Mr. MCCLOSKEY, Mr. CLEMENT, Mr. SAXTON, and Mr. GUARINI.

H.J. Res. 417: Mr. CONYERS.

H. Con. Res. 180: Mr. BRYANT, Mr. TORRICELLI, and Mr. CLAY.

H. Con. Res. 203: Mr. DOWNEY, Mr. DELLUMS, Mr. MCNULTY, Ms. PELOSI, Mr. LEVIN of Michigan, Mr. RINALDO, Mr. VANDER JAGT, Mr. GALLO, and Mrs. MORELLA.

H. Con. Res. 220: Mrs. UNSOELD, Mrs. SCHROEDER, Mr. MCNULTY, Mr. JEFFERSON, Mr. LAFALCE, Mr. BLACKWELL, Mr. FRANKS of Connecticut, Mr. FALEOMAVAEGA, Mr. LANTOS, Mr. FROST, and Mr. SOLARZ.

H. Con. Res. 224: Mr. SIKORSKI.

H. Con. Res. 233: Mr. STAGGERS, Mr. SMITH of Oregon, Mr. OBERSTAR, Mr. JAMES, Mr. OWENS of Utah, Mrs. LLOYD, Mr. KOSTMAYER, Mr. PARKER, Mr. COBLE, Ms. MOLINARI, Mr. TRAFICANT, Mr. PORTER, and Mr. BLILEY.

H. Con. Res. 246: Mr. ECKART, Mr. HAYES of Illinois, Mr. JOHNSON of South Dakota, Mr. LIPINSKI, Mr. TRAXLER, and Mrs. UNSOELD.

H. Con. Res. 257: Mr. ATKINS, Mr. BARNARD, Mr. CLAY, Mr. DEFAZIO, Mr. GILMAN, Mr. NAGLE, and Mr. OBERSTAR.

H. Con. Res. 263: Mrs. BOXER.

H. Res. 130: Mr. SCHEUER, Mr. TOWNS, Mr. TRAXLER, Mr. BERMAN, Mr. DEFAZIO, Mr. KILDEE, Mr. COLEMAN of Texas, and Mr. SMITH of Florida.

H. Res. 215: Mr. ATKINS.

H. Res. 233: Mr. GREEN of New York, Mrs. PATTERSON, Mr. ZIMMER, and Mrs. LLOYD.

H. Res. 322: Mr. WOLF, Mr. LANTOS, Mr. HOCHBRUECKNER, and Mr. KOPETSKI.

H. Res. 325: Mrs. SCHROEDER, Mr. MCNULTY, Mr. KOSTMAYER, Mr. MARLENEE, Mr. SANDERS, Mr. CONDIT, Mr. ROYBAL, and Mr. MCMILLEN of Maryland.

H. Res. 332: Ms. MOLINARI, Mr. NUSSLE, Mr. CUNNINGHAM, and Mr. SMITH of Texas.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3380: Mr. COLEMAN of Missouri.

H. Res. 194: Mr. PETERSON of Minnesota and Mrs. VUCANOVICH.